

ANNUAL REPORT

2025/
2026

CEMENT

50 kg

GENERAL PURPOSE
CEMENT



STANDARDS
COMPLIANCE
SAFETY
CONSUMER PROTECTION

CONTENTS

List of Tables	2
List of Figures.....	3

PART A: GENERAL INFORMATION

NRCS INFORMATION.....	5
ABBREVIATIONS/ACRONYMS.....	6
MINISTER'S FOREWORD.....	8
DEPUTY MINISTER STATEMENT	10
CEO'S OVERVIEW.....	12
STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT.....	14
NRCS OVERVIEW.....	15
NRCS Mandate.....	15
STRATEGIC OVERVIEW.....	15
Vision.....	15
Mission.....	15
Values.....	15
NRCS CORE-PROCESS.....	15
LEGISLATIVE AND OTHER MANDATES.....	16
ORGANISATIONAL STRUCTURE.....	17

PART B: PERFORMANCE INFORMATION

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES.....	19
THE NRCS SITUATIONAL ANALYSIS.....	19
PERFORMANCE INFORMATION BY OBJECTIVE.....	20
BUSINESS UNIT PERFORMANCE	27
AUTOMOTIVE.....	30
CHEMICALS, MATERIALS, AND MECHANICALS.....	37
ELECTROTECHNICAL.....	46
FOODS AND ASSOCIATED INDUSTRIES	55
LEGAL METROLOGY	63
REGULATORY RESEARCH AND DEVELOPMENT.....	75
COMMUNICATIONS AND MARKETING.....	82

PART C: GOVERNANCE REPORT

INTRODUCTION	86
EXECUTIVE AUTHORITY	87
ACCOUNTING AUTHORITY	87
GOVERNANCE COMMITTEES	87
Audit and Risk Committee	87
Technical Committee	87
Risk Management	87
Internal Control	88
Internal Audit.....	88

Fraud And Corruption	89
Minimising Conflict Of Interest	89
Code Of Ethics	90
Health, Safety And The Environment	90
Injury On Duty	90
PROCUREMENT/SUPPLY CHAIN INFORMATION.....	90
NRCS B-BBEE REPORT.....	92
AUDIT AND RISK COMMITTEE REPORT.....	94

PART D: HR MANAGEMENT

OVERVIEW OF HUMAN RESOURCES.....	107
HUMAN RESOURCES OVERSIGHT STATISTICS	109

PART E: FINANCIAL INFORMATION

REPORT OF THE AGSA.....	123
NOTES TO THE ANNUAL FINANCIAL STATEMENTS.....	139

LIST OF TABLES

Table 1	Strategic Goal 1: To develop, maintain and administer compulsory specifications and technical regulations	21
Table 2	Strategic Goal 2: To maximise compliance with all specifications and technical regulations	22
Table 3	Strategic Goal 3: To inform and educate our stakeholders about the NRCS	25
Table 4	Strategic Goal 4: To ensure an optimally capacitated institution	26
Table 5	Linking performance with budgets	27
Table 6	Automotive approvals	32
Table 7	Automotive cumulative inspections per month 2025/26	33
Table 8	Automotive identified non-compliant products and their estimated value	34
Table 9	CMM Approvals summary 2025/2026	44
Table 10	Electro-technical performance summary	48
Table 11	Electro-technical inspections statistics	49
Table 12	Joint operations led by Electro-technical	49
Table 13	Energy-efficiency activities in support of national imperatives of decarbonization	50
Table 14	Number of Electro-technical applications processed	51
Table 15	Electro-technical approval statistics	51
Table 16	Ikigai case study undertaken in 2025/26	52
Table 17	Progress report on the implementation of the unit's Electro-technical Business Unit's 2025/26 stakeholder engagement plan	53
Table 18	Performance targets achievement	56
Table 19	Inspection trends for the last five years per category	57
Table 20	Procurement by other means	90
Table 21	Variation Orders 2025/26 Financial Year	90
Table 22	Reconciliation of irregular expenditure	90
Table 23	Irregular expenditure 2025/26	91
Table 24	Irregular expenditure under determination	91
Table 25	Reconciliation of fruitless and wasteful expenditure	91
Table 26	Details of current and previous year's expenditure (investigation)	91
Table 27	Salary, performance bonus, overtime and allowances by salary band	112
Table 28	Employment and vacancies by programme, 1 April 2025 – 31 March 2026	113
Table 29	Employment and vacancies by salary bands 1 April 2025 to 31 March 2026	113
Table 30	Annual turnover rates by salary band for the period 1 April 2025 to 31 March 2026	114

Table 31	Annual turnover rates by critical occupation for the period 1 April 2025 to 31 March 2026	114
Table 32	Reasons why staff are leaving the NRCS	115
Table 33	Total number of employees (including employees with disabilities) in each of the following occupational categories as on 1 April 2025 to 31 March 2026	115
Table 34	Total number of employees with disabilities only in each of the following occupational bands as at 1 April 2025 to 31 March 2026	116
Table 35	Total number of employees with disabilities only in each of the following occupational bands as on 1 April 2025 to 31 March 2026	116
Table 36	Recruitment for the period 1 April 2025 to 31 March 2026 (inclusive of interns)	116
Table 37	Terminations for the period 1 April 2025 to 31 March 2026 (inclusive of interns)	117
Table 38	Skills development for the period 1 April 2025 to 31 March 2026	117
Table 39	Training provided 1 April 2025 to 31 March 2026	118
Table 40	Leave payouts for the period 1 April 2025 to 31 March 2026	118
Table 41	Misconduct and disciplinary hearings finalised, 1 April 2025 to 31 March 2026	119
Table 42	Grievances lodged for the period 1 April 2025 to 31 March 2026	119
Table 43	Disputes lodged with Councils for the period 1 April 2025 to 31 March 2026	119
Table 44	Precautionary suspensions for the period 1 April 2025 to 31 March 2026	119
Table 45	Strike actions for the period 1 April 2025 to 31 March 2026	119
Table 46	Steps taken to reduce the risk of occupational exposure	120
Table 47	Details of Health Promotion and HIV and AIDS Programmes	120

LIST OF FIGURES

Figure 1	NRCS core-process	15
Figure 2	Organisational structure	17
Figure 3	LOA Automotive components	32
Figure 4	Automotive vehicle approvals	32
Figure 5	Automotive inspection progressive reporting	33
Figure 6	CMM Surveillance inspections 2025/26	41
Figure 7	CMM Cumulative inspections per month	42
Figure 8	CMM Sanctioning Rate	43
Figure 9	Sanctioning rate vs rand value of non-compliant products	48
Figure 10	Applications workload since 2022/23	51
Figure 11	Approvals turnaround times per application type	52
Figure 12	Inspection trends for the last 5 years	57
Figure 13	Inspections conducted per category per quarter for the 2025/26 financial year	58
Figure 14	Directives issued for 2025/26 financial year	59

PART A: GENERAL INFORMATION



NRCS INFORMATION

Registered name	National Regulator for Compulsory Specifications (NRCS)
Physical address	SABS Campus, 1 Dr Lategan Road, Groenkloof, Pretoria
Postal address	Private Bag X25, Brooklyn, 0075
Telephone numbers	+27 12 482 8700
Fax number	+27 12 428 5199
E-mail address	info@nrccs.org.za
Website address	http://www.nrccs.org.za
External auditors	Auditor-General of South Africa (AGSA)
Bankers	ABSA

ABBREVIATIONS/ACRONYMS

Abbreviations/Acronyms	Description
AFRIMETS	Intra-Africa Metrology System
AGSA	Auditor-General of South Africa
AMID	Association of Motorcycle Importers and Distributors
ARSO	African Organisation for Standardisation
CFO	Chief Financial Officer
CGCSA	Consumer Goods Council of South Africa
CMM	Chemicals, Materials and Mechanicals
CPF	Consumer Protection Forum
DAFF	Department of Agriculture, Forestry and Fisheries
DALRRD	Department of Agriculture, Land and Rural Development
DFFE	Department of Forestry, Fisheries and the Environment
DMRE	Department of Mineral Resources and Energy
DoH	Department of Health
DoEL	Department of Employment Labour
DoT	Department of Transport
dtic	Department of Trade, Industry and Competition
EAC	East African Community
EACREEE	East African Centre of Excellence for Renewable Energy and Efficiency
EELA	Energy-Efficient Lighting and Appliances
ERP	Enterprise Resource Planning
FAI	Food and Associated Industries
GDP	Gross Domestic Product
HR	Human Resources
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communication Technology
IEC	International Electro-technical Commission
OIML	International Organisation of Legal Metrology
ISO	International Organisation for Standardisation
LMA	Legal Metrology Act
LoA	Letter of Authority
LoC	Letter of Certification
MEPS	Minimum Energy Performance Standard
MIBs	Manufacturers, Importers and Builders
MOU/A	Memorandum of Understanding/Agreement
NBR&BS Act	National Building Regulations and Building Standards Act
NCC	National Consumer Commission
NICD	National Institute for Communicable Diseases

Abbreviations/Acronyms	Description
NIO H	National Institute of Occupational Health
NRCS	National Regulator for Compulsory Specifications
NRT	National Road Traffic Act
OIML	International Organisation of Legal Metrology
PAC	Project Approvals Committee
PFMA	Public Finance Management Act
PPE	Personal Protective Equipment
RR&D	Regulatory Research and Development
S&L	Standards & Labelling
SAAFoST	South African Association for Food Science and Technology
SABS	South African Bureau of Standards
SACREEE	SADC Centre for Renewable Energy and Energy Efficiency
SADC	Southern African Development Community
SADCMEL	SADC Cooperation in Legal Metrology
SANAS	South African National Accreditation System
SANEDI	South African National Energy Development Institute
SANS	South African National Standards
SAPS	South African Police Service
SARS	South African Revenue Service
SME	Small and Medium Enterprise
SMME	Small, Medium, and Micro-Enterprise
SPS	Sanitary and Phytosanitary
TBT	Technical Barriers to Trade
TC	Technical Committee
TCA	Technical Cooperation Agreement
TR	Technical Regulation
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
VC	Compulsory Specification
WP	Working Party
WTO	World Trade Organization

MINISTER'S FOREWORD

It is my pleasure to present the Annual Report of the National Regulator for Compulsory Specifications (NRCS) for the 2025/26 financial year.

The year under review took place against a challenging global economic environment, characterised by continued uncertainty in global trade. **The dtic** entities – regulators, financiers, and technical institutions – must collaborate effectively to serve the South African populace thereby achieving the outcomes of the 7th administration. Strategically the National Regulator for Compulsory Specifications plays a role in curbing illicit trade and eradicating non-compliant products in the market. Industrialisation, job creation, transformation and building a capable and ethical state are also essential pillars of the NRCS.

The NRCS has, in-line with the strategic direction, continued to make strides in protecting the South African citizens through stronger focus on tackling illicit trade and eradicating non-compliant products from the market. In the year ahead the NRCS will strongly play a role in collaboration with the South African Revenue Services, Border Management Authority, National Consumer Commission and South African Police Services among other as part of the broader government architecture in addressing the scourge of illicit trade.

During the period under review, the NRCS achieved 67% of its key performance indicators. The NRCS conducted 11,481 inspections for export consignments and issued 8,963 health guarantees. This led to the exportation of fish and fishery products valued at R10,1 billion from South Africa to various international markets.

Notably, approximately R707 million worth of non-compliant products were identified and sanctioned in the market. The identified non-compliant products were either corrected, or in respect to imported products, were sent back to the country of origin or in some cases, destroyed.

The scale of this work highlights the importance of an efficient and responsive regulatory system. At the same time, the organisation must continue to address areas where delays, capacity constraints or incomplete submissions affect regulatory turnaround times.



Improving the efficiency of approval processes remains important to both regulatory effectiveness and the needs of compliant industry.

Effective regulation also requires meaningful engagement with those affected by regulatory requirements. During the year, the NRCS continued to strengthen its stakeholder engagement activities, achieving 97% of this target. Continued engagement with industry, consumers, government institutions, regulators and other stakeholders is important in promoting understanding of regulatory requirements and strengthening voluntary compliance.

The work of the NRCS must be supported by a capable institution, effective governance and sustainable financial and operational systems. I therefore welcome the organisation's continued efforts to strengthen its regulatory approaches, improve its information systems and enhance its institutional capability.

As South Africa continues to pursue inclusive economic growth and a more productive and competitive economy, institutions such as the NRCS have an important role to play. A credible and effective regulatory system provides the foundation for consumer confidence, fair competition and responsible participation in the economy. I congratulate the NRCS on its unqualified audit outcome with findings.

The Department of Trade, Industry and Competition will continue to support efforts to strengthen the NRCS as a capable, responsive and effective regulator that delivers on its mandate and contributes to the country's broader economic and social objectives. I would like to thank the CEO and the entire NRCS team for their continued efforts in ensuring South Africans can have faith in the products that are sold in our market.



Mr Parks Tau, MP
Minister of Trade, Industry and Competition
Date: 31 August 2026

DEPUTY MINISTER STATEMENT

Regulation That Protects, Enables and Creates Opportunity

The National Regulator for Compulsory Specifications (NRCS) occupies an important position within South Africa's regulatory and economic landscape. Its work has a direct bearing on the safety of products available to consumers, the integrity of measurements used in commercial transactions and the ability of businesses to compete on a fair and consistent basis.

Effective regulation is not only about identifying non-compliance and taking enforcement action. It is also about creating an environment in which businesses understand what is required of them, compliant enterprises are able to compete fairly and consumers can have confidence in the products and services available in the market. In this regard, the work of the NRCS contributes to a regulatory environment that supports both public protection and economic participation.

During the 2025/26 financial year, the NRCS continued to implement its mandate across the sectors for which it is responsible. Its work formed part of the broader regulatory environment that supports confidence in South African markets and contributes to the functioning of the country's productive economy.

Creating Opportunities Through Regulation

Regulation can play an important role in opening opportunities for participation in the economy, particularly where technical competence and compliance are prerequisites for entry into a sector.

During the year under review, the NRCS continued to support opportunities within the legal metrology environment for persons seeking to qualify as verification officers and repairers of measuring instruments, as well as businesses seeking designation as repair bodies and verification laboratories in accordance with applicable legislative and regulatory requirements.

These initiatives contribute to broadening participation in the technical and regulatory services environment, while supporting the development of specialised skills and businesses within the legal metrology sector.

The development of these capabilities is important because a well-functioning regulatory system requires not only effective regulators, but also a sufficient pool of competent persons and service providers able to support compliance. Expanding this capacity can contribute to skills development, entrepreneurship and broader participation in the economy.



Supporting Fair Competition and Market Confidence

For regulation to have a meaningful impact, compliance must be supported by effective oversight and enforcement. Businesses that invest in meeting regulatory requirements should not be placed at a disadvantage by competitors that introduce non-compliant products into the market or avoid the costs associated with compliance.

The NRCS's market surveillance and enforcement responsibilities therefore serve a dual purpose. They protect consumers and the environment from unsafe and non-compliant products, while also helping to maintain a level playing field for businesses that comply with compulsory specifications and technical regulations.

This is particularly important for South African manufacturers and other compliant businesses seeking to build sustainable enterprises. Confidence in the regulatory environment can support investment in compliance, quality and product development, while consistent enforcement can strengthen confidence that market participants are subject to the same regulatory expectations.

The continued use of risk-based approaches and targeted regulatory interventions can further assist the NRCS in directing its resources towards areas where non-compliance presents the greatest potential risk to consumers, businesses and the environment.

Enabling Trade and Market Access

South Africa's participation in regional and international markets depends on confidence in the systems that

support the safety, quality and compliance of products entering those markets.

The NRCS's regulatory responsibilities extend beyond the domestic market and include functions that support access to international markets. Its role in relation to fish and fishery product exports, including inspections, certification and the issuing of health guarantees, contributes to assuring destination markets that exported products meet the applicable requirements.

This work demonstrates the practical relationship between technical regulation and trade. Effective regulatory systems can help South African producers and exporters demonstrate compliance, maintain confidence in their products and participate in markets where regulatory requirements are an important condition of access.

The NRCS must therefore continue to strengthen its ability to respond efficiently to the needs of legitimate industry while maintaining the regulatory safeguards required to protect consumers and uphold the integrity of South Africa's markets.

Building a Responsive Regulatory Environment

As the operating environment becomes increasingly complex, the NRCS must continue to adapt its regulatory approaches, systems and capabilities. Modern regulation requires institutions that are able to identify emerging risks, respond to changing market conditions and use available information effectively to guide regulatory interventions.

The continued modernisation of regulatory processes and systems, together with stronger collaboration with industry, government institutions, regulators and law-enforcement agencies, will be important in improving the effectiveness and responsiveness of the regulatory system.

Collaboration is particularly important where products, supply chains and areas of regulatory responsibility cross institutional boundaries. Stronger cooperation can improve the sharing of information, support coordinated interventions and contribute to more effective responses to non-compliance.

At the same time, regulatory effectiveness must remain grounded in fairness, transparency and consistency. Businesses must be able to understand their obligations and have confidence that regulatory requirements are applied consistently, while consumers must have confidence that appropriate action is taken where those requirements are not met.

Looking Ahead

South Africa requires regulatory institutions that can protect the public while supporting an environment

in which compliant businesses are able to grow and participate meaningfully in the economy.

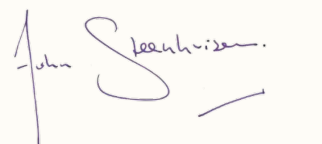
The NRCS should therefore continue to strengthen its regulatory capability, invest in its people and systems, deepen collaboration with stakeholders and pursue approaches that are proportionate to the risks presented by different products and sectors.

There is also a continued need to broaden participation in the technical and regulatory services environment and to support the development of the skills and capabilities required to sustain effective regulation. In doing so, the NRCS can contribute not only to safer markets, but also to a more inclusive and competitive economy.

In Closing

I commend the Acting Chief Executive Officer, management and employees of the NRCS for their contribution during the 2025/26 financial year. I also acknowledge the cooperation of industry, government institutions, regulators, law-enforcement agencies and other stakeholders whose collaboration supports the effective implementation of the NRCS mandate.

The work of the NRCS demonstrates that effective regulation is not an obstacle to economic development. When applied fairly, consistently and proportionately, regulation can protect consumers, support compliant businesses, create opportunities for participation and strengthen confidence in South African products and markets.



Mr. John Steenhuisen, MP

Deputy Minister of Trade, Industry and Competition

Date: 31 August 2026

CEO'S OVERVIEW

The 2025/26 financial year was a period of continued focus on strengthening the regulatory effectiveness and operational capability of the National Regulator for Compulsory Specifications (NRCS). During the year, management remained focused on delivering the organisation's regulatory mandate while responding to operational, financial, systems and capacity constraints that affect the effectiveness of regulatory interventions.

The NRCS's mandate is to protect public health, safety and the environment and to promote fair trade by ensuring compliance with compulsory specifications, technical regulations and measurement standards. This requires the organisation to maintain effective oversight across the regulated value chain, from the manufacture and importation of products through to their availability in the market.

A key management priority during the year was to strengthen the implementation of the Enforcement at Source strategy, the Risk-Based Approach to regulatory supervision and the Port of Entry Surveillance Approach. These approaches are intended to enable the NRCS to identify and address non-compliance as early as possible, particularly at points of manufacture and import, rather than relying predominantly on interventions after products have entered the market.

Performance Against Predetermined Objectives

During 2025/26, the NRCS conducted **42,009 inspections** across its regulated sectors. This compares with **47,442 inspections** in 2024/25. The organisation also processed a significant volume of applications for approval of regulated products. During the year, **30,286 applications were finalised, either approved or rejected**. Of these, 92% (27,877) were finalised within ninety (90) calendar days.

These results demonstrate both the scale of the regulatory workload and the continuing need to improve the efficiency and turnaround times of approval processes.

Market Surveillance, Compliance and Enforcement

Market surveillance and enforcement remained important components of the NRCS's regulatory work during the year. Non-compliant products continue to present risks to consumers, the environment and businesses that comply with regulatory requirements.

During 2025/26, the NRCS identified non-compliant products with an estimated value of approximately **R707 million**.

Regulatory action taken in response to non-compliance included confiscation of the product for destruction,



reworked or returned to the country of origin. The Annual Report records non-compliance across a range of regulated products and sectors. These findings reinforce the importance of strengthening risk-based surveillance and improving the organisation's ability to intervene earlier in the supply chain.

Management will continue to refine the allocation of inspection and enforcement resources towards areas presenting the greatest regulatory risk while maintaining appropriate market surveillance activities.

Fish and Fishery Product Exports

The NRCS continued to fulfil its responsibilities as the competent authority for fish and fishery product exports during the year under review. During 2025/26, the organisation conducted **23,242 product inspections and 2,694 facility inspections** relating to fish and fishery products. It also conducted **11,481 inspections of export consignments**, issued **6,871 compliance certificates for imported fish and fishery products**, and issued **8,963 health guarantees**. These activities require efficient and reliable inspection and certification processes to ensure that applicable regulatory and destination-market requirements are consistently addressed.

Digitalisation and Regulatory Systems

Modern regulatory oversight requires reliable information systems that enable the organisation to plan inspections, capture regulatory information, monitor compliance and manage cases effectively.

During the year under review, the NRCS implemented a new Enterprise Resource Planning (ERP) system, representing an important step in strengthening its internal systems and information management.

The implementation of the Operations System intended to support market surveillance activities was delayed by funding constraints and is expected to continue into the 2026/27 financial year. Management is assessing phased and cost-effective implementation options while recognising the importance of an appropriate digital platform to support the organisation's risk-based and source-focused regulatory model.

Stakeholder Engagement and Consumer Awareness

The effectiveness of the NRCS depends on constructive engagement with industry, consumers, government institutions, regulators and other stakeholders. During the year, the organisation continued to strengthen its stakeholder relationships and achieved 97% of its planned stakeholder engagement target.

Management recognises that stakeholder engagement must extend beyond consultation to ensure that concerns raised are appropriately recorded, considered and, where possible, resolved. Strengthening accountability in stakeholder engagement will remain an area of focus as the organisation works to improve confidence in its regulatory services.

Consumer awareness also remains important to the effectiveness of the regulatory system. An informed public is better positioned to identify potentially non-compliant products and understand the role of the NRCS in protecting consumers.

Financial Sustainability

The financial sustainability of the NRCS remains an important management priority. During the 2025/26 financial year, the organisation generated total revenue of **R557.7 million**, comprising 27% from government grants and 73% from levies, fees and other internally generated income, compared with total revenue of **R514.312 million** in 2024/25. The organisation recorded a surplus of **R26.9 million** for the year.

Management continued to focus on expenditure management, revenue optimisation and the appropriate allocation of available resources to priority regulatory activities. These measures are necessary to ensure that the NRCS maintains its ability to deliver its mandate while strengthening its longer-term financial sustainability.

Human Capital

The delivery of an effective regulatory mandate is reliant on a competent, commitment and capacitated NRCS. As at 31 March 2026, the organisation had three hundred and nineteen (319) employees. These included twenty-three (23) interns and three (3) temporary employees. The vacancy rate reported in the performance information is 14% based on budgeted positions, compared with 13% in 2024/25. The achievement of a 14% vacancy rate is based

on budgeted positions, excluding interns and temporary employees. In addition 5% of the vacant positions were unbudgeted for during the financial year.

The organisation employed 23 interns during the year against a target of 35. Management continues to balance prudent cost management with the need to maintain sufficient capacity in critical regulatory and support functions.

Governance and Audit

Good governance, accountability and effective internal controls remain fundamental to the sustainability of the NRCS. The NRCS received an unqualified audit opinion with findings for the financial year. I acknowledge the oversight provided by the committees, including the Audit and Risk Committee, as well as the support and guidance of the Department of Trade, Industry and Competition.

I extend my appreciation to the employees of the NRCS for their commitment to the organisation's mandate and to our stakeholders and partner institutions for their cooperation.

Looking Ahead

The NRCS enters the 2026/27 financial year with a clear understanding of the areas requiring continued attention. These include strengthening regulatory effectiveness, improving operational systems, enhancing revenue sustainability, strengthening consumer-facing services and improving organisational capacity.

Management remains committed to implementing the organisation's approved plans, strengthening accountability for performance and ensuring that available resources are directed towards the areas of greatest regulatory impact.

The objective is to build an NRCS that is increasingly responsive, data-driven and effective in identifying and addressing regulatory risks, while maintaining the confidence of consumers, industry and other stakeholders.



Ms Sarah Choane
Acting Chief Executive Officer
Date: 31 August 2026

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

I confirm that, to the best of my knowledge and belief:

- All information and amounts disclosed in the Annual Report correspond with the Annual Financial Statements audited by the AGSA.
- The Annual Report is complete and accurate, with all relevant information included.
- The Annual Report has been prepared according to the Annual Report Guide for Schedule 3A and 3C Public Entities, as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared according to the Public Finance Management Act (PFMA).
- The Accounting Authority is responsible for preparing the Annual Financial Statements and for the judgments made in this information.
- The Accounting Authority is responsible for internal controls that support the integrity and reliability of performance, human resources and financial information.
- The AGSA provides an independent opinion on the Annual Financial Statements.

The Annual Report presents a fair account of the NRCS's operations, performance, Human Resources and financial affairs for the year ending 31 March 2026.

Yours faithfully



Ms Sarah Choane
Chief Executive Officer - Acting
Date: 31 August 2026

NRCS OVERVIEW

NRCS MANDATE

The NRCS' mandate is to promote public health, safety and environmental protection through the development and enforcement of compulsory specifications, technical regulations and ensuring fair trade.

STRATEGIC OVERVIEW

VISION

A safe, sustainable South Africa where people and businesses can trade and purchase with confidence.

MISSION

To protect public health and safety, safeguard the environment and facilitate fair trade.

VALUES

Professionalism	To engage professionally with internal and external stakeholders, demonstrating competence, reliability and respect.
Integrity	Conducting business with honesty, fairness, consistency, maintaining trust with the public and displaying ethical behaviour.
Customer Service	Exceeding customer expectations through quality service and swift turnaround times.
Accountability	Accepting responsibility for actions and decisions while striving for high performance.
Innovation	Being agile and innovative to protect the public and implement the NRCS' mandate

NRCS CORE-PROCESS



Figure 1 NRCS Core Process

CONDUCT RESEARCH

The NRCS conducts research and analysis to identify compulsory specifications and technical regulations needed to protect public health and safety, the environment and fair trade.

SETTING COMPULSORY SPECIFICATIONS AND TECHNICAL REGULATIONS

The development, amendment or withdrawal of compulsory specifications and technical regulations includes conducting risk and impact assessments as well as approval by the Minister of Trade, Industry and Competition. Wherever possible, national and international standards are used as references to ensure international harmonisation.

STAKEHOLDER ENGAGEMENT

The NRCS consults with relevant stakeholders and role-players to ensure that the specifications and regulations developed are practical, appropriate and meaningful. These consultations ensure that the industry complies with the set compulsory or technical regulations.

MARKET SURVEILLANCE AND REGULATORY SUPERVISION

The NRCS' strategy seeks to ensure that products sold in South Africa comply with the minimum requirements of the applicable regulations. Illicit and non-compliant products and businesses are focused on. In addressing the illicit or non-compliant products, the NRCS applies the "Enforcement at Source" Strategy and a "Risk Based" approach to its work to promote compliant behaviour. The NRCS explores and enhances the "inspection at source of production or port of entry as well as the risk-based approach based on non-compliance rates. Regulatory supervision incorporates a pre-market approval process.

The following important principles inform the NRCS' work:

- Safety-critical products must be identified and regulated.
- Inspection activities should be based on the risk associated with the product and the risk profile of the applicant or supplier. This supports the effective allocation of resources.

LEGISLATIVE AND OTHER MANDATES

The NRCS was established on 1 September 2008 as an agency of **the dtic**. Its overall mandate is to promote public health and safety, environmental protection and fair trade through the administration, maintenance and enforcement of compulsory specifications (VCs) as well as technical regulations (TRs).

The NRCS's legislative mandate is set out in:

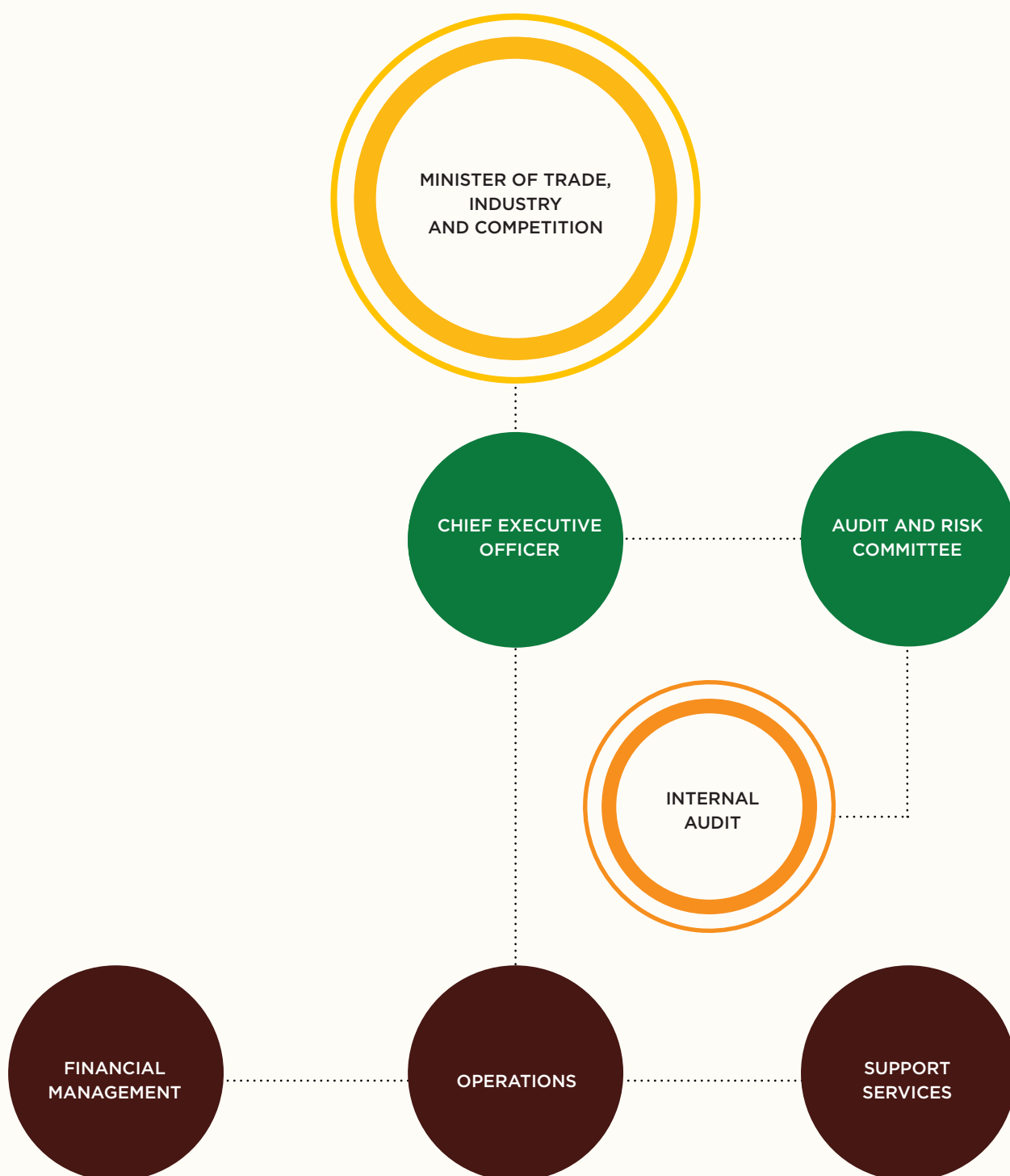
- The National Regulator for Compulsory Specifications Act, 2008 (Act No. 5 of 2008) as amended; and
- The Legal Metrology Act, 2014 (Act No. 9 of 2014).

Additional mandates are derived from the following legislation:

- The National Road Traffic Act (Act No. 93 of 1996);
- The National Building Regulations and Building Standards Act (Act No. 103 of 1977); and
- The Foodstuff, Cosmetics and Disinfectants Act (Act No. 54 of 1972).

The NRCS is a Schedule 3A public entity in terms of the PFMA. Its stakeholders include the South African government, industry and citizens.

ORGANISATIONAL STRUCTURE



- Financial Management
- Supply Chain Management
- Facilities Management

- Chemical, Materials and Mechanical
- Electro-Technical
- Food and Associated Industries
- Legal Metrology
- Automotive

- ICT Services
- Marketing and Communication
- Human Capital Management
- Legal and Compliance Services
- Strategy and Risk Management
- Quality Management System and Secretarial Services
- Regulatory and Research Development & NBR

Figure 2 Organisational structure

PART B: PERFORMANCE INFORMATION



AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa performs audits to assess how well the entity progresses against set predetermined objectives, to help identify areas of strength and weakness, and to guide future initiatives with the overall objective of improve performance.

The audit conclusion is contained in the AGSA Report to Management with material findings reported under the 'Predetermined Objectives' heading in the 'Report on Other Legal and Regulatory Requirements section.

Refer to page 123 of the AGSA's report, published in Part E: Financial Information of this Annual Report.

THE NRCS SITUATIONAL ANALYSIS

The NRCS ensures that products and services supplied in South Africa are safe for consumers, do not harm the environment and meet the stated measurement requirements. Regulatory oversight of the building industry promotes safety, health, structural stability and consistent interpretation of the NBR&BS Act and its regulations. Changes in global trade require the NRCS to strengthen cooperation with industry, regulators, law enforcement agencies, regional and international bodies, and other stakeholders.

In updating its assessment of the external environment and its potential impact, the NRCS conducted an External Performance Delivery Environment Analysis using a PESTLE analysis, a SWOT analysis, stakeholder analysis and a risk review. The NRCS' macro-environment was assessed, taking into consideration the political, economic, social, technological, legal, ethical and environmental aspects. These trends have informed the strategic goals and objectives that guide the organisation in fulfilling its mandate.

PERFORMANCE INFORMATION BY OBJECTIVE

Annual Performance Report for the Originally Tabled Annual Performance Plan until 23 February 2026, covering the amended Key Performance Indicators

STRATEGIC GOAL 2: TO MAXIMISE COMPLIANCE WITH ALL SPECIFICATIONS AND TECHNICAL REGULATIONS

Outcome	Output	Output Indicator/ Measure	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Annual Target 2025/26	*Actual Achievement 2025/2026 until 23 February 2026	Deviation from planned target to actual performance	Reason for Deviation/ Variance	Reasons for revisions to the Outputs/ Output Indicators / Annual Targets
Prevent illicit and non-compliant products and enable compliance through effective market surveillance activities.	Sanctioning rate for illicit and non-compliant products within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro technical and Legal Metrology Sectors.	% increase in sanctioning rate of illicit and non-compliant products sanctioned and removed from the market as per the NRCS and the Legal Metrology Acts, enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors.	-	New Target	20% increase in the number of illicit and non-compliant products sanctioned and removed from the market, supporting market access for compliant role-players in the Automotive, Chemicals, Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors.	75% increase in the rate at which illicit and non-compliant products are sanctioned and removed from the market, supporting market access for compliant role-players in the Automotive, Chemicals, Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors.	+275%	The NRCS has significantly changed its approach by allocating more resources to addressing illicit trade and non-compliant businesses.	The NRCS changed its approach to addressing illicit trade. As a result, its achievements for the 2024/25 and 2025/26 financial years are not directly comparable.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS TABLE - REVISED ANNUAL PERFORMANCE PLAN

Table 1 Strategic Coal 1: To develop, maintain and administer compulsory specifications and technical regulations

1	Outcome	Output	Output Indicator/ Measure	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Annual Target 2025/26	Actual Performance 2025/26	Deviation from planned target to actual performance	Reason for Deviation/ Variance
1.1	Unlocking strategic markets for domestic products and increase local and global market competitiveness	Compulsory Specifications (VC) and Technical Regulations (TR) that are relevant, impactful and responsive to market needs	Number of new, amended and withdrawn VCs and TRs submitted to the dtic	Ten new, amended and withdrawn VCs and TRs submitted to the dtic	Four new, amended and withdrawn VCs/ TR submitted to the dtic	Six new, amended and withdrawn TRs submitted to the dtic	Six new, amended and withdrawn VCs and TR submitted to the dtic	N/A	N/A
1.2			Approved interim technical requirements for electric vehicles charging stations		New Key Performance Indicator	Approved Interim technical requirements for electric vehicles charging stations	-	-100%	Interim requirements were not finalised owing to the need for further stakeholder engagement

Table 2 Strategic Goal 2: To maximise compliance with all specifications and technical regulations

No.	Outcome	Output	Output Indicator/ Measure	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Annual Target 2025/26	Actual Performance 2025/26	Deviation from planned target to actual performance	Reason for Deviation/ Variance
2.1	Prevent illicit and non-compliant products and enable compliance through effective market surveillance activities	Sanctioning rate for illicit and non compliant products within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro technical and Legal Metrology Sectors	% sanctioning rate of illicit and non-compliant products sanctioned and removed from the market as per the NRCS and Legal Metrology Acts, enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors		New Key Performance Indicator	20% sanctioning rate of illicit and non-compliant products sanctioned and removed from the market as per the NRCS and Legal Metrology Acts, enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors	26% sanctioning rate for illicit and non-compliant products removed from the market under the NRCS Act and the Legal Metrology Act, supporting market access for compliant role-players in the Automotive, Chemicals, Materials and Mechanicals (CMM), Electrotechnical and Legal Metrology Sectors	+30%	The Key Performance Indicator was amended on 24 February 2026. The variance resulted from performance being measured over one month rather than the full financial year
2.2	Prevent illicit and non-compliant products and enable compliance through effective market surveillance activities	Compliance of all imported NRCS regulated food products	Compliance rate for all imported NRCS regulated food products		New Key Performance Indicator	99% Compliance rate for all imported NRCS regulated food products	100% Compliance rate for all imported NRCS regulated food products	+1%	There was an immaterial number of non-compliant consignments/products identified

2.3	Market access and enable development of value chains that support the export of goods, ensuring local industries benefit from global trade opportunities.	Ensure compliance enabling compliant local firms to manufacturer and participate in the economy	% Compliance rate for all locally produced and exported food and associated products	New Key Performance Indicator	99% Compliance rate for all locally produced and exported food and associated products	100% Compliance rate for all locally produced and exported food and associated products	+1%	There was an immaterial number of non-compliant consignments/products identified
2.4	Red tape reduction	Enable compliance through effective market surveillance activities	Percentage of all approval applications finalised within 90 calendar days	72% of all approval applications processed within 90 calendar days	88% of all approval applications processed within 90 calendar days	98% of all approval applications finalised within 90 calendar days	-6%	There is inadequate capacity to process pre-market approvals
2.5	Red tape reduction	Reduce turn-around times and enable firms to bring products to market quicker	% of pre-market approval processes optimised, integrated and harmonised within Automotive, Electro-technical, Chemical Materials Sectors and Legal Metrology Sectors	New Key Performance Indicator	20% of pre-market approval processes optimised, integrated and harmonised within Automotive, Electro-technical, Chemical Materials and Legal Metrology Sectors	0% of pre-market approval processes optimised, integrated and harmonised within Automotive, Electro-technical, Chemical Materials and Legal Metrology Sectors	- 100%	Inadequate project management and lack of ICT systems

2.6	Prevent Illicit and non-compliant products	Remove illicit and non-compliant products from the market	The value of non-compliant products sanctioned	R427 million worth of non-compliant products identified and corrected or removed from the market	R763,556 million	R430 million worth of non-compliant products sanctioned	R 707 million worth of non-compliant products sanctioned	+R277 million	Increased focus and targeted intelligence driven operations against illicit/non-compliant role players
2.7	Promote market access in strategic global markets by enhancing exports, harmonization of regulations, eliminating barriers and increase exports	Facilitate exportation of products to various markets through issuance of Health Guarantees	The value of canned meat, fish and fishery products facilitated for export from South Africa	R8,606 billion worth of products exported	R9,099 billion worth of products exported	R9 billion worth of canned meat, fish and fishery products facilitated for export from South Africa	R10,131 Billion worth of canned meat, fish and fishery products facilitated for export from South Africa	+R1,131billion	Increased exports to existing exports markets and new products being exported to new markets

2.8	Broadening economic participation by increasing the number of black owned companies designated as repair bodies and verification laboratories	Designate previously disadvantaged groups to conduct work on NRCS' behalf as per the Legal Metrology Act	Percentage of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act	Designate 100% of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act	Designate 100% of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act	Designate 100% of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act	100% qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act	None	N/A
2.9	Market Concentration and Economic Inclusion	Increase participation in highly concentrated sectors with specific focus on encouraging the entry of Black owned businesses	Number of new SMMEs participating in the NRCS regulated value chains	New Key Performance Indicator	10 new SMMEs participating in the NRCS regulated value chains	10 new SMMEs participating in the NRCS regulated value chains	10 new SMMEs participating in the NRCS regulated value chains	None	N/A

Table 3 Strategic Goal 3: To inform and educate our stakeholders about the NRCS

3	Outcome	Output	Output Indicator/ Measure	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Annual Target 2025/26	Actual Performance 2025/26	Deviation from planned target to actual performance	Reason for Deviation/ Variance
3.1	Informed Stakeholders on NRCS functions	Stakeholder and public education and awareness	Percentage implementation of the Stakeholder Engagement Strategy	96% implementation of the Stakeholder Engagement Strategy	97% implementation of the Stakeholder Engagement Strategy	97% implementation of the Stakeholder Engagement Strategy	97% implementation of the Stakeholder Engagement Strategy	None	N/A

Table 4 Strategic Goal 4: To ensure an optimally capacitated institution

4	Outcome	Output	Output Indicator/ Measure	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Annual Target 2025/26	Actual Performance 2025/26	Deviation from planned target to actual performance	Reason for Deviation/ Variance
4.1	Increase effectiveness of Human Resources (NRCS employees)	A capacitated organisation with fully resourced organisational structure	Vacancy rate (percentage of vacant positions as per the approved NRCS organisational structure)	10%	13%	10% vacancy rate	14% Vacancy Rate	-40%	Owing to financial constraints in the previous year, the NRCS placed a moratorium on filling vacancies to manage costs.
4.2		Create employment and build a skills base through the internship program	Number of interns employed by the NRCS	0 interns employed by the NRCS	Twenty-two interns employed by the NRCS	Thirty-five interns employed by the NRCS	Twenty-three interns employed by the NRCS	-12 Interns	Delays in recruitment process and resignation by some of the interns
4.3	Increase effectiveness through optimisation, harmonisation, digitisation, and integration of processes	Implement Customer Relationship Management Systems to enable online management of processes	Percentage implementation of the Customer Relationship Management System/s		New Key Performance Indicator	100% migration of all electro-technical approvals applications to Energy Efficiency ICT System	100% migration of all electro-technical approvals applications to Energy Efficiency ICT System	None	N/A

LINKING PERFORMANCE WITH BUDGETS

Table 5 Linking performance with budgets

Strategic Goal	Audited Outcome	Approved Budget	Audited Outcome	Approved Budget	% Budget spent during the financial year	% Achievement of Key Performance Indicators
R thousand	2024/25	2024/25	2025/26	2025/26	2025/26	2025/26
Administration	57,120	62,189	60,307	67 511,110	89.04%	
Maximise compliance with all specifications and technical regulations	344,094	347,786	361,461	19 634,334	86.19%	50%
Develop, maintain and administer compulsory specifications and technical regulations	8,303	8,853	8,462	366 009,855	96.53	78%
Inform and educate stakeholders on the regulator's mandate	6,743	7,297	7,689	9 209,212	83.49%	100%
Ensure an optimally capacitated institution	84,223	84,223	92,830	67,641	137.24%	33%
Total expense	500,483	510,348	530,749	520,541	101.96%	67%

BUSINESS UNIT PERFORMANCE





“

Established on 1 September 2008, the NRCS mandate includes promoting public health and safety, environmental protection and ensuring fair trade.

”

AUTOMOTIVE



OVERVIEW

The Automotive Business Unit (ABU) is one of the business units operating within the National Regulator for Compulsory Specifications (NRCS). In addition, ABU carries its mandate as an appointed inspectorate for Motor Vehicle Manufacturers, Builders and Importers (MIBs) under the provisions of the National Road Traffic Act No. 93 of 1996 (NRTA). The ABU is entrusted with the responsibility to conduct comprehensive market surveillance activities within the automotive industry. It plays a critical role in ensuring compliance with automotive compulsory specifications and the applicable road traffic act regulations. The unit is also responsible for promoting efficiency in the regulation of motor vehicles and automotive products, in line with the NRTA and relevant regulations. To fulfil its mandate, essential functions and operations are covered in the market consisting of the following products range:

- Agricultural tractors;
- Heavy passenger vehicles (buses);
- Child restraint systems (baby seats);
- Heavy commercial vehicles (trucks);
- Hydraulic brake and clutch fluid;
- Light commercial vehicles (panels vans and bakkies);
- Head lights;
- Secondary lights;
- Replacement incandescent lamps (bulbs);
- Motorcycles;
- Motor tricycles;
- Quadri-cycles;
- Light passenger vehicles (cars);
- Special purpose adopted vehicles covered in NTRA;
- Replacement brake friction material (brake pads and brake shoes);
- Replacement safety glass;
- Safety helmets for motorcyclists;
- Towing devices (tow bars);
- New tyres for commercial vehicles and passenger vehicles;
- Trailers; and
- Elastomeric cups and seals.

One of the ABU's primary responsibilities is to evaluate applications from manufacturers, builders and importers of motor vehicles (MIBs) and recommend their registration under the NRTA. Through rigorous evaluation processes, the ABU determines the eligibility and compliance of applicants, ensuring that only qualified and accountable entities are recommended to register for participation in the industry by the Department of Transport.

The ABU also approves individual motor vehicles manufactured, built or imported by MIBs that are exempt from registration. This approval process ensures that vehicles comply with South African legislation, standards and specifications, thereby supporting safety and quality across the automotive sector. All vehicles that meet the requirements are issued with a letter of authority (ALA), which facilitates the registration of such vehicles on the National Traffic Information System (NaTIS).

Another critical aspect of the ABU's responsibilities is automotive product approvals, which entails assessing compliance with compulsory specifications and the corresponding road traffic regulations. By conducting thorough evaluations, the ABU guarantees that all automotive products, including components and accessories, meet the minimum mandatory standards, so ensuring the overall safety of vehicles on South African roads. Vehicle models, pneumatic tyres, child restraint systems, and safety helmets for motorcyclists that comply with the respective requirements are issued with the homologation certificate. All after-market components receive a Letter of Authority (LOA).

To enforce compliance and ensure adherence to regulations, the ABU conducts market surveillance inspections. These inspections support enforcement by identifying non-compliant products and enabling appropriate corrective action, including the imposition of sanctions. Through these efforts, the ABU protects consumers and supports the integrity of the automotive industry.

In addition to its operational functions, the ABU actively engages in stakeholder collaborations. These collaborations span various government departments, industry associations, consumers, the South African Revenue Service (SARS), the South African Police Service (SAPS), the International Trade Administration Commission (ITAC), and the National Consumer Commission (NCC). By fostering strong partnerships and promoting the exchange of knowledge, the ABU ensures a coordinated approach to regulatory compliance and addresses industry challenges collectively.

OVERALL PERFORMANCE

APPROVALS OF THE AUTOMOTIVE-REGULATED PRODUCTS

At the start of the reporting period, the business unit had 353 applications for approval that were outstanding from the 2024/25 reporting period. The table below shows how the applications were processed:

Table 6 Automotive Approvals

	Individual vehicle LOA and components	Whole vehicle approvals
Application brought forward	245	108
Application received	3,726	1,605
Approvals approved	3,342	1,449
Approvals rejected	299	103
Approvals carried forward	330	161

VEHICLE LOA/COMPONENTS

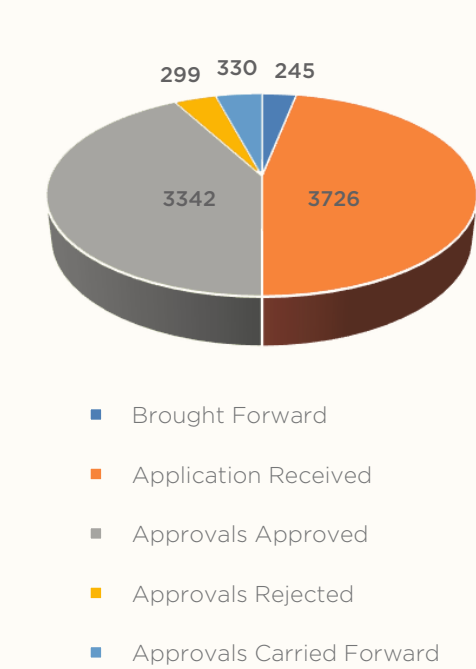


Figure 3 Automotive vehicle/Component LOA

WHOLE VEHICLE APPROVALS

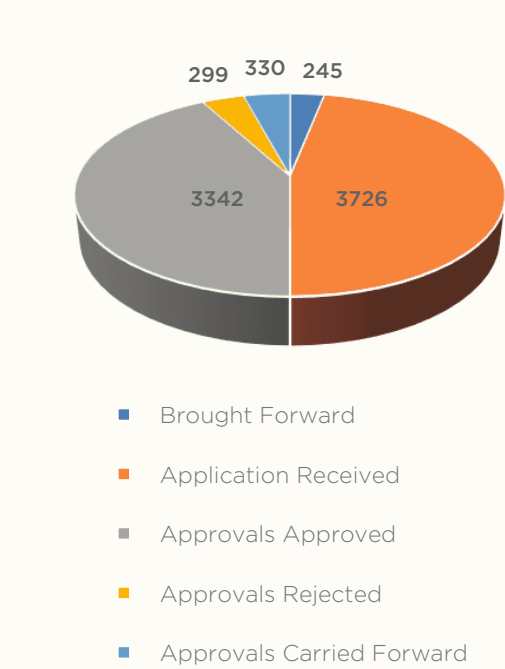


Figure 4 Automotive Vehicle Approvals

MARKET SURVEILLANCE INSPECTIONS

Market surveillance inspections ensure that approved products continue to comply with compulsory specifications and regulations. During the period under review, the ABU conducted successful Original Equipment Manufacturer (OEM) group audits for the pre-identified companies. The unit worked on various company investigative inspection projects. These covered the different product ranges in the components industry. Key enforcement measures included increasing the rate of sanctions through market surveillance and joint inspections with other law enforcement agencies.

During the financial year, the unit conducted 2,741 inspections against a target of 3,213 inspections at the points of manufacture, ports of entry and retail outlets including motor dealerships and motor spare shops. A more focused, impact-driven approach was adopted, replacing the previous emphasis on the number of inspections conducted. This resulted in fewer inspections overall.

CUMULATIVE INSPECTIONS PER MONTH 2025/26

Table 7 Automotive cumulative inspections per month 2025/26

INSPECTIONS PERFORMANCE													
Annual Target								3,213					
Quarterly performance													
Quarter	Q1(480)				Q2 (960)			Q3 (960)			Q4 (800)		
Actual	629				604			715			793		
Monthly performance													
Month	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD
Target	164	164	164	320	320	320	320	320	320	267	267	267	3,213
Inspections Conducted	143	302	184	255	181	168	272	298	145	151	313	329	2,741
Number of directives issued	6	2	5	7	16	4	15	15	3	2	13	14	102
Non-compliance Rate	4%	0%	3%	3%	10%	3%	7%	7%	2%	1%	4.5%	4%	5%

INSPECTION PROGRESSIVE REPORTING



Figure 5 Automotive Inspection progressive reporting

NON-COMPLIANCES/SANCTIONS

The business unit continued to address market non-compliance through inspections. A total of 102 directives were issued in terms of Section 15(1) of the NRCS Act for non-compliant products. The identified products and their estimated value were as follows:

Table 8 Automotive identified non-compliant products and their estimated value

Directives	No. of Directives	Sum of Estimated Value
Section15(1) Directives issued	102	R32,653, 814
	Total	R32,653,814

The non-compliant products that were identified for the period under review consisted of various automotive replacement components, accessories, motorcycles and commercial vehicles such as heavy load trucks.

The directives primarily addressed non-compliance with marking requirements, approval processes and product-performance standards identified through sample testing in the previous reporting period. Most products were therefore inspected to confirm compliance with the general Letter of Authority (LOA) and homologation requirements.

SAMPLING

The ABU sampling plan for the period under review consisted of 14 product types mainly in the component sector. The unit achieved an 87% milestone with most of the sampled products having undergone the testing stage. The unit focused on completing outstanding sampling plan projects that were awaiting action from the appointed testing laboratories.

QUALITY MANAGEMENT

The ABU is accredited by the South African National Accreditation System (SANAS) pursuant to SANS/ ISO/ IEC17020, “General criteria for the operation of various types of bodies for performing inspection” and operates within its quality management system. The business unit remains committed to maintaining its accreditation and expanding its scope to cover new compulsory specifications and any additional responsibilities assigned to it. The focus of the SANAS assessment for the performance period was on the business unit’s inspection and approval activities.

The annual assessment was conducted in September 2025, and all findings were addressed in line with SANAS requirements. For the 15th consecutive year, the ABU retained its accreditation, with only a small number of minor findings identified. The unit has successfully implemented corrective against the findings that were raised to continue to maintain its accreditation status.

STAKEHOLDER ENGAGEMENT

During the reporting period, the unit engaged with stakeholders as planned. The interaction with stakeholders created a platform for consultations and engagements on matters of mutual benefit. The following activities were highlighted during stakeholder engagements:

Engagements with ITAC highlighted the need to review the existing memorandum of understanding to improve coordination in regulating tyre imports. This assisted the NRCS to align processes through a well-coordinated workshop between the ITAC and NRCS.

The ABU implemented its annual stakeholder engagement plan for the vehicle and automotive components industries. Engagements with key industry associations focused on sharing important regulatory information. These interactions also aim to build strategic partnerships that support local market development under the South African Automotive Masterplan.

The ABU recognises the importance of supporting local business through focused education and awareness initiatives regarding the NRCS regulatory requirements to ensure compliance. The ABU embarked on two internally driven SMME support projects within the automotive sector value chain. Both SMME initiatives were successfully implemented to help the identified companies understand NRCS requirements and ensure that their products comply with South African market regulations.

Regarding the the implementation of the stakeholder engagement plan, the Automotive business unit planned thirteen engagements for the period under review. These engagements included two engagements with Association of Motorcycle Industry Distributors (AMID), two with Southern African Bus Operators' Association (SABOA), two with South African Tyre Manufacturers Conference (SATMC), two with National Association of Automobile Manufacturers of South Africa (NAAMSA), two with South African Vehicle and Bodybuilders' Association (SAVABA), one engagement with the Trailer Industry, one with Retail Motor Industry Organisation (RMI), and one with International Trade Administration Commission of South Africa (ITAC).

In total, fourteen engagements were conducted. This comprised the thirteen engagements that were completed as planned, together with one additional unplanned engagement.

The key issue arising from the engagements was continued engagement with industry associations to discuss the main issues and challenges affecting the automotive regulated industries.

CHALLENGES

During the reporting period, the ABU gathered intelligence through market surveillance activities, investigations, sanctioning, sampling and approvals. The analysis identified the following challenges, which will inform the unit's approach during the next reporting period:

- The ABU missed its inspection target for the period under review by 472 inspections equating to only 15% underperformance that resulted from transitioning to an outcome-based inspection approach to measure non-compliance rate rather than the quantity of inspection undertaken.
- Testing projects from the preceding reporting period continued in the period under review owing to limited testing capability of the available test facilities in the country.
- The unit has an ongoing legal case appeal that resulted in the diverting of sampling budget for testing to cover the legal cost.
- Implementation of cost-containment measures resulting from organisational constraints impacted ABU operational budget that resulted in the suspension of internal travel pertaining to the WP29 activities, limitation on the recruitment of resources and other critical operational activities.
- Manual operation of core processes that resulted in inefficient management of performance and information security.

Applications for approval have not been digitised, and technical details are still captured manually in the unit's database. The unit will work closely with the ICT business unit to develop an interim solution while the modernisation project is being completed.

Apart from the challenges identified above, by conducting market surveillance activities, assessing applicants, granting approvals, enforcing compliance, and engaging with stakeholders, the ABU ensures the safety, quality, and regulatory compliance of motor vehicles and automotive products as mandated by the NRTA. Through its commitment to excellence, the ABU plays a key role in promoting consumer confidence and industry growth.

CONCLUSION

The Automotive Business Unit (ABU) plays an important role in regulating the automotive sector on behalf of the National Regulator for Compulsory Specifications (NRCS). Despite the challenging operating environment during the reporting period, the unit reviewed its enforcement approach to improve operational efficiency. Improving the rate at which sanctions were imposed on non-compliant regulated products was a key priority during the reporting period.



CHEMICALS, MATERIALS, AND MECHANICALS



OVERVIEW

The National Regulator for Compulsory Specifications (NRCS) operates in an increasingly complex and changing environment. Budgetary and human resource constraints continue to affect its ability to plan effectively and maintain adequate regulatory coverage across all South African provinces. These internal pressures are compounded by broader economic conditions affecting businesses and households. This operating environment requires the NRCS to remain resilient and adaptable while making effective use of its limited resources. These economic factors strain the manufacturing, importation, and retail sectors. These sectors form part of the NRCS's regulatory mandate and are central to ensuring that products entering and circulating within South Africa comply with applicable requirements.

The CMM business unit, despite the facing considerable challenges during the reporting period, demonstrated commitment and dedication in fulfilling its mandate, achieving meaningful progress across several key performance areas. While the annual target was not fully realised, the progresses made emphasises the teamwork and professionalism of the CMM's staff who continued to perform their responsibilities with purpose. The CMM remains without a general manager, but the management of the business unit ensured that work continued during this period and that the business unit is positioned to improve in the year ahead positively in support of the NRCS' broader strategic objectives.

OVERVIEW OF OPERATIONS

The Chemical, Mechanical and Materials (CMM) business unit of the National Regulator for Compulsory Specifications (NRCS) serves as a critical regulatory authority, ensuring compliance with Compulsory Specifications (VCs) across key sectors of South Africa's economy. By enforcing stringent standards, the unit safeguards public safety, supports industrial competitiveness, and promotes sustainable trade practices.

Key Regulatory Functions:

- 1.** Health and Safety Compliance:
 - The CMM Business Unit regulates essential personal safety commodities such as Personal Protective Equipment (PPE) and Chemical Disinfectants, so ensuring efficacy and reliability. This is particularly vital in a post-pandemic era of heightened health awareness.
- 2.** Industrial and Consumer Product Oversight:
 - The business unit also governs safety-critical items, including Personal Flotation Devices (marine safety) and Shooting Ranges (public security).
 - The CMM business unit also regulates and monitors Construction Materials (Cement, Treated Timber), so ensuring structural integrity and alignment with national compulsory specifications and national standards.
- 3.** Environmental Sustainability:
 - CMM acts on behalf of the Department of Forestry, Fisheries, and the Environment (DFFE) to enforce regulations on plastic carrier and flat bags, directly contributing to South Africa's waste reduction and circular economy goals.

ECONOMIC AND SOCIAL VALUE

The NRCS delivers both economic and social value by protecting consumers, especially vulnerable groups in lower-income communities, from non-compliant products that could cause harm to self or belongings or financial loss. The NRCS protects compliant local manufacturers and importers by preventing non-compliant goods from gaining an unfair market advantage. This supports employment, industrial development and South Africa's credibility as a trading partner within SADC, the African Continental Free Trade Area and global markets.

Socially, the NRCS supports the constitutional rights to dignity and safety by holding businesses accountable for meeting minimum product safety and technical requirements. This promotes trust among consumers, communities and industries.

The CMM business unit's work upholds standards critical to market assurance by sanctioning non-compliant products, ensuring fair trade, and safeguarding consumers against non-compliant and hazardous products. The Chemical Mechanical and Material business unit's mandate, therefore that of the NRCS, aligns with key national imperatives and mandates, making it a core governance instrument of South Africa's regulatory infrastructure. During the reporting period, the CMM Business Unit helped reduce the risk of harm associated with non-compliant regulated products. The CMM Business Unit's regulatory work strengthens consumer trust, particularly in communities where people may be unable to absorb the financial or physical consequences of non-compliant products.

During the reporting period, the NRCS promoted the participation of new small, medium and micro enterprises (SMMEs) in its regulated value chains. Two micro enterprises received dedicated guidance and support to achieve full compliance with the relevant Compulsory Specifications. Both companies were successfully registered with the NRCS and issued a Letter of Authority, which enabled them to supply their products legally to the South African market.

The first company is a Johannesburg-based non-profit organisation that supplies safety footwear to the South African mining industry, thus contributing directly to worker safety and the preservation of lives. The second company supplies swimming aids that meet the required compliance standards.

Through ongoing engagement and targeted support, both enterprises were assisted in meeting all regulatory requirements. Their successful registration not only strengthens their ability to operate and grow within the formal economy but also ensures that South African consumers have access to safe and compliant products.

The business unit successfully achieved its annual target for this key performance indicator.

REGULATORY MANDATE AND OPERATIONAL FRAMEWORK OF THE CMM BUSINESS UNIT

The Chemical, Mechanical and Materials (CMM) business unit fulfils its primary mandate by ensuring strict adherence to health, safety, and environmental protection standards as defined in South Africa's Compulsory Specifications (VCs). To achieve this, the unit implements a three-tiered regulatory framework:

- 1.** Pre-Market Conformity Assessment:
 - Rigorous evaluation and approval of products prior to market entry, so ensuring compliance with technical and safety requirements.
- 2.** Active Market Surveillance:
 - Ongoing inspections across supply chains (manufacturing, importation, distribution) to monitor sustained compliance.
- 3.** Enforcement Measures:
 - Administers sanctions against non-compliant products to enforce regulatory compliance.

This regulatory approach ensures that compliant products enter and remain in the South African market.

CHALLENGES AND STRATEGIES

By enforcing Compulsory Specifications, the CMM aims to identify and remove non-compliant products from the South African market, thereby safeguarding consumers and supporting economic stability. The CMM business unit is responsible for the administration and maintenance of Compulsory Specifications that cover a wide range of industry sectors within the South African economy. Compulsory specifications, also known as VCs, are technical regulations that require products or services to comply with the health, safety or environmental protection requirements set out in a standard or in specific provisions of a standard.

The strategy that the CMM employs ensures the identification and removal of non-compliant products through surveillance inspections by the sanctioning of goods, according to the mandate set out by the NRCS Act (Act No. 5 of 2008) and divisional procedures within CMM. The business unit continues to act on behalf of the Department of Forestry, Fisheries and the Environment by regulating plastic carrier and flat bags.

The CMM business unit also performs a regulatory function on behalf of the following Government departments:

- The South African Police Service:
 - The Firearms Control Act
 - The regulation of shooting ranges and firearms
- The Department of Environment, Forestry and Fisheries:
 - Waste Bureau – Memorandum of Agreement
 - The regulation of plastic carrier and flat bags

The CMM Business Unit administers and maintains compulsory specifications through pre-approval, market surveillance, product sampling and enforcement. The CMM Business Unit currently regulates 15 compulsory specifications covering a wide range of products in the chemical, mechanical and materials industries.

Several key positions, including those of General Manager, Approvals Manager and Technical Specialist, remained vacant during the reporting period. This placed additional demands on existing employees, who continued to fulfil the unit's responsibilities. Filling these vacancies will strengthen the unit's capacity and improve workflow stability.

YEAR IN REVIEW

The NRCS introduced new key performance indicators as part of its revised performance measurement framework. These indicators focus on the rate of sanctions and the value of sanctioned goods to provide a clearer measure of regulatory impact and effectiveness. The CMM business unit adopted the new performance indicators. However, the transition and other internal pressures affected its ability to meet all its targets during the reporting period. The business unit recorded a sanctioning rate of 9.2% against a target of 20%, with sanctioned goods valued at R17 million during the reporting period. While these figures reflect a gap relative to the set targets, it is important to place this outcome within its relevant context within the broader operating environment. Internal and external factors collectively manipulated the business unit's ability to achieve these specific indicators fully. These two key performance indicators, while significant, represent only a portion of the unit's overall performance and should not be interpreted in isolation as a comprehensive reflection of the work undertaken or the value delivered. A collective and organisation-wide approach to addressing the underlying factors will be essential in supporting the business unit to improve its outcomes in the year ahead.

Levy collection was again identified as a key organisational priority to which CMM responded positively. Initiatives such as dedicated staff focussing on this priority and including it in their performance agreements made a significant impact and progress in securing outstanding payments. This outcome not only contributed to the organisation's financial sustainability but also reinforced the NRCS' ability to deliver on its statutory mandate with the necessary resources and institutional capacity.

The CMM Business Unit's dedicated and resilient employees continued to support its operations during a challenging reporting period. Faced with prolonged vacancies in the business units' management positions - including the General Manager, Technical Specialist and Approvals Manager - the unit's staff demonstrated remarkable cohesion, taking ownership of their responsibilities and collaborating effectively to sustain operational continuity. The result of this teamwork proved instrumental in maintaining performance standards and ensuring that the business units' obligations were met and operational effectiveness upheld. Leadership within the business unit demonstrated what a team can achieve.

Management guaranteed that service delivery and operations continued albeit difficult at times. Their unwavering commitment to their duty and the mandate of the NRCS has placed CMM as an example of what a purpose-driven team can achieve even in the face of adversity.

OPERATING HIGHLIGHTS

The CMM business unit conducts an annual review of its performance targets through a comprehensive assessment of micro- and macro-environmental factors affecting regulatory outcomes, alignment with **the dtic** - approved Annual Performance Plan and benchmarking against other operational units' targets. The business unit looks at historical data regarding leave trends and seasonal fluctuation of goods to have a multilayered approach to planning. The business unit maintains market integrity through targeted market surveillance inspections conducted at all levels of the supply chain. These inspections confirm that the regulated products are suitably registered with the NRCS, technically approved by the approvals section of CMM and fully compliant with the

relevant Compulsory Specifications.

For the reporting period, the CMM business unit executed 4 876 surveillance inspections, achieving 102% against its internal performance target of 4 743 inspections. While the business unit maintained regulatory coverage across key industries and various provinces throughout South Africa, it is acknowledged that greater outcomes could have been realised had the necessary organisational support and resources been fully in place during the reporting period. However, non-compliant products were identified and sanctioned and the total inspections conducted is inclusive of the products found at manufacturers, retailers and ports-of-entry. Non-compliant goods exceeding R17 million (R17 250 569.07) were found and sanctioned. The CMM participated in various joint raids across the country, both internally and externally arranged. This participation strengthened the stakeholder relationships among various key enforcement entities and assist in achieving the broader mandate of the regulator.

ANNUAL INDUSTRY BREAKDOWN - INSPECTIONS

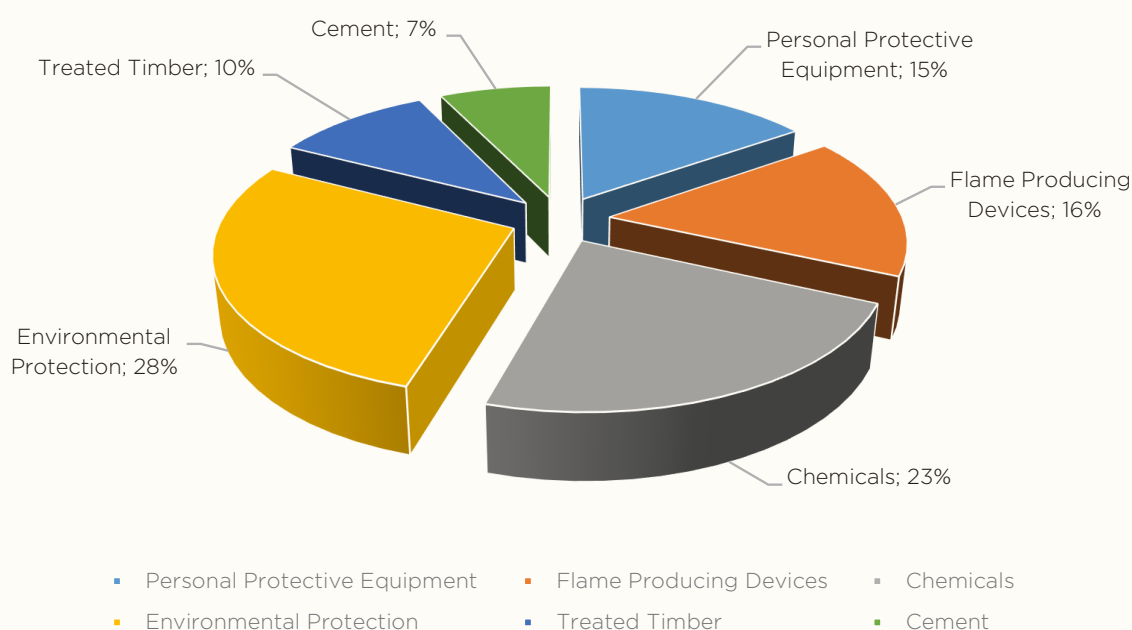


Figure 6 CMM Surveillance Inspections 2025/26

Figure 6 demonstrates a clear correlation between inspection coverage and the operational capacity of the business unit, underscoring the direct influence that available resources have on the unit's ability to execute its regulatory mandate effectively. Notwithstanding these capacity constraints, the CMM business unit endeavoured to maintain performance monitoring throughout the period under review, so ensuring continued adherence to its corporate commitments. These included, among others, the execution of joint inspections, targeted compliance campaigns, and stakeholder engagement meetings.

In addition, the CMM continued with developing its inspectorate through focused training interventions. The CMM surveillance and approvals inspectors have attended an awareness training programme aimed at deepening their understanding of the complexities and technical requirements involved in the treatment of timber. The theoretical component was delivered by the recognised industry association, covering topics such as penetration and retention requirements and regulatory compliance. This was followed by a practical application session hosted at an NRCS-approved treating plant, where inspectors observed live treatment cycles including vacuum-pressure impregnation, solution concentration checks, and post-treatment handling. Training was also presented on VC9002, which is the Compulsory Specification on Safety Footwear, specifically on the new and revised requirements of SANS 20345:2023. This training enabled the CMM approvals section to process all extensions of approvals and LoA applications. To reduce the backlog, the business unit assigned surveillance inspectors to assist with processing applications. This should improve the processing times to ensure that the BU remain within the approval target of 60 days. The CMM will continue to monitor as necessary to ensure that the backlog is fully cleared within the allotted timeframe.

Despite these commitments and initiatives, the business unit delivered a strong performance, achieving its internal annual performance targets, as evidenced in the graphic presentation in Figure 2 below.

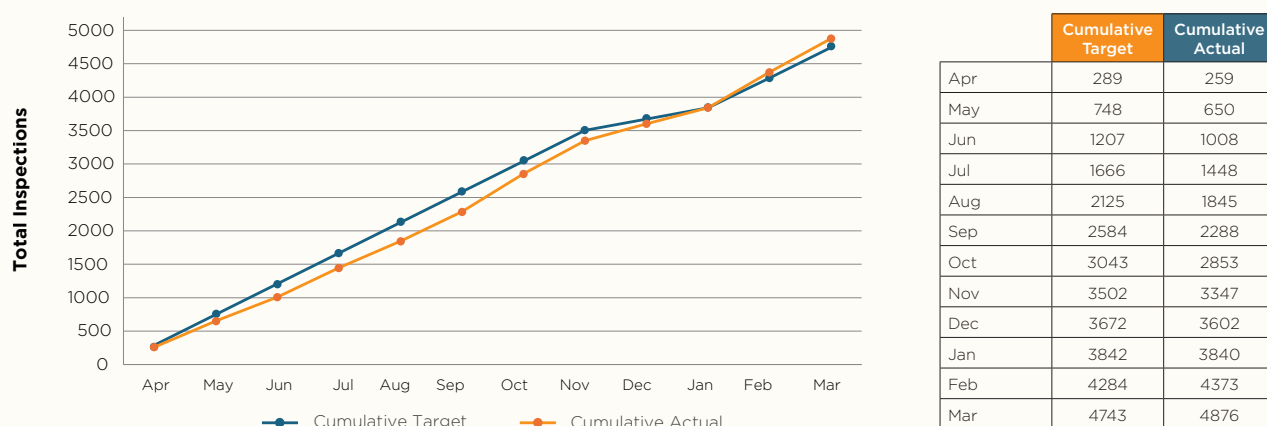


Figure 7 CMM Cumulative inspections per month.

To ensure nationwide coverage across South Africa and all CMM-regulated industries multiple group inspections were conducted. Strategic-planning identified and highlighted these critical areas for targeted inspections.

The CMM business unit carried out a series of targeted inspections and compliance campaigns across multiple provinces during the reporting period, demonstrating a consistent and determined effort to fulfil its regulatory mandate and protect South African consumers against non-compliant products and dishonest importers and manufacturers.

In June 2025, inspectors - with the assistance of the NRCS support sections -conducted inspections at major retail stores across Gauteng, focusing on ensuring that all products available for sale complied with applicable compulsory specifications. The exercise resulted in the sanctioning of non-compliant goods and reinforced the NRCS' commitment to eliminating non-compliant products from the market. The business unit participated in a collaborative Winter Campaign alongside **the dtic**, SABS, NCC, CGSO, and the Gauteng Department of Health, aimed at addressing the recurring danger of fire incidents in informal settlements by promoting the use of compliant heating appliances. Unforeseen political developments resulted in participants withdrawing from the original sites and temporarily disrupted the campaign. Activities resumed in the Chiawelo informal settlement in Soweto on 18 and 19 August 2025. These included door-to-door inspections and community awareness activities conducted with stakeholder partners and the local councillor.

The business unit extended its enforcement reach through a multi-disciplinary group inspection project in Johannesburg, covering a broad range of regulated commodities including paraffin appliances, personal protective equipment, disinfectants, building materials, cigarette lighters, and plastic bags. Given the significant risk that non-compliant paraffin stoves and heaters pose to consumers in terms of injuries, burns, property loss, and fatalities, these products received particular attention during the inspections. Operating across Fordsburg, Crown Mines, and Roodepoort, inspectors from various disciplines worked alongside NCC investigators and SABS representatives in a coordinated and professional manner, with each agency addressing findings within its respective mandate. Through coordinated enforcement operations, the NRCS identified and sanctioned non-compliant goods regulated by the CMM business unit.

The series of enforcement activities culminated in a joint raid conducted in KwaZulu-Natal during August 2025, where the CMM business unit partnered with the electrotechnical business unit as well as other internal and external stakeholders to inspect the full spectrum of CMM-regulated commodities. The operation yielded the confiscation of a significant volume of non-compliant goods, including plastic carrier bags and treated timber, among others. together, these initiatives demonstrate the business unit's proactive and collaborative approach to fulfilling its mandate. By working across provincial boundaries and with partner agencies, the unit helps remove non-compliant products from the South African market and protects consumers from potential harm.

The treated timber group inspection conducted in Pietermaritzburg, KwaZulu-Natal, highlighted the personal safety risks NRCS inspectors may face while performing their duties. During an inspection at a local hardware store, the situation escalated rapidly when members of the surrounding community became confrontational,

creating a volatile and potentially dangerous environment that placed the safety of the inspectors in immediate danger. The intervention of the South African Police Service and private security companies was required to stabilise the situation and prevent it from deteriorating further. This incident highlighted the risks inspectors face when conducting regulatory work in under-resourced environments where tensions may escalate unexpectedly. Inspectors may face personal safety risks while enforcing regulatory requirements and protecting communities from non-compliant goods. Their continued commitment under challenging conditions deserves recognition. The incident also highlights the need for adequate support, safety protocols and resources to protect inspectors working in the field.

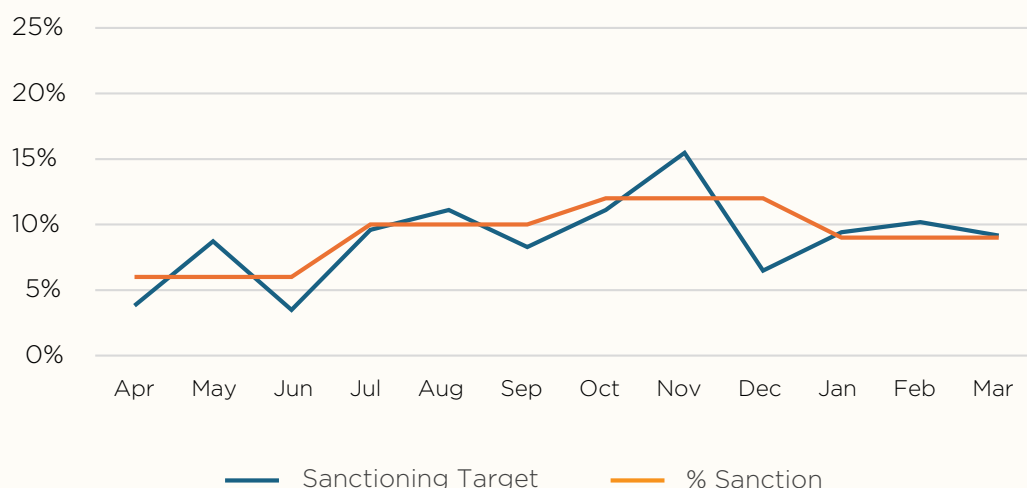


Figure 8 CMM Sanctioning Rate

While the sanctioning rate recorded for the period reflects figures below the predetermined target (see Figure 3), it is important that this KPI is not interpreted in isolation or misunderstood as an indication of underperformance on the part of the business unit. Although the sanctioning rate was below target, it should be assessed within the broader context of the unit's enforcement activities and overall performance. Through the CMM's visibility, consistency, stakeholder engagement and hard work, a culture of compliance with the requirements of the Compulsory Specifications and Standards was identified during the performance of surveillance inspections. The lower number of cases requiring formal sanctions does not indicate weaker enforcement. Instead, it may reflect improved compliance resulting from sustained enforcement activities. This context is important when assessing the unit's performance.

Most industries regulated by the unit complied with the applicable compulsory specifications and standards. This level of compliance may reflect the unit's sustained market oversight and engagement with regulated industries.

E-COMMERCE ONLINE PLATFORMS

The CMM business unit took a proactive step in addressing the growing challenge of non-compliant goods being sold through online shopping platforms. Formal notice was issued to two prominent e-commerce platforms, Temu and Shein, informing them that certain products advertised on their South African platforms had been identified as falling under the scope of the NRCS' compulsory specifications. Both platforms were advised of their responsibility to ensure that all goods offered for sale comply with the applicable standards and were warned that failure to do so could result in further regulatory action. This initiative strengthens the CMM Business Unit's oversight of online retail and helps prevent non-compliant products from reaching South African consumers.

The South African Association of Freight Forwarders (SAAFF) National Trade Facilitation department extended an invitation to the National Regulator for Compulsory Specifications (NRCS) to participate in their National Roadshow, held across key commercial centres throughout the country. The initiative was developed to address gaps in the freight-forwarding industry's understanding of the regulatory requirements governing the importation of regulated products. SAAFF identified gaps in its members' understanding of compulsory specifications, Letter of Authority (LoA) requirements and NRCS documentation and inspection procedures. These gaps contributed to recurring challenges at ports of entry. The roadshow presented a timely and strategic platform to engage directly with freight forwarders, customs agents, and logistics professionals operating at the frontline of South Africa's import value chain.

The NRCS accepted the invitation and assigned subject matter experts to the roadshow sessions. They provided guidance on port-of-entry requirements, pre-shipment obligations and the regulatory processes governing products imported into South Africa. The engagements facilitated open dialogue between NRCS officials and SAAFF members, so allowing for the clarification of common misconceptions, the resolution of procedural queries, and the reinforcement of the critical role that freight forwarders play in ensuring that non-compliant goods do not enter the domestic market. The roadshow proved to be a valuable outreach and stakeholder engagement exercise, strengthening the collaborative relationship between the NRCS and the freight-forwarding sector, and contributing meaningfully to improved compliance awareness and trade facilitation at South Africa's ports of entry. Of the 841 applications finalised during the financial year, 95% (796) of the applications were finalised within 90 calendar days.

APPROVALS

The Approvals Section of the CMM business unit demonstrated commendable efficiency during the reporting period, processing 93.25% of the total applications received, including carryovers from the prior year. Of the 841 applications finalised during the financial year, 95% (796) of the applications were finalised within 90 calendar days.

Rejected Applications: Rejected applications are those that do not meet the minimum requirements outlined in the Compulsory Specification or where applicants fail to address all identified issues within the specified timeframe. This ensures adherence to quality standards and regulatory compliance.

While the high completion rate of applications confirms the unit's processing efficiency, the rejection of applications presents an opportunity for process improvement. Potential improvement measures include enhanced applicant guidance on submission requirements, earlier identification of compliance gaps, and proactive support during the rectification period. These targeted interventions could reduce rejection rates while maintaining the section's processing efficiency. The unit's adherence to established standards ensures the integrity of approved applications. Its performance metrics indicate a strong foundation for continuous operational improvement. Future initiatives will focus on optimising both efficiency and effectiveness in the approvals process.

The approval statistics for the period under review are summarised in the table below:

Table 9 CMM Approvals summary 2025/2026

	Approved	Rejected	Cancelled	Withdrawn	Average turnaround days	% Issued within 90 days
Q1	180	45	1	1	41	87
Q2	183	54	3	4	44	93
Q3	153	65	10	0	39	100
Q4	115	26	1	0	29	100
Total	631	190	15	5	38	95

The implementation of the revised requirements for plastic carrier and flat bags under VC 8087:2013 resulted in a backlog of approval applications. These outstanding applications negatively affected the units' performance as applicants failed to provide corrective action for identified deficiencies of their applications to Compulsory Specifications and the relevant Standard.

Applications were rejected primarily because they were incomplete, applicants did not submit corrective actions within the required timeframes, or applicants failed to respond to requests for further information.

ACCREDITATION

The CMM business unit maintained its SANAS accreditation as a competent inspection body under the latest edition of SANS 17020. The accreditation covers its management system for administering several compulsory specifications. In February 2026, the unit received a new accreditation certificate valid from 28 January 2026 to 10 December 2029.

STAKEHOLDER ENGAGEMENT

The CMM business unit remains committed to strengthening collaborative relationships with government departments, industry associations, and business stakeholders. This commitment is operationalised through structured Stakeholder Engagement Plan, which facilitates regular industry meetings to address shared regulatory and industry challenges.

These engagements ensure balanced representation of both public-interest and industry perspectives while advancing the NRCS mandate.

The CMM business unit met with stakeholders covering the various industries throughout the year, amongst them are:

- Plastic Carrier and Flat Bags;
- Chemical Disinfectant Industry;
- Treated Timber Industry;
- Personal Flotation Aids Industry;
- Personal Protective Equipment Industry;
- Shooting Range Industry;
- Safety Shoe Industry;
- Cement Industry; and
- Corrugated Roof Sheeting Industry.

The Business Unit conducted eleven planned and unplanned industry meetings resulted in the business unit actively addressing issues identified and putting measures in place to strengthen regulatory actives within the industry.

CONCLUSION

During the 2025/26 reporting period, the CMM business unit continued to fulfil its regulatory responsibilities despite significant operational challenges. Notwithstanding prolonged vacancies in key management positions, revised performance indicators and challenging economic conditions, the unit achieved measurable results. It conducted 4,876 surveillance inspections, exceeding its internal target by 2%, recovered outstanding levy payments and sanctioned non-compliant goods valued at more than R17 million across the supply chain. The unit recorded a sanctioning rate of 9%. While certain targets were not fully realised, the number of deliverables accomplished during this period speaks to the dedication, resilience and professionalism of a team that refused to be defined by its constraints.

The CMM Business Unit will focus on sustaining its achievements and addressing the areas requiring improvement. This will strengthen its ability to fulfil the NRCS mandate and protect South African consumers.

ELECTRO- TECHNICAL



OVERVIEW

Electro-technical is an accredited inspection body, enforcing a total of 20 compulsory specifications to protect the safety and health of consumers and the environment from the risks posed by approximately 600 regulated products in the electrical and electronic technology areas. The unit conducts its operations in accordance with the accreditation requirements of SANS/ISO/IEC 17020: Conformity assessment — Requirements for the operation of various types of bodies performing the inspection. The regulated scope of products includes electric motors, electrical cables, domestic appliances, plugs, power tools, switches, general service lamps (GSLs), circuit breakers, audio and visual equipment, information technology equipment and the energy efficiency of various products. In the period under review, the unit implemented three new compulsory specifications covering the energy efficiency of electric motors (VC 9113), the safety of GSLs (VC 9110), and the performance of GSLs (VC 9109).

Low barriers to entry for traders, shorter product life cycles and the rapid introduction of new technologies contribute to the availability of illicit products in the market. The unit intervenes to the market failures through a market surveillance and enforcement strategy, which is centred on:

- Deploying the risk-based approach (RBA), with a focus on intervening in areas of high risk;
- Port of entry enforcement, in collaboration with SARS, BMA, SAPS and other governmental agencies.
- Regulating at source, where the target is to conduct majority of inspections at source (ports of entry, manufacturers, and importers premises).
- Promoting voluntary compliance and self-compliance by educating and informing the regulated industries about compulsory specifications.
- Partnering with regulators, government agencies and departments that have related mandates to conduct joint market inspections and enforcement operations.

Any non-compliant products found during market surveillance inspections are dealt with in accordance with the requirements of the NRCS Act, Act 5 No. of 2008, as amended. These include destruction of the products and/or returning them to the country of origin.

PERFORMANCE

PERFORMANCE DASHBOARD

For the period under review the performance dashboard against the APP targets are summarised in Table 10, where 5/7 (71%) was achieved.

Table 10 Electro-technical Performance Summary

Strategic objective	Outcome	Output	KPI	Target	Actual
To maximise compliance with all specifications and technical regulations	Prevent illicit and non-compliant products and enable compliance through effective market surveillance activities	Sanctioning rate for illicit and non-compliant products	Percentage sanctioning rate of illicit and non-compliant products	20%	20.2%
				4	4
	Red tape reduction	Reduce turnaround times and enable firms to bring products to market faster	Percentage of all approval applications finalised within 90 calendar days	98%	~90%
			Percentage of pre-market approval processes optimised, integrated and harmonised	20%	80% of certificates automated
	Prevent Illicit and non-compliant products	Remove illicit and non-compliant products from the market	The value of non-compliant products sanctioned	R180 million	R260 million
To inform and educate our stakeholders about the NRCS	Informed stakeholders	Percentage implementation of the stakeholder engagement strategy	Percentage implementation of Electrotech Stakeholder Engagement Plan	97%	97%
	Market Concentration and Economic Inclusion	Increase participation in highly concentrated sectors with a specific focus on encouraging the entry of Black-owned businesses	Number of new SMMEs participating in the NRCS' regulated value chains	2	1

INSPECTIONS

The unit achieved a sanctioning rate of 20.2% against a target of 20% from conducting 4,400 inspections and issuing 889 Section 15.1 directives. Joint enforcement operations identified non-compliant products valued at approximately R260 million, mainly at ports of entry and retail outlets. Figure 9 compares the value of these products with the sanctioning rate.

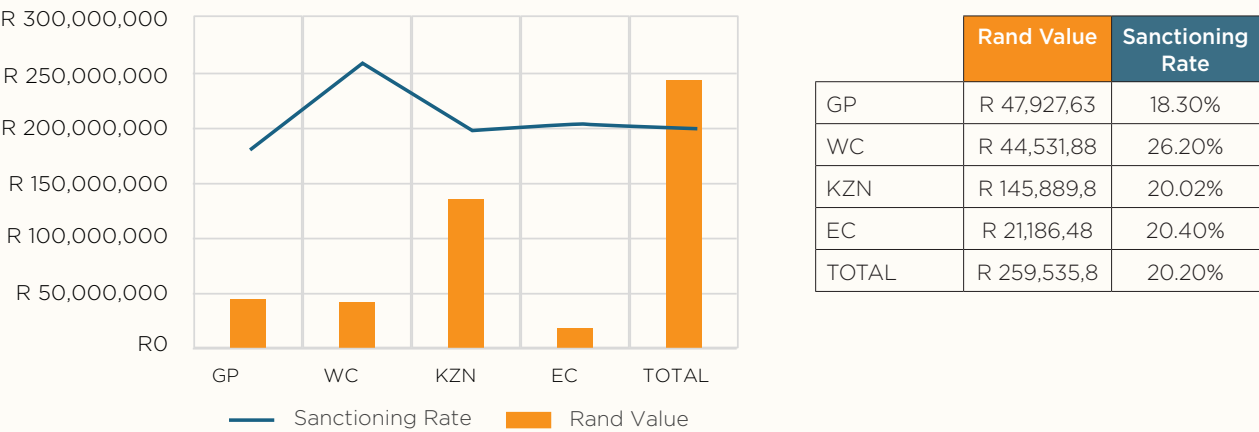


Figure 9 Sanctioning rate vs rand value of non-compliant products

The non-compliant products found included plastic bucket heaters, incandescent lamps, compact fluorescent lamps, LED displays, speakers, luminaires, Christmas lights, lamp holders, rechargeable fans, emergency lights, toasters, socket adapters, glue guns, fans, heating elements, electric bucket water heaters, travel cellphone chargers, USB chargers, humidifiers, bulkhead lamps, electric torches, power tools, speakers, and soldering irons. Table 11 presents market surveillance statistics by region, including inspections conducted, directives issued to restrict trade and the value of non-compliant products identified.

Table 11 Electro-technical inspections statistics

Region	GP	WC	KZN	EC	TOTAL
No of inspections	1,960	602	844	994	4,400
No of directives	359	158	169	203	889
Sanctioning rate	18.30%	26.20%	20.02%	20.40%	20.20%
Rand value of non-compliant products	R 47,927,636	R 44,531,885	R 145,889,882	R 21,186,482	R 259,535,885
EE inspections	349	85	74	73	581
No of source inspections	853	309	801	344	2,093

The statistics show that in the period under consideration, the unit conducted ~48% of the inspections at source, while the balance was conducted at retailers. The energy-efficiency inspections accounted for ~13.2% of the total inspections conducted. The average value of non-compliant products covered by each directive was R291,941 compared with R 444,116 in 2024/25 and R 337,772 in 2023/24. KwaZulu-Natal accounted for 56.2% of the total value, followed by Gauteng at 18.5%, the Western Cape at 17.2% and the Eastern Cape at 8.1%.

Electro-technical participated in a number of joint operations with other government agencies across the national districts. The NRCS organised and led 10 of the joint operations, with four of them being the responsibility of the unit. In addition, the BU representatives conducted several radio interviews during the joint operations, thus reaching thousands of listeners and educating them about compulsory specifications and the dangers of non compliant products. The joint operations which were led by the unit are summarised in Table 2.

Table 12 Joint operations led by Electro-technical

Area	Period	Other participating stakeholders	Rand value of non-compliant products
KZN (Durban, Pietermaritzburg)	18 - 22 August 2025	i. SABS, NCC, ETIA, BMA, SARS,	i. R 5,953,247 (All BUs)
Limpopo (Polokwane, Lebowakgomo)	25 - 29 August 2025	ii. DHA, SAPS, SARS Customs, Polokwane Disaster Management, LEDECT-NCC	iii. R 1,769,670 (All BUs)
GP (Jhb CBD, Crown Mines, China Town)	24 - 27 November 2025	iv. SAPS, brand holders' inspectorate, SAPS National Anti-Counterfeit Unit, NCCC, ICASA, SAHPRA, Public Order Policing Services	v. R 4,687,716 (Electrotech)
EC (Kugompo City and Qonce region)	11 - 13 February 2026	vi. SAPS, brand holders' inspectorate, SAPS National Anti-Counterfeit Unit, Consumer Protection (DEDEAT), Buffalo City Municipality Health Services	vii. R 1,741,865 (Electrotech)

The BU implemented several initiatives in support of the national imperatives to reduce greenhouse gas emissions and protect the environment. Table 13 summarises the unit's activities, which included capacity building, enforcement, joint inspections, participation in local and international workshops, and stakeholder engagement. During the reporting period, the unit also implemented VC 9113 for electric motors. This involved informing industry stakeholders about the new requirements and monitoring compliance with the technical and administrative provisions.

Table 13 Energy-efficiency activities in support of national imperatives of decarbonization

No	Activity	Details
1	Inspections	Conducted a total of 581 inspections across the country
2	Approvals	Issued 2200 EE LOAs
3	New VCs implementation	i. implemented VC 9113 – Electric motors. ii. Collected levies for new VCs 9109 (GSLs) and VC 9113. iii. Issued sales permits for electric motors and GSLs to deplete existing stocks. iv. In-house testing of GSLs using portable light inspector kit.
4	Regional and international activities	i. Meeting in Maputo to witness the commissioning of lighting lab and testing of samples under EELA Project. ii. BU representatives participated in regional EE Workshops, presenting at two forums, the SADC/ EAC and ECOWAS. The NRCS shared the regulators experiences in implementing the Energy Efficiency Standards and Labelling (S&L) Program. iii. Engagements with DEE/SANEDI/CLASP continued with the development of a work plan for the technical support required by the regulator.
5	Stakeholder Engagements	i. Engagements with electric motor industry on the implementation modalities. ii. Visit electric motor suppliers to discuss levies. iii. S&L Annual Planning Meeting. iv. The BU participated and presented at the Quality Infrastructure Stakeholders Forum workshop at CSIR on the NRCS contributions to greening economy. v. BU participated in RRD led engagements with the Lighting Industry, including preparatory meetings involving CLASP, on the development of a proposed VC 9018: Energy efficiency and functional performance requirements of luminaires for road and street lighting.
6	S&L MEPS Improvements	i. Participated in MEPS improvement engagements for VC 9008. ii. Engagements with GIZ and Energy Efficient Strategies, to discuss funding and scope of work.
7	EE Database Enhancements	i. Participated in EE Database developments for GSLs ii. Participated in EE Database developments for VC 9113.
8	Capacity-building	Capacity-building on electric motors. i. Industrial visits and training at WEG, Explolabs, Actom, Komatsu. ii. SABS testing lab visit. iii. Three representatives attended the 20th annual South African Energy Efficiency Confederation (SAEEC) conference themed 'Engineering the future: Energy efficiency in the circular economy.

APPROVALS

The approval application workload increased by 7.6%, from 22,221 in the previous financial year to 23,919 during the reporting period. This represents an increase of 47.5% since 2022/23, as shown in Figure 10. Of the applications processed, 20,807, or approximately 90%, were approved, rejected or cancelled within 90 calendar days, against a target of 98%.

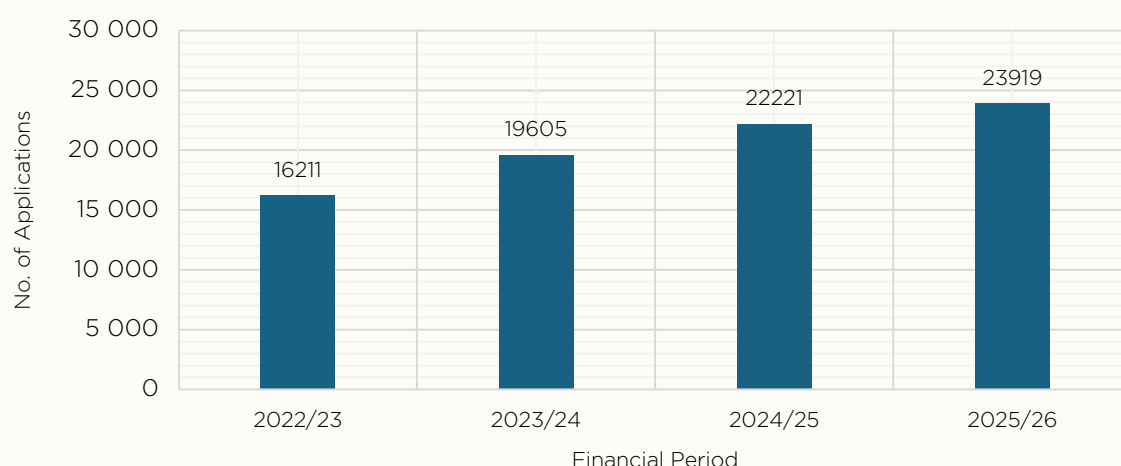


Figure 10 Applications workload since 2022/23

Table 14 summarises the number of applications processed per approval type and the turnaround times.

Table 14 Number of Electro-technical applications processed

Application classification	Processed within 90 days	Processed over 90 days	Total applications
EE: approved	2,192	8	2,200
EE: rejected	394	32	426
Safety: approved	17,255	1,620	18,875
Safety: rejected	795	569	1,364
RCC: approved	171	5	176
Total	20,807	2,234	23,041

Approximately 40.6% of applications were processed within 30 days and a further 20.9% within 60 days. A total of 878 applications were carried over to the next financial year, compared with 1,557 in 2024/25 and 2,198 in 2023/24. During 2025/26, 1,810 processed applications, or approximately 7.8%, were rejected, compared with 6% in 2024/25 and 4.8% in 2023/24. Table 15 summarises the approval statistics.

Table 15 Electro-technical approval statistics

Approval type	Applications carried over from 2024/25	Applications received in 2025/26	Total workload for 2025/26	Total applications approved YTD 2025/26	Total applications closed in 2025/26	Applications carried over to 2026/27
Safety	1,428	19,409	20,837	18,875	1,364	598
EE	79	2,684	2,763	2,200	426	137
RCC/AC	50	269	319	176	0	143
Total	1,557	22,362	23,919	21,251	1,790	878

The applications were closed for three reasons:

- Corrective action from the administrative and technical findings raised during the evaluation for compliance was not submitted within the 30 days' deadline
- The application failed technical evaluation and could not feasibly be corrected
- Duplicate applications were submitted

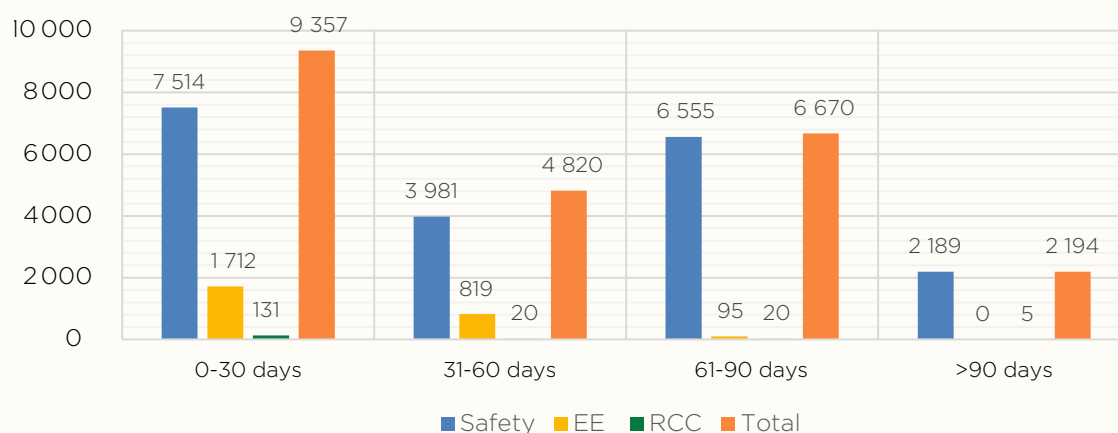


Figure 11 Approvals turnaround times per application type

STAKEHOLDER ENGAGEMENTS

During the reporting period, the unit completed 28 of its 29 planned stakeholder engagements, achieving 97% of its target. These engagements supported the NRCS Act's objective of promoting voluntary compliance by informing stakeholders, including organised business, industry representatives and the public, about compulsory specifications. The unit also conducted 48 additional engagements on compliance matters. Most engagements took the form of online meetings and workshops.

Table 17 summarises the planned engagements conducted during the reporting period. The Electrotechnical Business Unit maintained its technical expertise through participation in relevant regional and international bodies, including the International Electrotechnical Commission (IEC) and the Southern African Development Community (SADC).

To educate and inform stakeholders further about compulsory specifications, Electro-technical staff completed one case study to assist Ikigai, an SMME, to comply with VC 8055 – The safety of electrical and electronic apparatus. Table 16 summarises the case study. When companies comply voluntarily, the regulator may classify them as low risk and continue to work with them while directing its limited resources towards higher-risk areas.

Table 16 Ikigai case study undertaken in 2025/26

Company	Nature of business	Nature of assistance
Ikigai	In response to declining demand in South Africa's automotive manufacturing sector, Ikigai diversified its operations to include the manufacture of small electrical appliances. Its product range includes the Ikigai Automatic Corded Kettle, the Ikigai Elegant Two-Tone Corded Kettle and the Ikigai Two-Plate Stove.	Ikigai required assistance in understanding the regulatory requirements and obtaining the necessary approvals. The NRCS team provided guidance on: 1. The NRCS Act, regulatory levies and fees; 2. The technical and administrative requirements of VC 8055; 3. Applicable SANS standards; 4. The capabilities of local testing laboratories; 5. South African deviations from applicable standards; 6. The NRCS registration process; and 7. The Letter of Authority (LOA) application process. The standard turnaround time for an LOA application is 90 calendar days. As a local manufacturer working closely with the NRCS, Ikigai received its LOA within 30 calendar days, enabling the company to bring its products to market sooner.

Table 17 Progress report on the implementation of the unit's Electro-technical Business Unit's 2025/26 stakeholder engagement plan

List of stakeholders	Priority stakeholders	Rationale for engagements/current engagements methods/Issues	Actions/ activities	Total Engagements	Status
Government Departments/ Agencies	the dtic, DMRE, DEFF, and SANEDI	Promote alignment with government policy and cooperation	Participate in Standards and Labelling (S&L) Project Steering Committee (PSC) and the work programmes to reduce energy intensity and consumption, including National Cooling Action Plan	2	Achieved
			Engagements with SABS Testing/Commercial on matters of mutual interest	2	Biannual Q2, Q3
			Engagements with SALGA	1	Q2
			Engagements with ITAC	1	Q2
Electrotechnical Industry	SABS	To influence standards for regulatory purposes	Participate in standards development Technical Committees (TCs).	4	Quarterly
	Local manufacturers, importers and retailers	Educate and inform stakeholders about compulsory specifications. Encourage voluntary compliance to compulsory specifications	Specialist Consultative Committee (SCC) engagements	2	Biannual Q1, Q3
			South African E-Commerce Association (SAEA)	1	Q2
			Meeting with at least four Industry Associations (OUTA/BUSA, Electric Motor Industry, Cable Industry, Chamber of Commerce)	4	Quarterly
			Follow-up engagement with Regulatory Agents/Consultants Association (SARACA) to formally recognize them through set criteria	1	Q2
Regional and International bodies	International Electrotechnical Commission (IEC)	Establish and maintain the necessary expertise on an internationally acceptable level and keep abreast of developments.	Attend IEC TC 61, on the safety of appliances, Annual Meeting	1	Q3
			Attend and participate in IEC CMC Annual Meeting	1	Q3
	Southern African Development Community (SADC)		Participate in SADC TBT Engagements	1	Q4
Internal BU stakeholders	Electrotech staff	Employee engagements	Participate SADCSTAN TC 16 activities on MEPS	1	Q3
			Hold 2026/27 strategy session	1	Q4
			Hold regional 2025/26 strategy implementation workshops across regions	5	Q1
			Hold Inspectors Workshop	1	Q4

CONCLUSION

During the reporting period, the Electrotechnical Business Unit achieved five of its seven APP targets, representing 71.4%. The targets achieved were a sanctioning rate of 20.2%, completion of all planned joint operations, 97% completion of planned stakeholder engagements, the identification of non-compliant products valued at R260 million, and the automation of 80% of permits. The targets for SMME participation and approval turnaround times were not achieved.

Although the approval turnaround-time target was not met, the unit processed more applications than in any previous financial year. It carried 878 applications forward to the next financial year, which was substantially fewer than in previous years. Energy-efficiency applications accounted for 10.3% of approved applications, while safety applications and RCCs accounted for 89.4% and 0.3%, respectively.

The unit also implemented three new compulsory specifications during the reporting period: VC 9113 for the energy efficiency of electric motors, VC 9110 for the safety of general-service lamps and VC 9109 for the performance of general-service lamps.

FOODS AND ASSOCIATED INDUSTRIES



OVERVIEW

The Food and Associated Industries (FAI) Business Unit protects consumers by regulating products traded locally and internationally. These include processed and canned meat, canned and frozen fish, smoked snoek, live aquacultured abalone, and live and chilled bivalve molluscs. This is achieved through:

- Inspecting processing plants and fishing vessels used to produce, process or transport food products.
- Taking samples of food products in accredited surveillance facilities and submitting these for testing in accredited testing laboratories.
- Ensuring that non-compliant products do not enter the market and removing such products if discovered in the market. A risk-based approach to surveillance was adopted to improve efficiency and the effectiveness of FAI processes. Source and targeted enforcement was introduced as a measure to prevent the entry of non-compliant products into trade in South Africa.
- Conducting surveillance inspections on locally produced and imported products. Port of entry surveillance entails the profiling of various containers entering South Africa and the inspection of these containers at the point of entry. Imported fishery products are transported to cold-storage facilities and warehouses, where samples are collected for inspection by the NRCS. Cooperation with the South African Revenue Service (SARS) Customs Division and the Border Management Authority (BMA) supports this process.
- Cooperating with other food safety regulators, both nationally and internationally, and participating in food safety-related activities. The NRCS actively participates in both the local and international (through Codex Alimentarius) standards setting processes. At national level, it works in close cooperation with several other legislators in the food environment, including the Department of Health (DoH), Department of Agriculture (DoA), and Department of Forestry, Fisheries and the Environment (DFFE). The NRCS has entered into various technical cooperation agreements with countries trading fishery products with South Africa, which act as preventative measures to ensure that safe products with the necessary health guarantees are obtained from these countries.

The Food and Associated Industries (FAI) Business Unit serves as the Competent Authority for fish and fishery products traded internationally. It issues health certificates and guarantees confirming that products intended for export meet the import requirements of destination countries and regional trading blocs. This certification supports market access and international trade.

OVERALL PERFORMANCE

For the 2025/26 financial year, the annual business plan included six performance targets, five of which related to product and factory inspections across six product categories. Three new inspection-related targets were introduced to support the strategic goals of **the dtic**. The business unit achieved all its targets and conducted 25 936 inspections during the reporting period.

Table 18 Performance Targets Achievement

Performance Indicator / Measure	Annual Targets as per the Business Plan (Cumulative Target)	Inspection requests received (Annual Accumulative)	Number of inspections conducted (Annual Accumulative)	Inspection Performance
Number of inspections conducted for locally produced and imported canned fishery and meat products and exported frozen fishery product consignments.	100% of all declared imported products and all productions produced locally.	22,944	22,944	
Number of inspections conducted on locally produced frozen fish, locally produced processed meat and the number of processing factory inspections (locally produced canned meat, frozen and canned fish and fishery products, processed meat products, live products), vessels and retail inspections.	2,582	N/A	2,677	

Performance Indicator / Measure	Annual Targets as per the Business Plan (Cumulative Target)	Inspection requests received (Annual Accumulative)	2025/26 Annual Performance	Inspection Performance
Compliance of all imported NRCS regulated food products - FAI	99%	N/A	99.91%	↑
% Compliance rate for all locally produced and exported food and associated products	100%	N/A	99.75%	↑
Estimated value for Exported Products	R 9,000,000,000	N/A	R 10,130,748,025	↑
Estimated value for Non-complying Products	R 32,000,000	N/A	R47,341,875,35	↑

The business unit conducted 2 203 fewer inspections in 2025/26 than in the previous financial year.

Table 19 Inspection trends for the last five years per category

Description	1st Quarter 25/26 Inspections	2nd Quarter 25/26 Inspections	3rd Quarter 25/26 Inspections	4th Quarter 25/26 Inspections	Total 25/26 Inspections
Imported products	1,593	1,806	1,772	2,101	7,272
Exported products	2,993	2,239	2,948	3,494	11,674
Local canned fish	713	572	369	558	2,212
Local canned meat	467	511	499	607	2,084
Local frozen fish	203	206	170	210	789
Facility inspection	445	541	485	434	1,905
Total	6,414	5,875	6,243	7,404	25,936

The number of inspections increased in two of the six categories and decreased in the remaining four. Despite these changes, the business unit achieved its targets across all six categories. The value of exported products exceeded the 2025/26 target by R 1,071,106,393,20.

5 YEAR COMPARISON TOTAL INSPECTIONS CONDUCTED

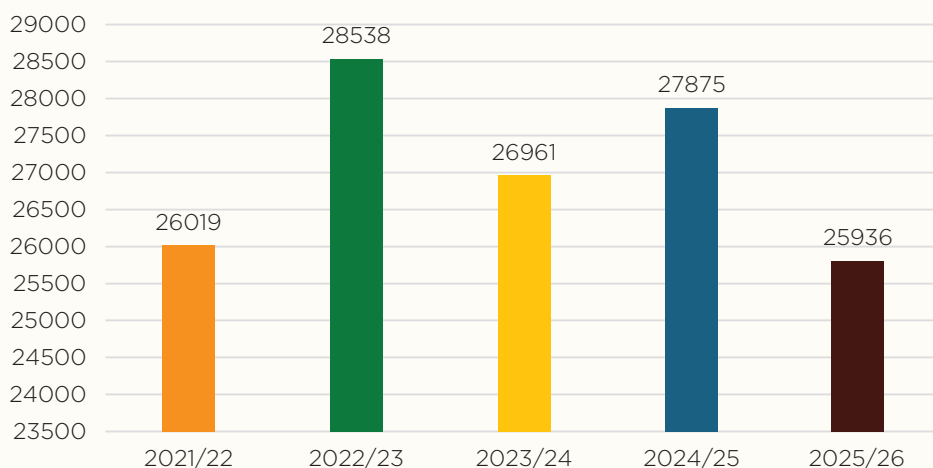


Figure 12 Inspection trends for the last 5 years

During the reporting period, the business unit recorded its lowest number of inspections in five years. Subdued global and South African economic growth during 2025 affected the food industry. Lower consumer purchasing power contributed to a decline in local production and imported consignments within the industries regulated by the business unit.

The business unit applied a risk-based regulatory and inspection approach based on the assessed risk profiles of the food products within its mandate. All required inspections of high-risk products were completed. These included canned products and goods imported from countries with which no official inspection agreement exists. Low-risk products were monitored through a predetermined surveillance inspection programme.

All inspections and operations of the unit are conducted according to the policies and procedures of the quality management system implemented by the business unit system based on ISO/IEC 17020.

Internal audits assessed the unit's compliance with its documented quality management system. Following the external audit for the 2025/26 financial year, the business unit retained its SANAS accreditation.

INSPECTIONS

The business unit conducted 23,242 product inspections of export, local and imported fishery and canned meat consignments, as well as 2,694 facility inspections. Inspections increased slightly in two categories and decreased in the remaining four compared with the previous financial year. Export consignment inspections increased, while import consignment inspections declined, reflecting a higher number of exports than imports. Inspections of locally produced canned fish and meat also decreased. In the canned meat industry, this decline may be attributed to reduced consumer purchasing power, as production is largely determined by sales orders and demand.

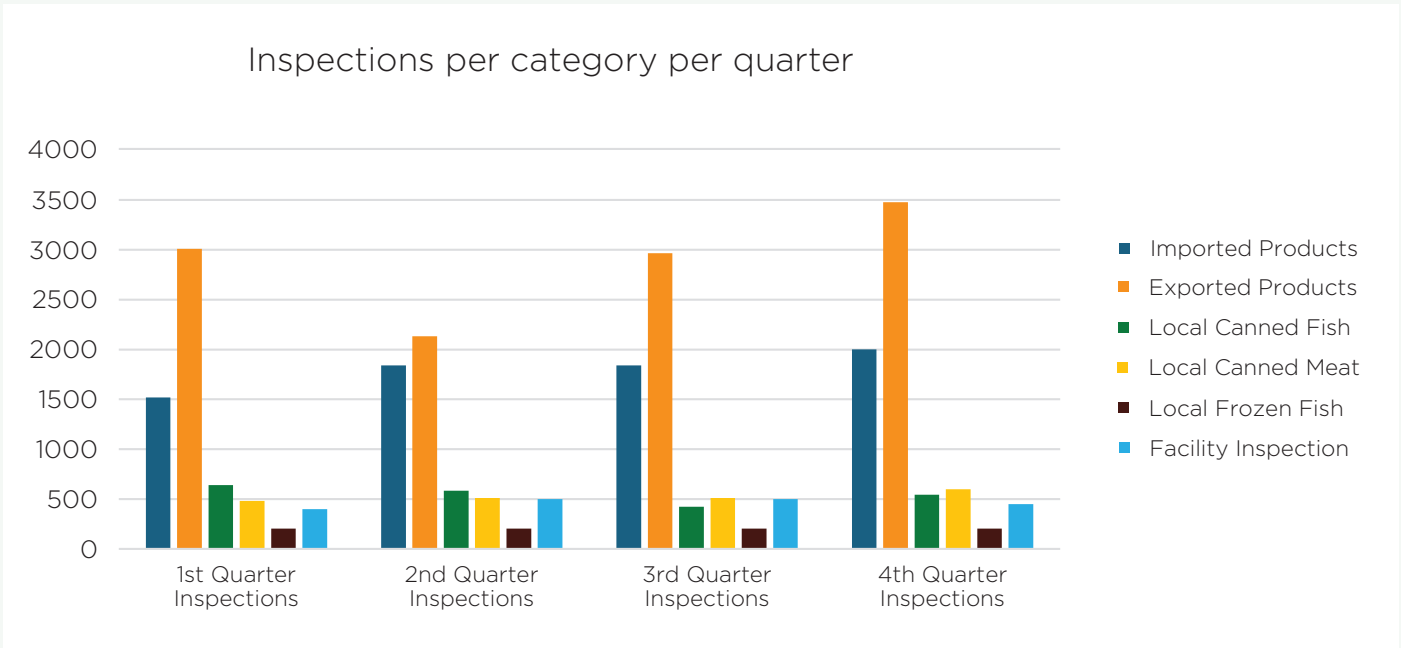


Figure 13 Inspections conducted per category per quarter for the 2025/26 financial year

HEALTH GUARANTEES AND COMPLIANCE CERTIFICATES

The NRCS is South Africa's designated Competent Authority for the export of fish and fishery products and is recognised in this role by trading partners, including the European Union and the People's Republic of China. It issues health guarantees confirming that exported food products comply with international food standards under the Codex Alimentarius or the legal requirements of the importing country. These guarantees cover products such as chilled and frozen fish, canned fish and meat, canned abalone, and live lobster, abalone and oysters. During the reporting period, the business unit conducted 11,481 inspections of export consignments and issued 8,963 health guarantees.

The business unit issues compliance certificates for imported fish and fishery products, as well as locally produced canned fish and meat, once compliance with the applicable compulsory specifications has been confirmed. These certificates must be issued before the products may enter the market. During the reporting period, the business unit issued 6,871 compliance certificates.

NON-COMPLIANCE

Non-compliance certificates were issued for products that did not meet the applicable compulsory specifications, the labelling requirements of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No. 54 of 1972), or relevant SANS standards. Certificates were also issued for consignments or production batches that were of substandard quality or did not meet certain requirements unrelated to food safety. Where appropriate, sales permits were issued specifying the conditions under which these products could be sold.

The business unit issued 226 non-compliance certificates for products that could not be sold and 75 directives for products deemed unsafe for human consumption. Depending on the nature of the non-compliance, the products were relabelled, destroyed by the industry at its own cost under NRCS supervision, or returned to the country of origin. Products deemed unfit for human consumption had an estimated value of R47.34 million.

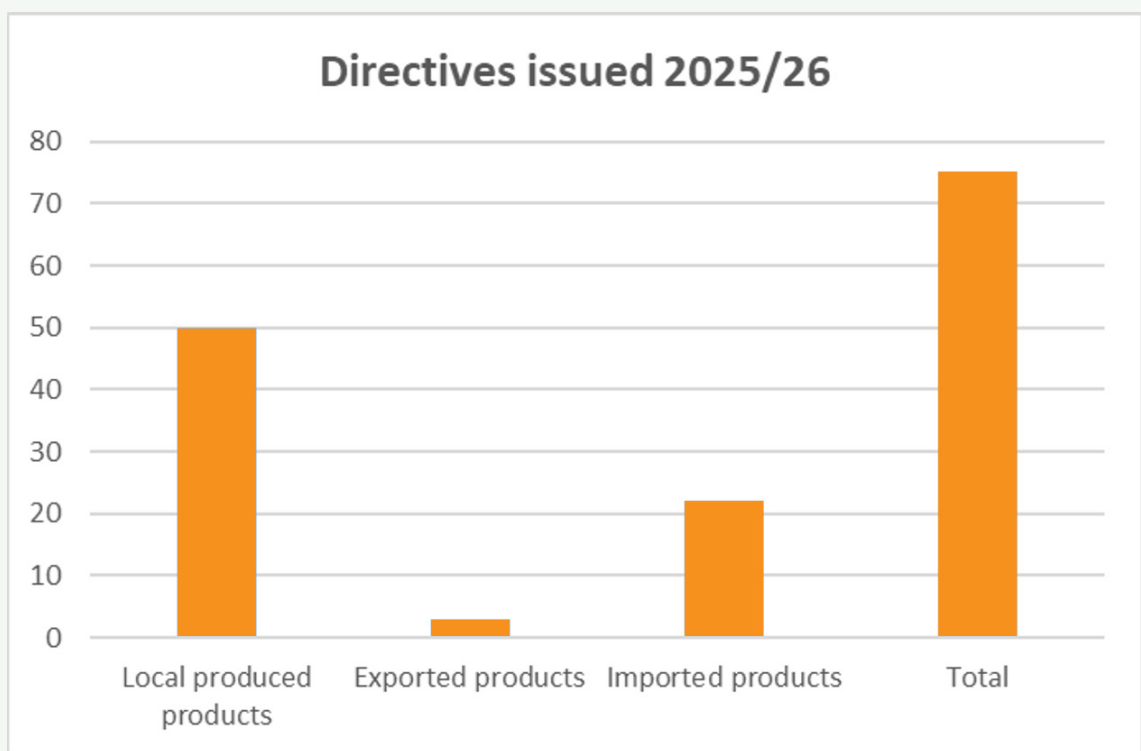


Figure 14 Directives issued for 2025/26 financial year

NATIONAL AND INTERNATIONAL LIAISON

Financial constraints and cost-containment measures prevented the business unit from attending most national and international meetings in person. The stakeholder engagement schedule was therefore revised, and meetings were held virtually where possible.

As South Africa’s Competent Authority for frozen and canned fish and fishery products, canned meat and smoked snoek, the NRCS represents the country at several international regulatory forums. These include the Codex Alimentarius Commission (CAC), the Codex Committee on Fish and Fishery Products (CCFFP), the Codex Committee on Food Import and Export Inspection and Certification Systems (CCFICS), and the Codex Committee on Food Hygiene (CCFH).

During the 2025/26 financial year, the business unit could not attend the planned CCFFP and CCFICS meetings because of travel costs and the absence of virtual participation options.

In the year under review, the FAI participated in the following international food standard meetings:

- The Codex Alimentarius Commission (CAC) meeting held during December 2025. This was an International food law consultation meeting on regulatory food standards for all the member states.

The NRCS continued to collaborate with international regulatory authorities through technical cooperation agreements with Namibia, Mozambique, Mauritius and Thailand. These agreements support the safety of food traded between the participating countries and compliance with applicable specifications and regulations. During the reporting period, the FAI Business Unit held several virtual joint management meetings with representatives from these countries.

- A joint Technical Cooperation Agreement (TCA) meeting between the Namibian Standards Institution (NSI) and National Regulator for Compulsory Specifications (NRCS) was conducted on 13 February 2026. The meeting focused on the inspection and certification of fish and fishery products and on strengthening cooperation between the two organisations to support product safety and fulfil their respective mandates.
- A meeting was held between the NRCS, the Department of Fisheries (DOF) Thailand and The Fish Inspection and Quality Control Division (FIQD) of Thailand on 29 September 2025. The purpose of this meeting was to review of the Technical Cooperation Agreement, Reduced inspection plan, (regulator audits - establish equivalence) interpretation and review of Technical Regulations.
- A joint Technical Cooperation Agreement meeting was held between the Competent Authority of Seafood in Mauritius on 16 March 2026 to draft, maintain and review Technical Cooperation Agreement (regulator audit - establish equivalence), interpretation and review of Technical Regulations.
- Several meetings were held between the NRCS, General Administration of Customs of the People's Republic of China (GACC) to discuss the Health Certificates to be used for products intended to be exported from SA to China, the resubmission of the registration documents and list of SA Exporters for Aquatic Products and to discuss the SA Live products export to China.
- The FAI business unit also participated in the EU Better Training for Safer Food (BTSF) workshop that was conducted during 2 - 6 February 2026. The European Commission's Directorate-General for Health and Food Safety (DG SANTE) has offered this training initiative to official control personnel from EU/EEA and non-EU countries since 2005. The workshop aims to strengthen participants' understanding of EU/EEA requirements, promote a consistent approach to control and enforcement systems, and support trade and market access.

Other local initiatives where the business unit also contributed are the legislation and standards-setting forums are:

- A stakeholder meeting to review the MoU between NRCS and the Western Cape Department of Agriculture (WCDoA) was held on 21 September 2025.
- The business unit is a member and participated in several Gauteng Food Forum meetings during 2025/26. Food Forum engagements are aimed to implement Government collaboration on Food Safety regulations and to enforce compliance to regulations in the Gauteng province.
- The NRCS participated in the National SPS/TBT committee meeting on 5 November. In line with South Africa's obligations under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, the reconstituted SPS Committee will serve as a national focal point for coordinating and addressing SPS and related technical barriers to trade. Its work will support the protection of human, animal and plant health and facilitate the safe trade of agricultural, forestry and fishery products, as well as foodstuffs. In addition, in terms of the SPS Annex of the Southern African Development Community (SADC) Protocol on Trade, SADC has established a regional Sanitary and Phytosanitary Coordinating Committee. As it consists of representatives of National Committees on SPS measures, all member states are obliged to set up a National SPS Committee, which will include the national enquiry point/s and shall a representative to link into the SADC SPS forum.
- Quarterly meetings with the Specialist Consultative Committee (SCC) were held during 2025/26. The purpose of this committee is to participate on the processes of developing and administering Compulsory Specifications and Technical requirements with regards to inspections, testing and sanctions.
- During this financial year, the NRCS held industry meetings at the NRCS Cape Town, Pretoria, Durban and Gqeberha offices. Representatives from the fishery, canned and processed meat industries attended the meeting and the purpose of the meeting was to discuss all the industry-related issues and regulation procedures of local produced, export and imported products regulated by the Business Unit.

- The business unit participated in quarterly meetings with the Director General for the Department of Basic Education. The purpose of these meetings was to discuss food safety and nutrition of the food products supplied for the National School Nutrition Programme (NSNP). The business unit is a stakeholder and actively support the National School Nutrition Programme (NSNP).
- The business unit participated in several NRCS joint operations where specific regions and areas were targeted to search, identify and sanction illegal and non-compliant products that fall under the NRCS regulatory jurisdiction.
- The International World Food Safety Day was celebrated on 7 June 2025. The business unit actively participated in the celebrations at both the KZN and Gauteng functions. In KZN the General Manager of the business unit gave presentation on the role of various stakeholder in Food Safety – “Science in Action” and conducted eight radio interviews on food safety. The objectives of the WSFD are as follows:
 - To provide an overview regarding the role of science-based international standards in developing Regulations.
 - To recognise and promote the integral role of science in ensuring food safety.
 - To encourage the contribution of academic institutions to the advancement of food safety.

The Food and Associated Industries business unit continued during year under review as member of, and participant in, the National Joint and Operational Intelligent Structure (NATJOINTS) as proclaimed by the President of the Republic of South Africa to investigate the root cause of food poisoning incidents. Numerous spaza shops were inspected, and various non-compliant products were confiscated.



HIGHLIGHTS

During the 2025/26 financial year, no cases of food poisoning were linked to products manufactured by industries regulated by the business unit.

Despite financial constraints, the business unit achieved all its inspection-related targets for the year.

The FAI Business Unit is an internationally accredited inspection body that complies with the requirements of ISO/IEC 17020. As the Competent Authority responsible for regulating specified food products and processes, the unit must maintain the integrity and credibility of its inspection processes. Following third-party audits conducted from 11 to 13 August 2025, the unit retained its accreditation, and SANAS verified six Technical Signatories.

The business unit supported the export of South African fishery products, exceeding the estimated target of R9 billion by R1,071,106,393,20. It facilitated international trade by verifying that exported food products met applicable safety and quality requirements. No notifications of non-compliance were received from international markets during the reporting period. The unit also assisted local companies with supplier registration in export markets and provided guidance on interpreting and complying with the regulatory requirements of destination countries.

The business unit achieved its target for SMME participation in NRCS-regulated value chains. It provided new SMMEs with comprehensive support in establishing processing facilities and meeting regulatory requirements.

CONCLUSION

During the 2025/26 financial year, subdued global economic growth and reduced consumer purchasing power affected the industries regulated by the NRCS. Government cost-containment measures and the NRCS's financial constraints also limited the business unit's activities. The unit revised its operational plans and procedures to mitigate these challenges and continued to support consumer protection through the effective administration of the applicable compulsory specifications.

LEGAL METROLOGY



OVERVIEW

Legal Metrology protects consumers and promotes fair trade by ensuring that goods sold in South Africa meet prescribed quantity and measurement requirements. It also regulates the suitability and accuracy of measuring instruments used in trade, health, safety, transport, environmental and industrial applications, thereby strengthening confidence in measurements across the economy.

The National Regulator for Compulsory Specifications (NRCS) is responsible for administering the Legal Metrology Act, 2014 (Act No. 9 of 2014), which applies to measurable products and services, as well as prescribed measuring instruments used in regulated sectors of the economy.

The NRCS Legal Metrology Business Unit fulfils its mandate through market surveillance, the approval of prescribed measuring instruments and enforcement action against non-compliant goods and instruments. Its responsibilities also include overseeing designated verification and repair bodies; assessing the competence of verification officers and repairers; conducting calibration and testing; developing technical regulations; maintaining the traceability of measurement standards; engaging with stakeholders; and participating in national, regional and international legal metrology structures.

SERVICE DELIVERY

During the 2025/26 financial year, the Legal Metrology Business Unit continued to provide regulatory services that protect consumers, address illicit trade practices and promote confidence in measurements used across the South African economy. These services included the type approval of measuring instruments; market surveillance inspections; the calibration of verification and working standards; the administration of compliance schemes; the designation of verification and repair bodies; the development of technical regulations; stakeholder engagement; and participation in national, regional and international legal metrology activities.

Market surveillance and regulatory enforcement remained key operational priorities during the reporting period. The business unit conducted 4,056 market surveillance inspections as part of 4,884 regulatory interventions across several economic sectors. These interventions included inspections, calibrations, verification activities, assessments conducted on behalf of SANAS and activities relating to the quantity mark scheme.

The inspections identified 1,028 businesses engaged in illicit practices, representing 29% of the businesses inspected. A total of 9,174 illicit findings were recorded, indicating the continued presence of illicit trade practices, goods and measuring instruments in the market.

The business unit inspected 26,637 goods valued at more than R1.73 billion. Of these, 7,275 goods, valued at R353.9 million, were identified as illicit and sanctioned. This resulted in an illicit goods rate of 27%. The unit also inspected 27,915 measuring instruments, of which 1,899 were identified as illicit, resulting in an illicit instrument rate of 7%.

Supermarkets accounted for 2,834 illicit goods and 195 illicit measuring instruments. Retailers and hardware stores accounted for 1,516 illicit goods and 231 illicit instruments, while unregistered factories accounted for 381 illicit goods and 78 illicit instruments.

Among sectors with substantial inspection volumes, scrapyards and recycling operations recorded the highest business illicit rate at 49.8%. These were followed by unregistered factories at 33.8%, retailers and hardware stores at 33.7%, and butcheries at 28.6%.

The business unit generated revenue of R11.1 million, exceeding its annual target of R9.92 million. It also completed all 16 planned stakeholder engagements. These results reflect the unit's contribution to consumer protection, fair trade and efforts to address illicit trade practices in South Africa.

SERVICE DELIVERY

Protecting consumers • Combating illicit trade
• Supporting confidence in measurements used within the South African economy



2025/26
FINANCIAL YEAR

KEY DELIVERY OUTCOMES (2025/26)



4 056

TOTAL INTERVENTIONS
3 572 market surveillance
inspections conducted



1 028

ILLCIT BUSINESSES
IDENTIFIED
29% business
illicit rate



26 637

GOODS INSPECTED
7 275 illicit goods
27% illicit goods rate



27 915

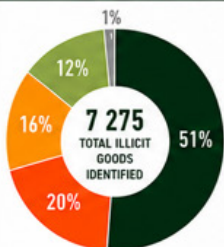
INSTRUMENTS INSPECTED
1 899 illicit instruments
7% illicit instrument rate



R353.9m

ILLCIT GOODS SANCTIONED
Total goods value inspected
exceeded R1.73 billion

ILLCIT GOODS – WHAT WE FOUND



- Unmarked products
3 744 (51%)
- Other sale-of-goods
infringements
1 454 (20%)
- Incorrectly marked
products
1 173 (16%)
- Short measure
880 (12%)
- E-mark Misuse
22 (1%)

COMBATING ILLICIT IMPORTS



R108m
VALUE OF ILLICIT
IMPORTED GOODS
IDENTIFIED



414
ILLCIT IMPORT
FINDINGS



14%
OF ALL ILLICIT
BUSINESSES WERE
IMPORT RELATED



Enforcement activities support localisation,
fair competition and protection of
South African manufacturing sectors.

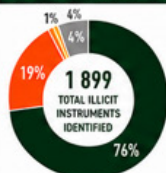


HIGH ILLICIT SECTORS (by business illicit rate %)



*Sectors shown reflect those with significant inspection volumes.

ILLCIT INSTRUMENTS – WHAT WE FOUND



- Verification status failures
1 444 (76%)
- Unapproved instruments
366 (19%)
- Technical marking deficiencies
27 (1%)
- Other instrument issues
22 (4%)

TOP ENVIRONMENTS FOR ILLICIT FINDINGS

ILLCIT GOODS FINDINGS

Supermarkets	2 834
Wholesale & Distribution Centres	1 582
Retailer & Hardware	1 516
Importer & Import Agents	414

ILLCIT INSTRUMENTS FINDINGS

Service Stations	614
Retailer & Hardware	231
Supermarkets	195
Non-registered Factories	78

PERFORMANCE AND STAKEHOLDER DELIVERY

R11.1m
REVENUE GENERATED
against target of R9.82 million
(112% of target)

16/16
STAKEHOLDER ENGAGEMENTS
COMPLETED
Full implementation of the
Stakeholder Engagement Plan



Our enforcement activities protect consumers, ensure fair trade,
combat illicit trade and support a resilient and trusted South African economy.



PROTECTING
CONSUMERS



FAIR TRADE &
COMPLIANCE



COMBATING
ILLCIT TRADE



SUPPORTING LOCAL
INDUSTRY & JOBS



APPROVAL OF PRESCRIBED MEASURING INSTRUMENTS

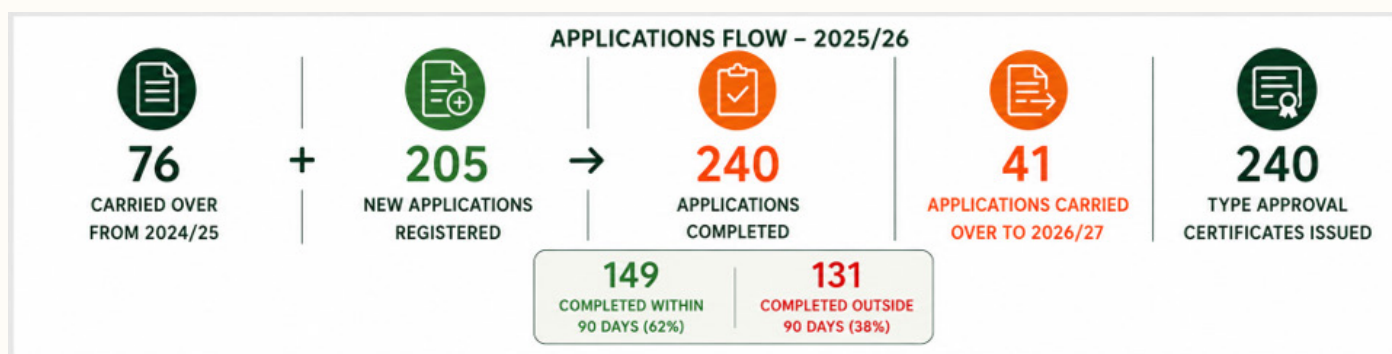
Type approval remained one of the most technically demanding functions within the Legal Metrology Business Unit during the reporting period. It supports the pre-market regulation of prescribed measuring instruments by confirming compliance with applicable legal metrology requirements before the instruments are sold, supplied or used in South Africa.

The Type Approval function began the 2025/26 financial year with 76 applications carried over from the previous year. It registered 205 new applications and completed 240 during the reporting period. A total of 41 applications were carried forward to 2026/27.

Of the 240 applications finalised during the reporting period, 149 were completed within 90 calendar days and 91 exceeded the prescribed turnaround time. The business unit issued 240 Type Approval Certificates during the financial year.

The unit finalised 62% of applications within 90 calendar days, against an Annual Performance Plan target of 98%. This result was largely affected by applications carried over from the 2024/25 financial year, many of which were subject to the previously approved turnaround time of 120 days.

The Type Approval function continued to support fair trade, consumer protection and industrial development by confirming that prescribed measuring instruments entering the South African market complied with applicable technical and legal metrology requirements.



LETTERS OF CERTIFICATION (LOC) TO THE GAMBLING INDUSTRY

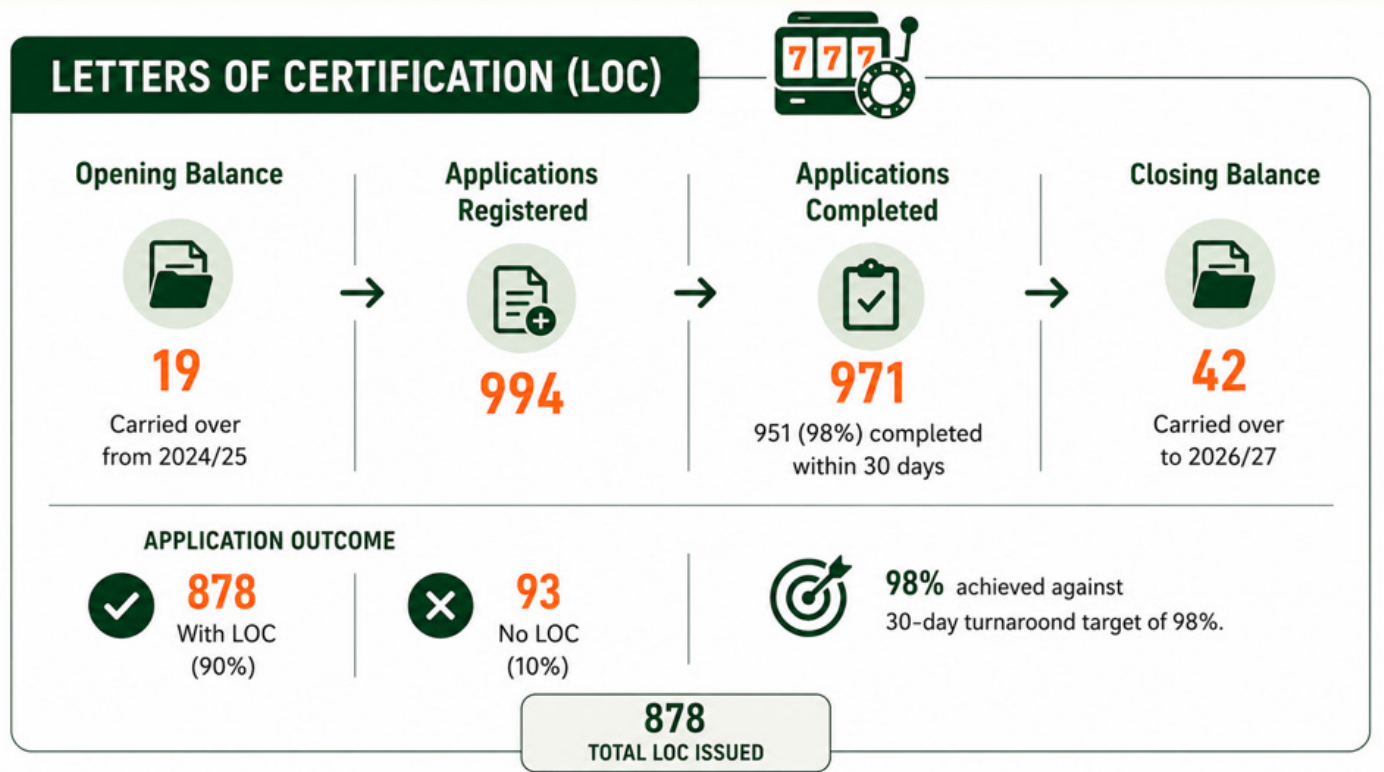
Legal Metrology continued to evaluate gambling hardware and software for the issuance of Letters of Certification (LOC) under the applicable gambling regulatory framework. This function supports the integrity of regulated gambling systems before they enter the market.

The Gaming function began the 2025/26 financial year with 19 applications carried over from the previous year. It registered 994 new applications and completed 971, while 42 applications were carried forward to the 2026/27 financial year.

Of the completed applications, 951 were finalised within 30 days. Reported performance was 99.7%, against a target of 98%.

During the year, 878 applications were processed with Letters of Compliance (LOC), while 93 were processed without Letters of Compliance (No LOC).

The Gaming function also clarified the regulatory position on Remote Gaming Servers under SANS 1718-4. It confirmed that these systems fall outside the certification scope of SANS 1718 and would therefore no longer be issued, renewed or extended with Letters of Certification.



MARKET SURVEILLANCE ACTIVITIES

Market surveillance remained the business unit’s primary means of identifying and addressing illicit goods, illicit measuring instruments and unfair trade practices. These inspections supported consumer protection and helped prevent compliant businesses from being disadvantaged by competitors supplying illicit goods or using inaccurate measuring instruments.

During the reporting period, the business unit conducted 4,056 market surveillance inspections and identified 1,028 businesses engaged in illicit practices, resulting in an illicit business rate of 29%. These inspections formed part of the 4,884 interventions conducted during the year, exceeding the annual target of 4,800.

The illicit business rate of 29% exceeded the Annual Performance Plan target of 20%, reflecting the unit’s ability to identify non-compliance within the regulated market.

MARKET SURVEILLANCE ACTIVITIES | 2025/26



ILLICIT GOODS AND INSTRUMENTS

During the 2025/26 financial year, the business unit conducted inspections and enforcement activities to identify illicit goods and measuring instruments in the South African market. Of the 26,637 goods inspected across various sectors, 7,275 were identified as illicit, resulting in an illicit goods rate of 27%. The total value of goods inspected during the reporting period exceeded R1.73 billion. Regulatory interventions resulted in sanctions against illicit goods valued at R353.9 million. These figures indicate the scale of the unit's enforcement activities in protecting consumers, promoting fair trade and supporting compliant businesses.

The largest category of illicit goods identified during the reporting period was unmarked products, with 3,744 findings. This was followed by other sale-of-goods infringements, with 1,454 findings; incorrectly marked products, with 1,175; and short-measure infringements, with 880.

High numbers of illicit goods were identified in supermarket, wholesale and retail environments. Supermarkets accounted for 2,834 findings, wholesalers and distribution centres for 1,582, and retailers and hardware stores for 1,516.

Inspections of importers and import agents identified a further 414 illicit goods, valued at approximately R108 million. These interventions support efforts to address illicit imports, protect local manufacturers and promote fair competition in the South African economy.

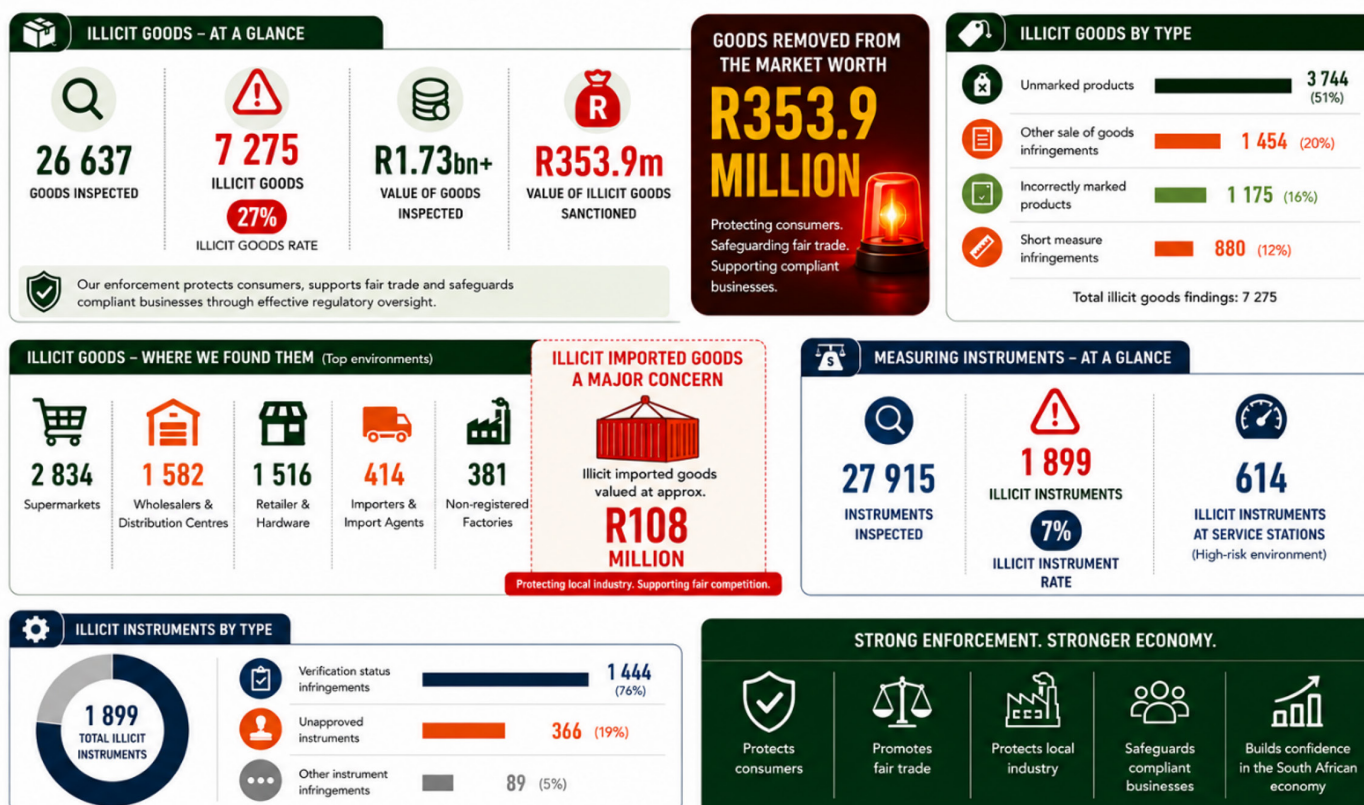
During the reporting period, 27,915 measuring instruments were inspected. Of these, 1,899 were identified as illicit, resulting in an illicit instrument rate of 7%.

Infringements relating to verification status accounted for the largest category of illicit measuring instruments, with 1,444 findings. This was followed by 366 findings involving unapproved instruments. Service stations were among the highest-risk environments, accounting for 614 illicit measuring instruments during the reporting period.

These inspection results demonstrate the importance of legal metrology enforcement in identifying inaccurate measurements, illicit trade practices and goods that may adversely affect consumers, compliant businesses and confidence in the South African economy.

ILLICIT GOODS & INSTRUMENTS

Protecting consumers. Promoting fair trade. Strengthening the South African economy.



CALIBRATION OF VERIFICATION STANDARDS

Calibration activities continued to support the traceability of measurement standards used by verification officers and market surveillance inspectors in South Africa. This ensures that verification and inspection activities are based on accurate, traceable and technically reliable standards. During the 2025/26 financial year, the business unit calibrated 11,659 instruments.

COMPLIANCE SCHEMES

The Legal Metrology Business Unit continued to administer quantity control compliance schemes for local packers and importers during the 2025/26 financial year. These schemes support compliance with legal metrology quantity control requirements and contribute to consumer protection, fair trade, traceability and improved confidence in pre-packaged goods placed on the South African market.

During the reporting period, 27-mark scheme submissions were prepared and submitted to the Legal Metrology Mark Scheme Approval Committee for consideration. Of these, 17 submissions (63%) related to importer registrations under the IQCS scheme, while 10 (37%) related to local packers and manufacturers under the QCS scheme.

The submissions processed during the year included new registrations, renewals, re-registrations and name amendments. New registrations accounted for 37% of all submissions processed during the reporting period.

The schemes continue to support local industry and importers by strengthening traceability systems, promoting compliance and improving market confidence in pre-packaged products distributed in South Africa.

DESIGNATION OF VERIFICATION AND REPAIR BODIES

The designation and verification environment continued to support transformation, technical skills development and job creation in the legal metrology sector during the 2025/26 financial year.

At year-end, 119 entities were designated, comprising 69 verification bodies and 50 repair bodies. Five new bodies were designated during the reporting period.

The designation programme also supported transformation and SMME participation in the legal metrology value chain. During the reporting period, four SMMEs were newly designated or further established within the regulated environment, including Harry & Sipiwe Holdings and SS Scales Western Cape. The unit also designated an entity that was 100% black-owned and 50% female-owned.

The business unit supported sector capacity development by conducting competency assessments for verification officers and repairers. During the reporting period, 647 theoretical examination papers and 67 practical examinations were administered. A total of 42 newly qualified verification officers and repairers received certificates of appointment, while 16 previously qualified officers extended their scope of work to additional disciplines.

The demographic profile of candidates indicated continued transformation in the sector. African candidates represented the largest demographic group in the examination system, while female participation increased in





DESIGNATION OF VERIFICATION & REPAIR BODIES

Driving transformation. Building skills. Creating jobs. Supporting SMMEs.



DESIGNATED ENTITIES AT YEAR END

119

TOTAL
DESIGNATED
ENTITIES



69

VERIFICATION
BODIES



50

REPAIR
BODIES



5

NEW BODIES
DESIGNATED
during the
reporting period

TRANSFORMATION & SMME PARTICIPATION



4

SMMEs
NEWLY DESIGNATED
OR FURTHER
ENTRENCHED



HARRY & SIPHIWE
HOLDINGS



SS SCALES
WESTERN CAPE



100%
BLACK-OWNED



50%
FEMALE-OWNED

Successfully designated
during the reporting period

SKILLS DEVELOPMENT & CAPACITY BUILDING



647

THEORETICAL
EXAMINATION
PAPERS
CONDUCTED



67

PRACTICAL
EXAMINATIONS
CONDUCTED



42

NEWLY APPOINTED
VERIFICATION OFFICERS
& REPAIRERS QUALIFIED
Issued with certificates
of appointment



16

PREVIOUSLY QUALIFIED
OFFICERS EXTENDED
SCOPE
Into additional
disciplines

TRANSFORMATION IN THE SECTOR

Demographic profile of candidates in examinations



AFRICAN
CANDIDATES

Largest demographic
group within the
examination system



FEMALE
PARTICIPATION

Continued
increasing in a
traditionally male-
dominated sector

OUR IMPACT



SUPPORTING SMMEs
Strengthening participation
of small businesses in the
legal metrology value chain



JOB CREATION
Creating opportunities
and contributing to
employment



SKILLS DEVELOPMENT
Building technical competence
and growing a skilled
workforce



TRANSFORMATION
Promoting inclusive
growth and gender
empowerment



STRONGER SECTOR
Enhancing compliance,
quality and confidence in
measurements

Building a transformed, skilled and inclusive Legal Metrology sector for a stronger South Africa.



SUPPORT TO TECHNICAL INFRASTRUCTURE BODIES OF THE DTIC

SANAS

The Legal Metrology Business Unit continued to provide technical support to the South African National Accreditation System (SANAS) during the 2025/26 financial year. This included providing lead and technical assessors to support the accreditation of repair and verification laboratories, related accreditation activities and quality management oversight within the regulated verification and repair environment.

During the reporting period, Legal Metrology officials provided 180 assessment person-days to SANAS. This comprised 35 lead assessor person-days and 145 technical assessor person-days across the four quarters of the financial year. These assessments supported the accreditation, technical competence and continued oversight of verification and repair bodies operating within the legal metrology environment.

The NRCS and SANAS are finalising a memorandum of understanding (MoU) to formalise cooperation between the two technical infrastructure entities. Differences between their financial models, particularly regarding the remuneration of NRCS lead and technical assessors who provide services to SANAS, have been referred to the dtic for guidance. The MoU will be finalised and signed once this guidance has been received.

ACCREDITATION AND QUALITY MANAGEMENT SYSTEMS

Accreditation remained central to the credibility and technical integrity of the Legal Metrology Business Unit during the 2025/26 financial year. The unit maintained quality management systems under SANS/ISO 17020 for inspection activities and SANS/ISO 17025 for calibration and laboratory testing. These accreditation systems support confidence in the accuracy, traceability and reliability of legal metrology services. They also contribute to

consumer protection, fair trade and confidence in measurement results used across the economy. The business unit maintained SANAS accreditation under the following standards:

- SANS/ISO 17020 as an inspection body for market surveillance inspections;
- SANS/ISO 17025 as a mass and volume calibration laboratory; and
- SANS/ISO 17025 as a testing laboratory for type approval evaluations.

Internal SANS/ISO 17020 audits were conducted in Bloemfontein, Cape Town, Durban, Gauteng and Port Elizabeth during the reporting period. A total of 27 non-conformances were identified. These were subsequently cleared or accepted following the implementation of corrective actions.

SANAS conducted external audits in Cape Town, Gauteng and Port Elizabeth. Continued accreditation was recommended following the closure of the corrective actions.

The internal audit of the Gaming Body identified one non-conformance, while the SANAS external audit identified a further non-conformance. Corrective actions were implemented in line with the applicable accreditation requirements.

SABS

During the reporting period, Legal Metrology continued to participate in South African Bureau of Standards (SABS) technical committees dealing with legal metrology and the sale of goods.

This included participation in SABS/TC 70/SC 04, which focuses on the sale of goods, and SABS/TC 70/SC 02, which addresses volume measurements for prescribed purposes. These engagements supported the review, amendment and harmonisation of technical requirements applicable to legal metrology in South Africa.

The business unit also contributed to technical discussions on harmonised legal metrology requirements for the sale of goods and matters affecting prescribed volume measurements. This participation supported alignment between national standards, technical regulations and international legal metrology requirements. The Legal Metrology unit has cooperated with NMISA through signing an MoU. The main aim of the MoU was to address the gap in the testing for type approval and verification of breath analysers. Then later to be expanded to include the testing and verification of speed measuring equipment.

RTMC

The NRCS continued to support the Road Traffic Management Corporation (RTMC) by providing training and awareness initiatives on the Legal Metrology Act and vehicle-testing instruments.

During the reporting period, the NRCS facilitated Train-the-Trainer workshops on behalf of the RTMC. Certificates of competency were issued to 12 traffic officers at the memorandum of understanding signing ceremony.

To date, 40 traffic officers have completed the Train-the-Trainer programme and are equipped to provide legal metrology training to newly recruited traffic officers across the country.

The NRCS also participated in three awareness workshops attended by 354 traffic officers during the reporting period.

DEVELOPMENT OF TECHNICAL REGULATIONS

During the reporting period, the Legal Metrology Business Unit continued to develop technical regulations and interim requirements for emerging technologies and changing measurement systems.

Projects under development included:

- electric vehicle supply equipment (EVSE);
- electricity meters;
- dynamic measuring systems for liquids other than water;
- compressed gaseous fuel measuring systems; and

- mobile brake roller testing instruments.

The project on dynamic measuring systems for liquids other than water progressed to Stage 11. Feasibility approval was also obtained to develop technical regulations for brake roller testing instruments, headlight-adjusting instruments and wheel-alignment testing instruments.

Progress on some projects was affected by technical dependencies, the availability of working-group members and type approval testing requirements. The projects relating to electricity meters and compressed gaseous fuels remained on hold pending progress in related technical workstreams.

These projects support South Africa's regulatory readiness for technological developments in the transport, energy and measurement sectors.

INSPECTORATE CAPACITY

Limited inspectorate and technical capacity remained a significant operational challenge during the 2025/26 financial year. Of the Legal Metrology Business Unit's 54 approved positions, 15 were vacant, resulting in a vacancy rate of 27% against the organisational target of 10%.

Critical vacancies remained in management, technical specialist, verification, training, quality and inspection functions. Although acting appointments and other operational measures supported service continuity, the vacancies placed continued pressure on inspections, type approval turnaround times, verification oversight, training and quality management.

Despite these constraints, the business unit maintained its operations throughout the reporting period.

NATIONAL, REGIONAL AND INTERNATIONAL LIAISON

The Legal Metrology division maintained strong collaboration with national, regional, and global regulatory authorities, along with standard-setting organisations in the legal metrology domain, and participated in the following endeavours:

OIML

The Legal Metrology Business Unit continued to represent South Africa in the International Organization of Legal Metrology (OIML) during the 2025/26 financial year. Its participation in international governance, technical and coordination engagements supported the global harmonisation of legal metrology requirements.

During the reporting period, South Africa participated in the OIML Countries and Economies with Emerging Metrology Systems (CEEMS) and Regional Legal Metrology Organisation (RLMO) Round Table engagements, the International Committee of Legal Metrology (CIML) meeting, and Presidential Council activities. These engagements enabled South Africa to contribute to international discussions on legal metrology harmonisation, conformity to type, digitalisation, market surveillance, support mechanisms for developing economies and emerging measurement technologies.

The business unit-maintained South Africa's participation in OIML technical structures by submitting technical comments, voting and contributing to discussions on international recommendations for electricity and water meters, weighing instruments, radar equipment and other prescribed measuring instruments.

South Africa also continued to host the secretariat of OIML Technical Committee 6 on pre-packaged products, supporting the country's contribution to international quantity-control and consumer-protection systems.

Participation in OIML structures helps South Africa align with international good practice, contribute to globally harmonised requirements and protect its trade interests in international markets.

SADC

The Legal Metrology Business Unit continued to support regional cooperation through its participation in the

SADC Cooperation in Legal Metrology (SADCMEL) and related Technical Barriers to Trade structures. South Africa participated in the SADCMEL meeting and SADC Technical Barriers to Trade Cooperation Structure engagements held from 13 to 15 May 2025. Discussions focused on harmonising legal metrology requirements across the SADC region, strengthening regional cooperation, building technical capacity and supporting fair trade among member states.

The business unit also participated in refresher training and technical discussions on SADCMEL documentation governing pre-packaged goods and quantity-control systems. These activities support the regional alignment of legal metrology practices and help reduce technical barriers to trade.

South Africa's continued participation in SADCMEL supports regional integration, promotes confidence in cross-border measurements and strengthens cooperation among legal metrology authorities.

AFRIMETS

South Africa continued to play a leading role in the Intra-Africa Metrology System (AFRIMETS) during the 2025/26 financial year through its participation in governance, technical and strategic legal metrology engagements.

The Legal Metrology Business Unit participated in meetings of the AFRIMETS Directors, Executive Committee, General Assembly and Technical Committee on Legal Metrology from 21 to 25 July 2025. During these meetings, South Africa's Mr Ivan Willis was reappointed to serve as Secretariat to the Technical Committee on Legal Metrology, confirming the country's continued leadership in continental harmonisation initiatives.

Discussions focused on strengthening legal metrology systems across Africa, harmonising technical requirements, developing model legal metrology frameworks, building regional capacity and supporting the African Continental Free Trade Area (AfCFTA).

South Africa also contributed to discussions on training systems, technical cooperation, stakeholder collaboration and the long-term development of an African legal metrology framework. This framework is intended to support trade, industrialisation and consumer protection across the continent.

South Africa's continued leadership in AFRIMETS strengthens regional cooperation, supports technical harmonisation and reinforces its contribution to the African metrology community.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement remained a strategic priority during the 2025/26 financial year. The business unit completed all 16 planned engagements, fully implementing its Stakeholder Engagement Strategy.

The unit engaged with government departments, municipalities, regulators, retailers, manufacturers, industry associations, standards bodies, technical infrastructure institutions and regional metrology structures. These engagements supported regulatory cooperation, voluntary compliance and a better understanding of legal metrology requirements across various sectors.

Key engagements included technical discussions with municipalities, SALGA, Waterlec and the Road Traffic Management Corporation on prepayment water meters and vehicle-testing instruments. The unit also engaged with retailers, including Shoprite and Woolworths, on quantity control, sale-of-goods requirements and compliance with regulations governing pre-packaged goods.

Engagements with industry bodies, including SAMIA, SASA, SALBA, SAGMA, SEOPA and the South African Scale Council, addressed alcoholic beverage labelling, quantity-control systems, essential-oil filling requirements, scale verification and sector-specific compliance challenges.

Discussions with SARS, SAHPRA, DALRRD, DMRE and Transnet focused on imported product controls, illicit trade,

the technical interpretation of legal metrology requirements and stronger inter-agency regulatory cooperation. The unit also engaged with the National Gaming Board on the status of online gaming and the certification of gaming devices by the NRCS.

International and regional engagements included participation in OIML, SADC MEL, AFRIMETS, UNIDO and AfCFTA-related structures. These engagements addressed harmonisation, technical cooperation, regional integration and the reduction of technical barriers to trade.

Collectively, these engagements strengthened cooperation among the regulator, industry and government while supporting fair trade, consumer protection and improved compliance in the South African market.

FUNDING

Legal Metrology continued to receive its primary funding through the government grant allocated to the NRCS. Additional revenue was generated from calibration services, type approval activities, assessments, verification-related services and the issuance of Letters of Certification.

During the reporting period, the business unit generated revenue of R11.1 million against an annual target of R9.92 million, achieving 112% of its target.

Although the unit exceeded its annual revenue target, capacity limitations, unfunded vacancies and operational constraints continued to affect revenue-generating activities in certain cost centres.

CONCLUSION

During the 2025/26 financial year, the Legal Metrology Business Unit continued to fulfil its regulatory mandate by promoting fair trade, protecting consumers and supporting confidence in measurements used across the South African economy.

The business unit performed well in several strategic areas, including market surveillance, stakeholder engagement, gaming approvals, designation activities and revenue generation. It also supported regional and international harmonisation, the development of technical regulations and transformation within the verification and repair environment.

However, operations were affected by a 27% vacancy rate, limited specialist capacity and delays in certain technical regulation and type approval activities.

Despite these constraints, the business unit continued to contribute to consumer protection, fair trade, technical

infrastructure development and confidence in South Africa's legal metrology systems.

REGULATORY RESEARCH AND DEVELOPMENT



OVERVIEW

RR&D is responsible for developing and maintaining the National Regulator for Compulsory Specifications (NRCS) regulatory framework, which is the cornerstone of all regulatory activities and the implementation of the National Building Regulations and Building Standards Act. It strives to deliver practical regulatory measures that support the implementation of compliance-enforcement strategies and informed strategic decision-making within the NRCS.

RR&D plays a central role in supporting the National Regulator for Compulsory Specifications (NRCS) in achieving Strategic Goal One, which is to develop, maintain, and administer Compulsory Specifications and Technical Regulations in accordance with the NRCS Act (Act 5 of 2008) as amended, the Legal Metrology Act (Act 9 of 2014), and National Building Regulations and Building Standards Act (Act 103 of 1977). In addition, RR&D supports national imperatives and government policies related to the NRCS's areas of work, such as industrial policy initiatives and implementation of industrial master plans for various sectors.

The primary outputs of the Business Unit are Compulsory Specifications (VCs) and Technical Regulations (TRs), which serve as the legal tools for regulating products and services. VCs and TRs regulate the safety of goods across various industries. The Business Unit also ensures a balanced approach to international trade facilitation while maintaining national interests, such as consumer and environmental protection and fair trade through trade measurement systems.

VCs and TRs are used to make South African National Standards (SANS) mandatory. They outline technical and administrative requirements that are mandatory to ensure compliance, including the pre-approval of commodities, approval of facilities that produce regulated products, and conformity of production.

RR&D's primary objective is to perform operational functions outlined in the NRCS's Corporate Standard Procedure (CSP) 350, the procedure for developing and amending Technical Regulations (TRs) and Compulsory Specifications (VCs). This step-by-step approach extends from initiation to final promulgation and includes:

- Conducting feasibility, risk, and impact assessments.
- Holding stakeholder consultations to obtain buy-ins on regulatory proposals.
- Acquiring approvals from other internal Business Units (BUs) and the Chief Executive Officer.
- Obtaining approval from the Executive Authority; and
- Gazetting by the Department of Trade, Industry and Competition **(the dtic)**.

RR&D's second objective is to develop a research capability that enables the NRCS to deliver on its mandate and inform effective decision-making. The NRCS' regulatory process focuses on building strong stakeholder relationships and this is not just a strategy but a commitment to inclusive decision-making. This approach encourages participation in processes that determine regulations and is essential for ensuring transparency and accountability in the development and maintenance of VCs and TRs. To achieve broad participation, the NRCS establishes broad-based (multi-disciplinary/sectors) stakeholder groups representing common interests comprised of experts (technical, academic, and industrial), other Government departments and entities, Non-Governmental Organisations (NGOs), industry bodies, consumer bodies, and other organised civil society groups as needed.

RR&D is also responsible for the implementation of the National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977), as amended. NRCS mandate is to ensure uniform understanding, interpretation and implementation of the Act and related Building Regulations. The NRCS role among other includes:

- a.) The NRCS plays a secretariat role in the National Building Control Officers' Forum (NBCF), whose paramount responsibility, among others, is to promote the uniform interpretation and application of building regulations and standards by municipalities.
- b.) The NRCS is responsible for co-hosting an annual Building Control Officers (BCO) Convention, which serves as a platform to bring together BCOs from the 256 municipalities, districts, and metros across South Africa to discuss and address matters related to the built environment.
- c.) Provide technical advice, through the NBCF, to built environment practitioners and Building Control Officers to ensure uniformity in the understanding and implementation of building regulations and other applicable standards within their legislative mandate.

Compulsory Specifications published by dtic:

- Final gazette on VC 9108, the Compulsory Specification for dried abalone 23-May-25.
- First gazette for the proposed amendment of the compulsory specification for preservative treatment of timber 6 February 2026.

PERFORMANCE

The development and maintenance of Compulsory Specifications (VCs) and Technical Regulations (TRs).

The 6 Compulsory Specifications approved by the CEO of the NRCS for submission to **the dtic** during the period under review, are as follows:

- a.) The final gazette of the amendment of the VC 8031, the Compulsory Specification for frozen shrimps (prawns), langoustines and crabs and products derived therefrom (VC8031) was submitted to **the dtic** on 17-Apr-25
- b.) The first gazette proposed VC 9117, the proposed new Compulsory Specifications for Live, Raw Chilled and Processed Aquacultured Urchins was submitted to **the dtic** on 21 September 2025.
- c.) The first gazette of the amendment of the VC 9085, the Compulsory Specification for Cement was submitted on 11 December 2025.
- d.) The first gazette of the amendment of VC 8055, the Compulsory Specifications for electrical and electronic apparatus was submitted to **the dtic** on 05 January 2026.
- e.) The final gazette of the amendment of VC 9008, the Compulsory Specification for energy efficiency and labeling of electrical and electronic apparatus was submitted to **the dtic** on 26 January 2026.
- f.) The first gazette of VC 9116, the proposed new Compulsory Specification for Profiled Metal Cladding was submitted to **the dtic** on 27 March 2026.

THE RR&D PROJECT APPROVALS COMMITTEE REVIEWED AND APPROVED A NUMBER OF PROJECT REPORTS

The NRCS assesses the viability of each Compulsory Specification or Technical Regulation to ensure that regulations are feasible and can be implemented. The division made progress towards completion of other projects, some of which were not targeted for completion during the period under review but are part of the progressive achievement of project milestones by RR&D. In addition extensive research was conducted as part of several feasibility studies, risk and impact assessments during the year.

The reports produced through these processes are:

- The periodic review for VC8019, the compulsory specification for canned meat products.
- The periodic review for VC 9098, the compulsory specification for motorcycle.
- The periodic review for VC 8054, the compulsory specification for chemical disinfectants.
- The periodic review for VC 8013, the compulsory specification for hydraulic brake and clutch fluid.
- The periodic review for VC9100, the compulsory specification for processed meat.
- The periodic review for VC 8011, the compulsory specification for lamp holders.
- The periodic review for the legal metrology regulations Part VIII.
- The periodic review for the legal metrology regulations Part IX.
- The periodic review of legal metrology regulations Part X
- The periodic review of legal metrology regulations Part XI, regulations 108 to 113
- The periodic review of VC 8006, compulsory specification for flexible cords for electrical appliances.
- The periodic review of VC 8075, compulsory specification for safety of electric cables with extruded solid dielectric insulation for fixed installations.
- The periodic review of VC 8077, compulsory specification for the safety of medium-voltage electric cables.
- Feasibility report for the proposed compulsory specifications for luminaires for road and street lighting
- Feasibility report for Seaweed for human consumption.
- Project plan for the withdrawal of Legal metrology Technical Regulations 108 to 113.
- Project plan for the proposed new compulsory specification for furniture.
- Project plan for the proposed new compulsory specification for the efficiency of luminaires for road and street lighting.
- Risk assessment report for the proposed new compulsory specification for furniture.

- Impact assessment report for the proposed amendment of VC 9085, Cement.
- Impact assessment report for the proposed compulsory specification for aquaculture urchin.
- Impact assessment report for the proposed withdrawal of legal metrology regulations 108 to 113.
- Impact assessment report for the proposed amendment of VC 8016, compulsory specification for protective helmets and their visors for drivers and mopeds.
- Impact assessment report for the proposed new compulsory specification for profiled metal cladding.

The hosting of the 2025 Building Control Officers' Convention

- The NRCS in collaboration with KwaDukuza Municipality hosted a successful 2025 BCO Convention on 26 November 2025. The convention was a great success, attracting over 150 delegates who attended in person at the Ebandla Hotel, while more than 50 additional participants joined via MS Teams. The event was streamed live on the NRCS social media platforms and received extensive coverage from local television and radio stations.
- The fourth quarter meeting was convened at Ebandla hotel on 27 November 2025 and was attended physically by 55 delegates from various Municipalities and the NRCS, other members of the NBCF attended virtually.

STAKEHOLDER ENGAGEMENT

Stakeholder Consultations – Compulsory Specification Development

RR&D hosted and participated in 37 official stakeholder consultation meetings on proposed regulatory interventions during the 2025/26 financial year. These consultations provided a platform for industry, regulators, technical bodies and other interested parties to contribute to the development and amendment of compulsory specifications and RR&D supports the need to strengthen the participation of Small, Medium and Micro-Sized Enterprises (SMMEs) to ensure broader and more inclusive stakeholder representation.

The consultations covered a broad range of sectors, including automotive, electric mobility, electrical products, lithium batteries, construction materials, furniture, lighting, cement, aquaculture and shooting ranges.

Key areas of engagement included:

- Electric mobility and EVs: Development of the South African EV regulatory framework, EVSE Working Group activities, e-mobility motorcycles, and collaboration with SABS, NMISA, NRCS and SANAS.
- Automotive regulation: Engagement on homologation, UN Regulations, motorcycle safety, vehicle safety standards, product recalls, abnormal loads, and heavy passenger/load vehicles.
- Electrical products: Amendments and consultations relating to VC 8006, VC 8075, VC 8077, VC 9118 and VC 9012, covering electric cables and luminaires.
- Lithium batteries: Impact and risk assessments and development of VC 9112 for the safety of lithium battery cells.
- Other compulsory specifications: Work on furniture, cement, metal-profiled cladding materials, aquaculture urchin and other regulated products.
- Industry and governance: Engagement with industry associations, provincial stakeholders, regulators and strategic divisions to clarify governance, reporting, inspection and regulatory responsibilities.
- International cooperation: Engagement on potential trade barriers, including discussions involving the Republic of China.

SABS TECHNICAL COMMITTEE

RR&D participated in 85 SABS technical committee and working group meetings focused on the development, review, amendment and progression of national standards during the 2025/26 financial year. RR&D's participation strengthened its contribution to the development of relevant national standards and supported alignment for technical standards.

Key areas of participation included:

- Electrical and energy: SANS 10142 for small-scale embedded generation, energy efficiency, energy storage, electrical distribution systems, switchgear, electrical accessories, plugs and socket-outlets, lighting and alternative energy technologies.

- Automotive: Vehicle roadworthiness, vehicle test stations, EV buses and trucks, towing vehicles, braking systems, automotive glazing, alternative-fuel/new-energy vehicles, child restraints and vehicles for persons with disabilities.
- Legal metrology and measurement: Participation in SABS/TC 70 committees and Sub-Committees covering legal metrology.
- Food and agricultural products: Food donation best practices (SANS 2088), dried Mopani worms, seaweed for human consumption, fisheries and aquaculture standards.
- Construction and infrastructure: Plumbing components, building regulations, roads and pavement materials, bitumen, geo-synthetics and related products.
- Consumer and safety products: Paraffin stoves and heaters, personal flotation devices, electrical appliances, medical equipment, firearms and ranges.
- Water and sanitation: Participation in SANS 1808 and SABS/TC 0138 covering water and sanitation equipment and systems.
- Industry and regulatory coordination: Regular participation in SABS/NRCS Liaison Committee, NRCS/SABS Testing Committee and other coordination forums.
- Standards development: RR&D contributed to working groups responsible for developing standards, including SANS 1379-1, SANS 164, SANS 1906, SANS 2088, SANS 1772 and others.

GOVERNMENT DEPARTMENTS AND ENTITIES ENGAGEMENTS

Furthermore, the Unit also hosted or participated in 485 general liaison meetings with both internal and external stakeholders. The engagements focused on regulatory coordination, compliance, consumer protection, trade facilitation, standards development, food safety, energy efficiency, and industry support. RR&D hosted or participated in inter-governmental meetings hosted by other departments such as **the dtic**, Department of Transport, Department of Environment, Forestry and Fisheries (DEFF), Department of Agriculture, Land and Rural Development (DALRRD), National Interdepartmental Sanitary and Phytosanitary measures (SPS) and Technical Barriers to Trade (TBT) fora, Interdepartmental Task Team on Food Control, the Multi-sector Committee on Chemicals Management (MCCM), Department of Transport's Vehicle Technical Committee (VTC), Inter-Provincial Policy & Procedures working group (IPPP) and Abnormal Load Technical Committee (ALTC), Department of Environmental Affairs' Industry Waste Management Plan (IWMP) forums and the Appliance Standards and the Labeling group of the Department of Energy.

Key areas of engagement included:

- Intergovernmental and regulatory coordination: Regular engagements with **the dtic**, SARS, SABS, CSIR, DoH, DFFE, DoA, SAHPRA, ICASA, GIZ and other government entities.
- Trade facilitation and border control: Implementation of the Single Government Authorised Economic Operator (AEO) programme, PVoC initiatives, AfCFTA Mutual Recognition Agreement discussions, China/South Africa PVoC cooperation, and illicit trade interventions.
- Standards and technical regulations: Participation in the development, review and implementation of various standards and regulations, including energy efficiency labelling, plywood, safety footwear, streetlighting, appliances, cement, plumbing products and building regulations.
- Food safety and public health: Engagements on food-borne illness, food safety regulations, Codex committees and sanitary products.
- Industry development and support: Participation in the Furniture Industry Masterplan, Cement Industry interventions, SA Plastics Pact, green industry and decarbonisation initiatives, and other industry-focused programmes.
- Energy and environmental initiatives: Engagements on energy-efficiency standards and labelling, NEV shared infrastructure, HCFC/HFC phase-down measures, renewable energy and identification of priority energy-efficient products.
- Consumer protection and compliance: Discussions addressing non-compliant products, unregulated products, consumer safety, illicit trade, product verification and enforcement.
- Strategic partnerships and institutional cooperation: Continued collaboration with organisations such as SABS, CSIR, SARS, SAHPRA, CCIC, SANEDI, municipalities and industry associations to strengthen regulatory implementation and technical capacity.

REGIONAL AND INTERNATIONAL INVOLVEMENT

RR&D participated in Sixty two (62) regional and international engagements in the effort to enhance regional and international harmonization of regulatory practices. During the period under review, RR&D participated in several regional and international initiatives that are part of the ongoing effort to foster strategic partnerships with other Regulators, policymakers, and industries to ensure relevance of the outcomes of the processes to development and maintain Compulsory Specifications. These engagements supported the development and alignment of compulsory specifications, standards and conformity assessment practices, while strengthening strategic partnerships and addressing emerging areas such as electric mobility, autonomous vehicles, cleaner energy, climate change and sustainable manufacturing.

Key areas of engagement included:

- Automotive and vehicle regulation: Participation in UNECE/WP.29 working groups covering vehicle safety, lighting, emissions, autonomous vehicles, safer and cleaner used/new vehicles, electric vehicles, battery swapping and vehicle charging.
- Electric mobility and renewable energy: Engagements focused on EV standards, charging modes, e-mobility frameworks, renewable energy integration and cleaner energy technologies, including collaboration with IEC and AfSEC.
- African regional harmonisation: Active participation in ARSO, AfCFTA, AfSEC and SADC initiatives to support harmonised African standards, technical regulations and conformity assessment.
- International standards and consumer policy: Participation in ISO COPOLCO activities, including consumer policy, capacity building and the role of consumers in standards development.
- Trade and regulatory cooperation: Engagement with the WTO-SPS Committee, AfCFTA Mutual Recognition Agreement initiatives and discussions aimed at reducing technical barriers to trade.
- Fisheries, aquaculture and emerging products: Participation in ARSO technical committees covering fisheries, aquaculture, processed fisheries and edible insects.
- Environmental sustainability: Engagements on energy efficiency, decarbonisation and cleaner energy, supporting the integration of environmental considerations into standards and regulatory frameworks.
- International cooperation and benchmarking: Participation in benchmarking, bilateral cooperation and regulatory alignment initiatives, including engagements with China and the Eswatini Standards Authority.
- National and continental regulatory alignment: Continued work on ACTREF/NATREF action plans to improve alignment between national, regional and international technical regulations.

TRAINING

During the 2025/26 financial year, RR&D staff participated in 27 national and international training programmes, workshops, webinars and capacity-building initiatives aimed at strengthening technical skills, regulatory competencies and professional development. This contributed to improved technical competence and the ability of staff to effectively support the development, implementation and maintenance of compulsory specifications.

Key areas of training included:

- Legal Metrology: Training on OIML R 117 and metrological and technical requirements for dynamic measuring systems for liquids other than water, including sessions held in Pretoria, Cape Town and Gqeberha.
- Standards and regulatory development: Training on ISO standards development, WTO-TBT notifications, ACTREF and good regulatory practices.
- Quality and conformity assessment: ARSO Training of Trainers on Quality Culture through the African Conformity Assessment Programme (ACAP).
- Food safety and SPS: Participation in food safety, food technology, chemical safety, antimicrobial resistance, foodborne disease surveillance, labelling and SPS training programmes.
- International standards and cooperation: Engagement with ISO, IEC, WTO, FAO, Codex, WHO, ARSO and SADC capacity-building programmes.
- Leadership and management: Completion of the Senior Management Service (SMS) entry programme, supporting leadership and management development.
- Health and emerging policy areas: Training and webinars covering the NHI, healthcare change management and public health.

CHALLENGES

The Business Unit faces challenges affecting its performance. The following challenges can be highlighted:

- a.) Backlog in the publication of Compulsory Specifications.
- b.) Lengthy processes to clarify concurrent mandates with other Government entities such as NDoH, DFFE, DoA, DoT, etc.
- c.) Poor stakeholder participation and confidence in the compulsory specification development process
- d.) Inadequate local laboratory capacity for new compulsory specifications and amendments.
- e.) Slow progress in the review of the National Building Regulations and Building Standards Act, Act No. 103 of 1977.

CONCLUSION

Although the Business Unit continues to deliver on its objectives, the backlog in gazetting compulsory specifications has been highlighted as a matter requiring urgent resolution. In the upcoming financial year 2026/27, RR&D will intensify efforts to strengthen processes and procedures to effectively streamline VC/TR development, significantly reduce objections to VC development, and produce only high-quality, sound VCs/TRs. We will actively collaborate with all stakeholders to develop VCs/TRs that directly address market challenges while minimizing any potential harm to the industry and the general public. Moreover, RR&D is committed to staying at the forefront of global developments by consistently participating in national and international forums. The increase in meeting attendance, facilitated by the accessibility of online formats, presents a significant advantage, allowing us to save on logistical costs such as transportation and refreshments for participants.



COMMUNICATIONS AND MARKETING



EXECUTIVE SUMMARY

The Marketing and Communications Business Unit implemented communication and stakeholder management initiatives in support of the NRCS's Strategic Goal 3. These initiatives focused on stakeholder awareness, public education and organisational visibility.

During the reporting period, the business unit delivered its planned outputs and expanded its stakeholder reach, media visibility and public access to NRCS services. This was reflected in increased media engagement, requests for stakeholder collaboration and use of the NRCS's communication platforms.

OVERVIEW

The business unit aligned its activities with the NRCS Annual Performance Plan (APP), focusing on integrating communication with enforcement operations, strengthening stakeholder coordination and expanding outreach.

Performance is reported in terms of both completed activities and the resulting changes, supported by operational data.

PERFORMANCE

CONSUMER EDUCATION AND AWARENESS

A total of 34 awareness interventions were conducted across six provinces in partnership with municipalities, government departments and regulatory stakeholders. These interventions were linked to enforcement activities, including Electrotechnical Business Unit raids, provincial operations and World Consumer Rights Day programmes. This approach focused awareness activities on areas with the highest regulatory risk.

Evidence of Reach:

- Geographic spread across Limpopo, Gauteng, North West, Northern Cape, KwaZulu-Natal and Eastern Cape;
- Multiple high-footprint platforms used (e.g. malls, hospitals, community halls, TVET colleges); and
- Integration into national campaigns such as WCRD
- In addition, the Business Unit participated in three exhibitions in Gauteng and KwaZulu-Natal, further strengthening its consumer engagement and outreach efforts.

Evidence of Reach:

- Awareness activities conducted in parallel with enforcement operations contributed to increased public interaction with the NRCS, as reflected in:
 - 4,032 calls received by the Call Centre; and
 - 2,514 email queries received from clients.
- Increased community-level engagement during raids and campaigns, evidenced by continued collaboration with municipalities and repeat programme implementation across provinces

STAKEHOLDER MANAGEMENT

The business unit participated in structured stakeholder engagements throughout the year, working with the South African Police Service (SAPS), **the dtic**, municipalities, regulators and media partners.

These engagements supported operational activities, including joint enforcement operations, awareness campaigns and media partnerships.

Evidence of Stakeholder Value:

- Participation in joint operations (e.g. Electrotech raids in KZN and Limpopo; Automotive and Eastern Cape raids);
- Formal collaboration platforms (e.g., COTII Rapid Response, CPF, CEC structures); and
- Established media partnerships (e.g. Engineering News, SA FM, Radio 2000, Power FM, Capricorn FM).

Outcome Demonstrated:

- Stakeholder engagements resulted in:
 - Joint inspections and enforcement operations conducted with partner institutions;
 - Increased media opportunities, evidenced by 46 interviews facilitated; and
 - Sustained coordination platforms, enabling rapid response to regulatory and reputational issues (e.g. COTII media monitoring engagement).

MEDIA LIAISON AND PUBLIC VISIBILITY

The business unit issued 14 media statements on regulatory activities and facilitated 46 interviews across various media platforms. The resulting coverage focused on enforcement operations, awareness campaigns and current regulatory matters.

Evidence of Output:

- Media statements covering national enforcement operations, product safety and regulatory campaigns; and
- Interviews conducted across community radio, national broadcasters and television platforms.

Outcome Demonstrated:

- Media engagement translated into broad national reach, with coverage across platforms such as Business Live, News24, SABC News and eNCA;
- The volume of interviews (46) relative to statements issued (14) demonstrates media uptake and demand for NRCS messaging; and
- Media enquiries received from multiple outlets (e.g., EWN, MoneyWeb, MyBroadband) indicate increased media reliance on NRCS as a source of authority.

INTERNAL COMMUNICATIONS

The Business Unit implemented structured internal communication interventions, including:

- Six information-sharing sessions;
- Two Internal Communications Forums; and
- Five CEO Communiqués.

Evidence of Output:

- Regular dissemination of organisational updates and campaigns; and
- Targeted sessions on key organisational systems and risk areas (e.g., fraud awareness, travel systems).

Outcome Demonstrated:

- Improved internal information flow and alignment, supported by sustained participation in communication platforms, and
- Consistent leadership communication through CEO communiqués aligned with national events and organisational priorities.

CONTACT AND ACCESS CHANNELS

The Business Unit maintained stakeholder access channels through Reception and the Call Centre.

Evidence:

- 3,188 visitors received at Reception;
- 1,035 parcels processed;
- 4,032 calls handled; and
- 2,514 email queries responded to.

Outcome Demonstrated:

- Sustained utilisation of the NRCS access channels indicates continued stakeholder reliance on the organisation for information and services.
- The volume of interactions reflects increased public engagement, linked to awareness campaigns and media visibility

DIGITAL AND SOCIAL MEDIA

The Business Unit implemented the Social Media Strategy, establishing an NRCS presence across multiple platforms.

Evidence:

- Active platforms: Facebook, X, LinkedIn and Google; and
- Ongoing content publication linked to campaigns, raids and organisational messaging.

Outcome Demonstrated:

- Increased follower growth and engagement across platforms (as observed through platform analytics); and
- Enhanced accessibility of NRCS information to stakeholders in real time.

PUBLICATIONS AND ADVERTISING

The Business Unit produced:

- Two internal newsletters;
- Three external publications; and
- Digital advertising campaigns supporting levy awareness.

Outcome Demonstrated:

- Improved dissemination of information to both internal and external stakeholders; and
- Targeted communication supporting organisational revenue initiatives.

CONCLUSION

The business unit achieved its planned outputs and recorded measurable results during the 2025/26 financial year.

Performance showed a clear link between:

- Activities undertaken, including awareness campaigns, stakeholder engagements and media releases;
- Supporting evidence, such as media interviews, call volumes, stakeholder participation and geographic reach; and
- Observed outcomes, including increased public engagement, stronger partnerships and improved organisational visibility.

This provides a basis for strengthening impact measurement and reporting in future periods.

PART C: GOVERNANCE REPORT



INTRODUCTION

NRCS was established on 1 September 2008 through the promulgation of the NRCS Act. As a public entity, the NRCS is guided by the principles of good corporate governance, as defined in the Public Finance Management Act, Act No. 1 of 1999 (PFMA). In managing its activities, the organisation strives for transparency, accountability, efficiency, and the effective use of resources.

EXECUTIVE AUTHORITY

The NRCS is a Schedule 3(A) entity in terms of the PFMA. As an entity of **the dtic**, the Minister of Trade, Industry and Competition serves as the Executive Authority. The NRCS complied with its obligations under the PFMA and met shareholder expectations of the Executive Authority.

ACCOUNTING AUTHORITY

The governance structure of the NRCS was amended with the promulgation of the Legal Metrology Act, Act No. 9 of 2014. Since then, the NRCS does not have a Board, and the CEO is the Accounting Authority of the NRCS.

GOVERNANCE COMMITTEES

Audit and Risk Committee

The role and report of the Audit and Risk Committee are discussed on page 154.

Technical Committee

The Technical Committee serves as a management committee, assisting the Accounting Authority in carrying out corporate governance responsibilities relating to technical and related matters. In brief, the committee was responsible for:

- Considering and advising the CEO on proposed compulsory specifications (VCs) or proposed amendments to VCs in terms of Section 13 of the NRCS Act.
- Recommending actions to address non-compliant products in terms of Section 15(3) of the NRCS Act.
- Considering and advising the CEO on regulations published in Government Notice R924 in terms of Section 36 of the NRCS Act.
- Advising the CEO on technical and related matters as outlined in the Trade Metrology Act.
- Addressing any issues in the public interest as requested by the Executive Authority.

The committee met its obligations and played a significant role in the administration of non-compliant products during the financial year.

RISK MANAGEMENT

The NRCS is committed to managing risk and its Enterprise Risk Management Framework is aligned with the principles of good corporate governance. The NRCS risk management system encompasses the culture, processes, and structures that support the effective management of potential opportunities and adverse effects presented by the risks to business of the NRCS. The NRCS regards strategic management of risk as an integral element of a decision-making process, supporting effective planning and evaluation of its activities, including encouraging and building confidence for innovation and change. To be effective in the execution of its mandate and achieve its objectives, the organisation has incorporated risk management into the day-to-day operations of the organisation.

The Audit and Risk Committee exercises oversight on risk management matters within the organisation. In managing risks, the NRCS instituted a system of internal controls which covers NRCS business operations, financial and information communication technology aspects. The system of internal control is also designed to fulfil the requirements as set out in the NRCS Governance Framework.

In terms of risk management, the NRCS has a risk management policy, risk management strategy and other relevant policies and procedures that forms the basis of enterprise risk management. Through this system, management identifies threats and activities which, should they arise may negatively affect the organisation's ability to achieve its objectives and opportunities. The system also creates an environment where management can prioritise risks and develop a Risk Response Strategy in accordance with the NRCS Materiality Framework. The Accounting Authority is responsible for ensuring that the system of internal controls is effective, efficient, and transparent.

During the year under review, management reviewed the organisational strategic risks. The strategic and operational risk registers also clearly provide the mitigation measures aimed at managing the risks that are faced by the entity. The NRCS identified the following strategic risks Ineffective technical Regulation development process, non-compliant regulated products in the market, Financial Sustainability of the NRCS, Inadequate IT Systems, Fraud and Corruption, Inadequate compliance with legislation (NRCS Act, PFMA, POPIA, NRCS Act and other related legislation), Inadequate Human Capital Management.

The strategic, operational and project risk registers are periodically monitored through the management internal committees and reported to the Audit and Risk Committee on a quarterly basis.

The Audit and Risk Committee plays a significant role in ensuring compliance with good corporate governance principles, aiding the Accounting Authority in the management of the NRCS' risks. The committee also played a significant role in identifying strategic areas of concern. The identified internal audit findings continue to receive attention from management.

INTERNAL CONTROL

The system of internal control is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. The Audit and Risk Committee noted the findings on policy reviews and related weaknesses in the internal control environment. The Accounting Authority is implementing measures to ensure that policies are reviewed timeously.

INTERNAL AUDIT

Key activities and objectives

The NRCS considers compliance with applicable laws, regulations, codes and its own ethical standards and internal policies to be an integral part of its business culture. Its Internal Audit Unit therefore provides independent, objective assurance and consulting services to add value to and improve the organisation's operations. The unit takes a systematic, disciplined approach to evaluate and improve the adequacy of risk management, control and governance processes.

The unit is primarily responsible for the execution of operational and compliance audits, performance audits, financial audits, IT audits, forensic audits as well as ad hoc assignments. At present, the unit comprises four employees and is complemented by a co-sourced internal audit partner.

AUDIT WORK DURING THE YEAR

During the year under review, the Internal Audit Unit planned essentially twenty (20) risk-based audit engagements, which were mainly successfully concluded. Three (3) engagements experienced limitations and four (4) were rolled over to 26/27 FY

- Review of Revenue -Levies;
- Auditor General Follow ups;
- Performance Information;
- ERP Applications and General Controls;

- Governance Framework;
- Review of Governance;
- Review of Internal Financial Controls;
- Review of Supply Chain Management;
- Review of Operations;
- Petty Cash Assessment;
- Review of Policy Development and Review Committee;
- Investigation on NRCS Executive;
- Review of AFS

It also concluded the following tasks, in consultation with the Audit and Risk Committee:

- A three-year rolling Strategic Internal Audit Plan, based on its assessment of key risk areas to the NRCS, having regard for current operations and operations proposed in the Strategic Plan and Risk Management Strategy;
- A risk-based annual Internal Audit Plan;
- Development of the scope, cost and timelines of each audit set out in the annual Internal Audit Plan; and
- Audit reports, directed to the Audit and Risk Committee, detailing the unit's performance against the plan, and allowing for effective monitoring and intervention when necessary.

The internal audits were, where possible, coordinated with the AGSA to ensure proper audit coverage and to minimise the duplication of efforts. The unit assisted the Accounting Authority in maintaining the system of internal control, by evaluating controls and developing recommendations for enhancement or improvement. The overall conclusion of internal audit for the year was that controls were essentially partially adequate and therefore not yet effective in providing reasonable assurance that the objectives would be achieved.

The Internal Audit Unit assisted the Accounting Authority in achieving the NRCS's objectives by evaluating and developing recommendations for the enhancement or improvement of internal processes, through which:

- Objectives and values are established and communicated
- The accomplishments of objectives are monitored
- Accountability is ensured
- Corporate values are preserved
- The adequacy and effectiveness of the system of internal control is reviewed and appraised
- The relevance, reliability and integrity of management, financial and operating data, and reports are appraised
- Systems are established or reviewed to ensure compliance with policies, plans, procedures, statutory requirements and regulations, which could have a significant impact on operations
- The means of safeguarding assets are reviewed and, when appropriate, their existence verified
- The economy, efficiency and effectiveness with which resources are employed are appraised
- The results of operation or programmes are reviewed to ascertain whether results are consistent with the NRCS's established objectives and goals, and whether the operations or programmes are being carried out as planned
- The adequacy of established systems and procedures are assessed

FRAUD AND CORRUPTION

The NRCS is committed to zero tolerance approach to fraud and corruption. An independent hotline is available for reporting fraud and allegations thereof. The approved three-year risk management plan, which incorporates anti-fraud and corruption interventions, was implemented during the financial year. Efforts are directed at reducing the potential for fraud and corruption. The NRCS has approved a Fraud and Corruption Prevention Policy and Whistle-Blowing Policy, which promotes a culture of transparency and encourages reporting to eliminate fraud and corruption. The NRCS has an independent hotline and encourages employees and stakeholders to utilise this facility and report any acts of fraud and corruption. Customer complaints that were received and not classified as fraud and corruption were handled as per the NRCS Customer Complaints Handling Procedure.

MINIMISING CONFLICT OF INTEREST

The NRCS has a Conflict-of-Interest Policy, which guides employees on managing potential conflicts of interest and acceptance of gifts. The policy provides guidance to employees pertaining to their relationships with suppliers or regulated organisations. Employees are required to declare their financial interests annually, at governance or

management meetings as well as for each project that requires a decision – especially of a financial nature. All gifts must be declared and recorded in the Gifts Register. To further minimise conflicts of interest, no NRCS employee may undertake remunerative work outside of the organisation or conduct business with any other state institution without prior approval.

CODE OF ETHICS

The NRCS has a Code of Ethics Policy which guides and commits all employees to high ethical standards of conduct. The full suite of NRCS policies is available for perusal by all employees and provides guidance on how to behave when interacting with stakeholders.

HEALTH, SAFETY AND THE ENVIRONMENT

The NRCS operates under the Occupational Health and Safety Act, (Act No. 181 of 1993) and the Compensation for Occupational Injuries and Diseases Act, (Act No. 61 of 1997). No serious injuries were record in the reporting period. Safety audits are conducted to identify, assess and mitigate risks.

PROCUREMENT/SUPPLY CHAIN INFORMATION

PROCUREMENT BY OTHER MEANS:

Table 20 Procurement by other means

Number of Contracts	Amount
One	R11,377,575

VARIATION ORDERS 2025/26 FINANCIAL YEAR

Table 21 Variation Orders 2025/26 Financial Year

Number of Variation orders	Number of Contracts Varied	Original Contract Amount	Variation Order Amount	Revised Contract Amount
3	3	R15,973,799,14	R6,094,507,88	R22,068,307,02

IRREGULAR EXPENDITURE

RECONCILIATION OF IRREGULAR EXPENDITURE

Table 22 Reconciliation of irregular expenditure

Irregular Expenditure	2025/26	2024/25
Reconciliation of Irregular Expenditure		
Opening balance	8,740	43,602,120
Add: Irregular expenditure confirmed	-	8,740
Less Irregular Expenditure Approved for Removal by the Accounting Authority	-	43,602,120
Closing Balance	8,740	8,740

IRREGULAR EXPENDITURE 2025/26

Table 23 Irregular expenditure 2025/26

Description	2025/26	2024/25
Irregular expenditure for current year	-	8,740
Total	-	8,740

IRREGULAR EXPENDITURE UNDER DETERMINATION

Table 24 Irregular Expenditure under determination

Description	2025/26	2024/25
Irregular expenditure under assessment	-	-
Total	-	-

FRUITLESS AND WASTEFUL EXPENDITURE

RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

Table 25 Reconciliation of fruitless and wasteful expenditure

Fruitless and Wasteful Expenditure	2025/26	2024/25
Opening balance	3,693,758	3,693,265
Add: Fruitless and wasteful expenditure confirmed	201	493
Less fruitless and wasteful Expenditure written off	-	-
Closing Balance	3,693,959	3,693,758

DETAILS OF CURRENT AND PREVIOUS YEAR'S EXPENDITURE (INVESTIGATION)

Table 26 Details of current and previous year's expenditure (investigation)

Description	2025/26	2024/25
Fruitless and Wasteful Expenditure under investigation	-	-
Total	-	-

NRCS B-BBEE REPORT

Section 10 of the Broad-Based Black Economic Empowerment Act requires organs of state and public entities to apply the relevant codes of good practice when:

- Determining the qualification criteria for licences, concessions or other authorisations relating to economic activity;
- Developing and implementing preferential procurement policies;
- Determining the qualification criteria for the sale of state-owned enterprises;
- Developing criteria for partnerships with the private sector; and
- Determining the criteria for awarding incentives, grants and investment schemes that support B-BBEE.

The Act also requires government institutions to report annually on their implementation of section 10. Accordingly, this report outlines the measures taken by the NRCS during the 2025/26 financial year to meet these requirements.

PREFERENTIAL PROCUREMENT

The organisation supports economic transformation and inclusion through its procurement practices. Its policies have been revised and implemented to ensure compliance with the Preferential Procurement Policy Framework Act (PPPFA).

REPORTING BY ORGANS OF STATE AND PUBLIC ENTITIES IN TERMS OF SECTION 13(G)(1) OF THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT NO. 53 OF 2003 AS AMENDED BY ACT NO. 46 OF 2013.

Name of sphere of government/public entity/ organ of state	Public Entity	
Has the sphere of government/public entity/organ of state applied any relevant code of good practice B-BBEE Certificate level 1-8) regarding the following:		
Criteria	Circle relevant answer	Attachment
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law.	Yes	As per the Regulations to the Legal Metrology Act, the NRCS implemented the B-BBEE requirements. The NRCS may designate a private laboratory to perform verification or repair activities. The designation may be done in terms of section 7 (verification bodies) and section 9 (repair bodies), in a prescribed manner. The prescribed criteria are outlined in the regulations, for verification and repair bodies.
Developing and implementing a preferential procurement policy.	Yes	The NRCS is implementing the government policy on preferential procurement and has aligned its supply chain policy to the policy.
Determining qualification criteria for the sale of state-owned enterprise.	No	The NRCS has no land available for sale.
Developing criteria for entering partnership with private sector.	No	The NRCS has not entered into any partnership with the private sector.
Determining criteria for the awarding of incentives, grants, investment schemes in support of Broad-Based Black Economic Empowerment.	No	Not applicable to the NRCS.
Registration number (if applicable)	N/A	
Physical address	SABS Campus, 1 Dr Lategan Road, Groenkloof, Brooklyn 0075	
Type of sphere of government/public entity/ organ of state	Public Entity (Schedule 3A)	
Organisation industry/sector	National Regulator for Compulsory Specifications (NRCS)	

AUDIT AND RISK COMMITTEE REPORT

1. INTRODUCTION

The Audit and Risk Committee (the Committee or the ARC) is pleased to present its report for the financial year ended 31 March 2026. The Committee is a statutory committee constituted in terms of section 51(1)(a)(ii) of the Public Finance Management Act, 1999 (PFMA) and Treasury Regulation 271, and it reports in accordance with Treasury Regulation 271.10 and the principles of the King Report on Corporate Governance. The Committee operates independently and advises the Accounting Authority, management and the Executive Authority on the matters set out in its charter and in the applicable legislation.

This report should be read together with the report of the Auditor-General South Africa (AGSA) dated 31 July 2026 and the AGSA management report dated 28 July 2026, and with the annual performance report and the annual financial statements for the year under review.

2. COMMITTEE COMPOSITION, MEMBERSHIP AND INDEPENDENCE

The Committee comprises independent non-executive members, together with a representative of the Executive Authority (the Department of Trade, Industry and Competition — **the dtic**). The Committee is chaired by an independent non-executive member. Members are appointed by the Accounting Authority for a term of three years, with provision to extend by not more than a further three years, giving a maximum combined term of six years.

Members, capacity, independence and qualifications

Member	Capacity	Independent	Qualifications
Mr Suleman Badat	Chairperson	Yes	BAcc, CA (SA), CD (SA)
Mr Suleman Badat, Chairperson	BAcc, CA (SA), CD(SA)	28 January 2019 – 27 January 2022 28 January 2022 – 27 January 2025	6/6
Ms Sizo Mzizi	BCom (Hons), ACMA, CGMA, ACIS	28 January 2019 – 27 January 2022 28 January 2022 – 27 January 2025	6/6
Adv. Johannes Weapond	BJuris, LLB, BCom (Hons), B.Tech	25 March 2019 – 24 March 2022 25 March 2022 – 24 March 2025	6/6

Attendance - meetings held during the year under review

Member	Tenure period	21 May 2025	29 May 2025	25 Jul 2025	9 Sep 2025	27 Oct 2025	Total
Mr S Badat (Chairperson)	28 Jan 2019 – 27 Jan 2022 28 Jan 2022 – 31 Oct 2025	Present	Present	Present	Present	Present	5/5
Ms S Mzizi	28 Jan 2019 – 27 Jan 2022 28 Jan 2022 – 31 Oct 2025	Present	Present	Present	Present	Present	5/5

Member	Tenure period	21 May 2025	29 May 2025	25 Jul 2025	9 Sep 2025	27 Oct 2025	Total
Adv. J Weapond	25 Mar 2019 – 24 Mar 2022 25 Mar 2022 – 31 Oct 2025	Present	Present	Present	Present	Present	5/5
Ms M Lepele (dtic)	N/A	Apology	Present	Present	Present	Present	4/5

Changes in membership

The term of office of the previous members expired on 31 October 2025. The Accounting Authority appointed the following members with effect from 1 November 2025:

Member	Capacity	Independent	Qualifications and expertise
Mr V Magan	Chairperson	Yes	CA (SA), CIA, MBL — specialist in corporate governance, internal audit, risk management, ethics and fraud management
Mr R Tshimomola	Member	Yes	BCom, CPLD
Mr/Ms E Jooste	Member	Yes	B.Com (Accounting) and a PGD: Professional Accountant in Practice (SAIPA), and is a member of SAIPA, IoDSA and IIASA
Mr M Lepele	Member - representative of the dtic	No (EA representative)	BCom (Hons)

Attendance - meetings held after year-end

The following meetings were held after year-end to consider the annual financial statements, the annual performance report and the audit outcomes:

Member	29 May 2026	3 Jul 2026	23 Jul 2026	29 Jul 2026	Total
Mr V Magan (Chairperson)	Present	Present	Present	Present	4/4
Mr R Tshimomola	Present	Present	Present	Present	4/4
Mr/Ms E Jooste	Present	Present	Present	Present	4/4
Mr M Lepele (dtic)	Present	Present	Present	Present	4/4

3. MANDATE, RESPONSIBILITIES AND THE ARC CHARTER

The Committee has adopted a formal charter, reviewed and approved in 2026, which is aligned to the PFMA, the Treasury Regulations, the King IV Report and the Global Internal Audit Standards. The charter sets out the Committee’s purpose, composition, authority and responsibilities, and the Committee confirms that it has discharged its responsibilities in compliance with the charter for the year under review.

The Committee’s responsibilities include oversight of financial reporting, internal control, risk management, internal audit, external audit, compliance, information-technology governance and cybersecurity, performance information, and ethics, fraud and consequence management.

4. OVERSIGHT OF FINANCIAL REPORTING AND THE ANNUAL FINANCIAL STATEMENTS

4.1 REVIEW OF THE ANNUAL FINANCIAL STATEMENTS.

The Committee reviewed the annual financial statements (AFS) prior to submission to the Accounting Authority and the AGSA on 31 May 2026, and again after the audit, and considered the accounting policies, significant accounting estimates and judgements, and the appropriateness of their application. The Committee is satisfied that the significant accounting policies are appropriate and consistently applied on the basis of the Standards of Generally Recognised Accounting Practice (GRAP).

4.2 MATERIAL MISSTATEMENT IDENTIFIED AND CORRECTED.

One material misstatement was identified in the financial statements submitted for auditing: the comparative figure for the related-party revenue transaction of R14 607 000 was omitted from Note 29, resulting in an understatement in terms of GRAP 1. The misstatement was factual, and management corrected it in a revised set of financial statements which the AGSA reviewed and found acceptable. The AGSA noted that the misstatement constituted non-compliance with section 55(1) of the PFMA; because it was corrected, no material non-compliance was reported in the auditor’s report. No equivalent misstatement was identified in the prior year.

4.3 OTHER FINANCIAL-STATEMENT MATTERS COMMUNICATED BY THE AGSA.

The AGSA communicated further findings to management that were not reported in the auditor’s report but that should be addressed to prevent material misstatements in future, namely control deficiencies over assets (certain assets without bar codes, and fixed-asset-register locations that do not agree to physical locations) and non-compliance of the cash flow statement with GRAP 2. The Committee has required management to include these in the audit action plan.

4.4 GOING CONCERN AND FINANCIAL HEALTH.

The Committee reviewed the going-concern assumption and concurs with the AGSA’s conclusion that no events or conditions were identified that cast significant doubt on the entity’s ability to continue as a going concern. The AGSA assessed the financial health of the entity as good, which is an improvement on the prior year. Key indicators are set out below.

Indicator	2025/26	2024/25	Movement
Total revenue	R557,722,134	R514,312,919	Improved
Surplus for the year	R26,973,391	R13,829,879	Improved
Accumulated surplus	R56,190,237	R31,748,646	Improved
Debtors collection days	33 days	54 days	Improved

Indicator	2025/26	2024/25	Movement
Creditor days	41 days	35 days	Regressed
Cash and cash equivalents	R90 052 619	R60 930 450	Improved (>45%)
Current ratio	1.42	1.14	Improved
Solvency ratio	1.49	1.28	Improved
Net cash flow from operating activities	R31 272 086	R24 465 746	Improved

The Committee attributes these improvements to the continued implementation of the turnaround strategy, the approval of new tariffs, strengthened debt-collection mechanisms and sustained cost-containment measures. The Committee has drawn management's attention to the increase in creditor days and to the debt-impairment provision, which remains high at 71% of accounts receivable (2024/25:77%), and has required continued strengthening of credit-control measures.

4.5 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE.

No irregular expenditure was incurred in the current financial year. Fruitless and wasteful expenditure of R201 (2024/25: R493) was incurred in respect of interest and penalty charges on late payments and was disclosed in the financial statements and the annual report as required. The AGSA did not identify findings on consequence management.

4.6 PRIOR-YEAR ITEMS NOT YET CLEARED.

The Committee is concerned that prior-year items remain outstanding: one incident of irregular expenditure, with an average age of 12 months, has not been condoned because the condonation process is incomplete; and eleven incidents of fruitless and wasteful expenditure, with an average age of eight years, have not been written off because that process has not been finalised. The Committee has required management to conclude the condonation, write-off and recovery processes and to report progress at each meeting.

4.7 CONTINGENT LIABILITIES AND COMMITMENTS.

The Committee reviewed the disclosure of contingent liabilities and commitments in the AFS and is satisfied that they are fairly stated and appropriately disclosed, having regard to the forensic investigation into the retention surplus referred to in paragraph 5.5 below.

4.8 CONCLUSION ON THE AFS.

Having reviewed the audited AFS and concurred with the AGSA's conclusions, the Committee recommended the audited annual financial statements to the Accounting Authority for approval.

5. EXTERNAL AUDIT - AUDITOR-GENERAL SOUTH AFRICA

5.1 AUDIT STRATEGY.

The Committee considered the AGSA engagement letter and audit strategy at the outset of the audit, covering the audit of the financial statements, the reported performance information and compliance with legislation. The Committee engaged the AGSA on planning materiality, the audit fee and its composition, reliance on the work of internal audit, and the risk profile for the year.

5.2 AUDIT OUTCOME.

The AGSA expressed an unqualified opinion on the financial statements, maintaining the status achieved in the two preceding years. The overall audit outcome is unqualified with findings, which is a regression from the prior

year and arises from a material finding on the reported performance information (see section 8).

Outcome area	2025/26	2024/25	Movement
Material indicators in the annual performance report	Material finding	No material findings	Regression
Compliance with legislation	No material findings	No material findings	Unchanged
Overall audit outcome	Unqualified with findings	Unqualified with no findings	Regression

5.3 COMPLIANCE AND OTHER CLEAN AREAS.

The AGSA did not identify any material non-compliance with the selected legislative requirements, and the entity maintained a clean record across all compliance themes. No findings were identified on budget management, on procurement and contract management (including deviations, competitive bidding, the quotation process, contract management and conflicts of interest), on irregular expenditure, or on losses. The AGSA did not identify any fraud risk factors. Compliance with governance and oversight requirements was scoped in for the first time in the current year.

5.4 SIGNIFICANT DEFICIENCIES.

Significant deficiencies were identified in information-technology general controls, in particular in user access management (see section 9), and in the controls over performance planning, management and reporting (see section 8).

5.5 OTHER REPORTS.

The AGSA drew attention to a forensic investigation regarding the NRCS retention surplus for the 2022/23 financial year and concerns about the financial matters of the entity. The investigation covers the 2022/23 financial year and was still in progress at the date of the auditor's report. It did not form part of the AGSA's opinion on the financial statements or its findings on the reported performance information or compliance with legislation. The Committee monitors the matter and will consider the outcome and any consequential action when the investigation is concluded.

5.6 IMPLEMENTATION OF PRIOR-YEAR AUDIT RECOMMENDATIONS.

The AGSA commended management for implementing more than 70% of the recommendations made in the previous year. The Committee notes, however, that two overall recommendations originally made in 2021/22 remain in progress — the recommendation on strengthening review processes to prevent misstatements in the AFS and the annual performance report, and the recommendation to revive the audit action plan and focus it on root causes — and that the latter is reported as behind schedule. The Committee has required management to address root causes rather than symptoms and to report progress at each meeting.

5.7 TIMELINESS OF THE ANNUAL REPORT INFORMATION.

The Committee notes that the report of the Accounting Authority, the governance information (including this report) and the human resource management information were not received by the AGSA in time for it to perform its procedures on other information in the annual report. The AGSA has recorded that, should it identify material misstatements in that information once received, and should those not be corrected, it may retract and reissue the auditor's report. The Committee regards this as an avoidable process weakness and has required management to build the annual report production timetable into the year-end plan for 2026/27.

5.8 COMMITTEE ENGAGEMENT WITH THE AGSA.

The Committee robustly engaged management and the AGSA on the wording of the management report, including the characterisation of the performance-information matter and the correct classification of expenditure, and requested specific rewording before finalisation. The Committee recommended the AGSA audit report and management report to the Accounting Authority.

6. INTERNAL AUDIT

6.1 INTERNAL AUDIT PLAN.

The Committee reviewed and approved the three-year rolling strategic internal audit plan and the risk-based annual internal audit plan for 2025/26. The plan was informed by the entity's strategic plan, the Annual Performance Plan and the seven strategic risks (with root causes, controls and action plans), was aligned to the work of the AGSA.

6.2 PLANNED COVERAGE.

Planned coverage comprised assurance and consulting engagements over the annual financial statements, revenue and levies, ICT application controls and IT general controls over the Sage ERP environment, follow-up on the AGSA management letter and audit report, quarterly validation of performance information, risk management and governance, finance, supply chain management and human capital management with the related internal financial controls, operations, the governance framework and delegation of authority, and compliance with the tool-of-trade policy, together with four ad hoc investigations.

6.3 EXECUTION OF THE PLAN.

The Committee monitored execution of the approved plan throughout the year as follows.

Planned engagement	Type	Planned	Status
Annual financial statements - GRAP compliance, accuracy and disclosure	Assurance	Q2	Completed
Revenue and levy process	Assurance and consulting	Q2	Completed
ICT - application controls and IT general controls, Sage ERP, and follow-ups	Assurance	Q3	Completed
AGSA management letter and audit report follow-up (2024/25)	Regulatory follow-up	Q3	Completed
Internal Audit follow ups	Assurance	Q1-Q4	Completed
Performance information - quarterly validations Q1 to Q4	Assurance	Q1-Q4	Completed
Internal Financial Controls	Assurance	Q2	Completed
Supply Chain Management	Assurance	Q2	Completed
Operations - control over non-compliant imported or manufactured products	Assurance	Q3	Completed
Governance framework and delegation of authority	Assurance	Q2	Completed

6.4 INTERNAL AUDIT REPORTS AND IMPLEMENTATION OF FINDINGS.

The Committee received and considered internal audit reports during the year and monitored the implementation of agreed management actions through the action tracker. The Committee expressed concern about the pace of implementation of certain findings, in particular findings carried since 2023/24, and required improved, colour-coded action tracking with clear escalation of overdue items.

6.5 INDEPENDENCE, EFFECTIVENESS AND RESOURCING.

The internal audit activity reports functionally to the Committee, which supports its independence. The Committee is satisfied that the internal audit function is independent and that its organisational positioning and reporting lines are appropriate. The AGSA identified no findings on the internal audit function, used the work of internal audit for risk identification, and used internal audit for direct assistance; all internal audit reports for the current year were used in the AGSA's risk assessment.

6.6 RESOURCING.

The internal audit activity is staffed with Internal Audit Manager/CAE and three internal auditors, supported by the co-source service provider, particularly in specialised areas such as finance and IT auditing.

6.7 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP).

Internal audit maintains an internal quality assurance and improvement programme. The Committee notes, however, that the external quality assessment was not finalised within the financial period. This matter was also reported by the AGSA as an internal control deficiency and has now been raised in each of the preceding two years. The Committee has required the roadmap towards next external quality assessment.

7. RISK MANAGEMENT

7.1 RISK MANAGEMENT FRAMEWORK.

The Committee oversaw the entity's risk-management framework and processes. Seven strategic risks were identified and monitored, supported by root-cause analysis, control assessments and action plans. Emerging risks tracked during the year included cybersecurity threats, ERP-implementation delays, deterioration in organisational culture, inefficient revenue collection, artificial intelligence, e-commerce and Fourth Industrial Revolution trade monitoring, supply-chain and import risk, skills and capacity constraints, business continuity and disaster recovery, and reputational risk.

7.2 LIMITATION ON INDEPENDENT ASSURANCE OVER RISK MANAGEMENT.

As set out in paragraph 6.3, internal audit experienced a scope limitation on the review of risk management and governance, and a limitation was also issued on the equivalent engagement in the preceding year. The Committee therefore did not receive independent assurance over the adequacy and effectiveness of the risk-management framework for the year under review. The Committee's oversight in this area during the year was consequently based on management's own reporting and on the AGSA's work, which is not a substitute for independent internal audit assurance. The Committee has made the completion of this engagement a first-quarter priority for 2026/27.

7.3 RISK APPETITE AND TOLERANCE.

The Committee considered the entity's risk appetite and tolerance levels and their application in prioritising assurance and management action. The NRCS has zero tolerance to non-compliance with laws and regulations and risks are evaluated as per the materiality framework and risk management policy.

7.4 SIGNIFICANT CONTROL WEAKNESSES AND MANAGEMENT RESPONSE.

The most significant control weaknesses relate to information-technology general controls and to the reliability of reported performance information (sections 8 and 9). The Committee obtained management's responses and remediation plans and will continue to monitor these to conclusion. The Committee also emphasised the strengthening of combined assurance across the assurance providers, which is of heightened importance given the assurance gaps described in paragraphs 6.3 and 7.2.

8. PERFORMANCE INFORMATION

8.1 REVIEW OF REPORTED PERFORMANCE.

The Committee reviewed the usefulness and reliability of the reported performance information against the Annual Performance Plan and the Framework for Managing Programme Performance Information. The AGSA selected the material indicators under Strategic Goal 2 — to maximise compliance with all specifications and technical regulations — for auditing. The AGSA identified no findings on the entity’s performance planning and management processes, no findings on the completeness of the indicators used for planning and reporting, and no material findings on the overall presentation of performance information in the annual performance report.

8.2 MATERIAL MISSTATEMENT NOT CORRECTED.

A material misstatement that could not be corrected was identified on Indicator 6, “The value of non-compliant products sanctioned”. An achievement of R707 million worth of non-compliant products sanctioned was reported against a target of R430 million. The audit evidence did not support the reported achievement; the AGSA could not determine the actual achievement but estimated it to be materially less than reported. The values of the non-compliant products sanctioned were incorrectly captured on the register, overstating the reported achievement. This gave rise to the material finding on performance information and to the regression in the overall audit outcome.

8.3 ROOT CAUSE.

The root cause is a manual system for capturing directives — product description, quantity and value — without verification, quality assurance or compensating controls, which permits incorrect categorisation and incorrect quantities and values to be recorded and reported.

8.4 FURTHER MATTERS COMMUNICATED BY THE AGSA.

The AGSA communicated additional findings on predetermined objectives that were not reported in the auditor’s report but that require attention to prevent material misstatements in future: reported achievements of an indicator were duplicated, and the reported achievements on Indicators 1 and 2 were not recorded. The Committee has required these to be included in the audit action plan alongside the Indicator 6 matter.

8.5 SIGNIFICANT INTERNAL CONTROL DEFICIENCIES.

The AGSA reported two significant internal control deficiencies in performance planning, management and reporting, both of which were also reported in 2024/25 and 2023/24: management did not prepare regular, accurate and complete performance reports supported and evidenced by reliable information; and management did not implement controls over the daily and monthly processing and reconciling of transactions. The AGSA’s recommendation, originally made in 2024/25, is reported as in progress but behind schedule. The Committee regards the repetition of these deficiencies over three consecutive years as unacceptable.

8.6 TARGETS NOT ACHIEVED.

The AGSA drew attention to key indicators under Strategic Goal 2 that were not achieved, as set out below. Explanations for the underachievement are included in the annual performance report.

Key indicator not achieved	Planned target	Reported achievement
Percentage of all approval applications finalised within 90 calendar days	98%	92%

8.7 CORRECTIVE ACTION.

Given the volume of underlying documents (in excess of 2 500) and the time constraints, management will correct the position prospectively from the current financial year and will automate the register, including validation fields for quantities and values. The Committee will monitor implementation and expects the corrective action to restore a clean performance-information outcome. The Committee is satisfied that, Indicator 6 aside, the reported performance information is consistent with the evidence considered, but it is not satisfied with the reliability of the affected process.

9. INTERNAL CONTROL, IT GOVERNANCE AND CYBERSECURITY

9.1 OVERALL ASSESSMENT OF THE CONTROL ENVIRONMENT.

Based on the assurance obtained from internal audit, the AGSA and management, the Committee is of the view that the system of internal control operated effectively in most material respects during the year, as evidenced by the unqualified audit opinion, the absence of irregular-expenditure findings, the absence of findings on procurement and contract management, and the absence of material compliance findings. However, specific significant deficiencies require management attention, as set out below, and the Committee's view is necessarily qualified by the assurance gaps described in paragraphs 6.3, 7.2 and 9.3.

9.2 FINANCIAL, SCM, REVENUE AND PAYROLL CONTROLS.

No findings were identified on financial reporting, procurement and contract management, budget management or irregular expenditure, indicating that financial and supply-chain controls operated adequately. Revenue controls showed improvement, evidenced by reduced collection days and an improved cash position. The Committee is unable to comment on the adequacy of human capital management and payroll controls, because the internal audit engagement covering that area was subject to a scope limitation and the AGSA did not report on it.

9.3 INFORMATION-TECHNOLOGY GENERAL CONTROLS.

The AGSA identified seven findings in the IT general control environment across four focus areas, and reported significant deficiencies in user access management. The Committee raised strong concern regarding IT governance, security, change management and user-access management.

Focus area	Findings identified by the AGSA	Repeat
IT governance	A formal ICT Operational Plan was developed for 2025/26 but was not approved. The NRCS did not have a formally constituted ICT Steering Committee during 2025/26.	Yes (2 years)
Security management	The last Windows cumulative updates and Microsoft Defender definitions were installed on 17 January 2026, two and a half months before financial year-end.	Yes (2 years)
User access management	The user access management procedure does not address or mandate the review of administrator activities, and administrator activities were not consistently reviewed across all systems. Key financial systems — Sage 300 Finance, Sage 300 People, Microsoft Dynamics, the Employment Equity database and Modern Flow — do not retain sufficient system-generated audit logs to support the monitoring of user account creation, modification and termination, password resets, and application and configuration changes. Password complexity requirements were not configured within the Sage 300 ERP system.	Yes (2 years) Yes (2 years) No
Change management	The Modern Flow application does not have a dedicated test or staging environment.	No

9.4 IMPACT AND ROOT CAUSE.

The absence of adequate audit logs limits management's ability to monitor user activities, detect unauthorised access, verify the timely termination of user accounts, and identify unauthorised application or configuration changes. This increases the risk that inappropriate access and changes to key financial systems occur and remain undetected. The AGSA attributed the failure to implement and maintain adequate system-generated audit logs to system limitations, limited internal ICT capability, inadequate training of ICT officials, and an over-reliance on service providers.

9.5 LEADERSHIP VACANCIES.

The Committee noted that the positions of Chief Information Officer and Chief Executive Officer remain vacant, which the AGSA identified as a risk to the entity's operational effectiveness and long-term sustainability. The Committee has emphasised the need for organisational stability through timely appointments and effective succession planning, and regards the filling of the CIO position as directly linked to the resolution of the IT general-control deficiencies. The Committee also noted the AGSA finding that the performance agreement for the Acting Chief Executive Officer was not signed timeously.

9.6 RESOLUTION OF PRIOR-YEAR DEFICIENCIES.

The Committee is concerned that certain deficiencies, some dating to 2023/24, remain unresolved, and has required management to address root causes rather than symptoms and to report progress at each meeting. The Committee regards the resolution of the IT general-control deficiencies as a priority for the current year and has requested a prioritised, dated action plan addressing the security and user-access findings.

10. ETHICS, FRAUD AND CONSEQUENCE MANAGEMENT

10.1 FRAUD-RISK MANAGEMENT AND WHISTLE-BLOWING.

The Committee oversees the entity's fraud-risk management and ethics arrangements, including the fraud awareness programme and the whistle-blowing arrangements. During the year the Committee introduced a standing declaration item requiring members and attendees to disclose knowledge of any fraud matters for escalation. The AGSA did not identify fraud risk factors during the audit.

10.2 ALLEGATIONS AND INVESTIGATIONS.

The Committee monitored management's handling of reported allegations of misconduct and irregularities and the related investigations, which are being dealt with in line with NRCS policies, the disciplinary code and applicable legislation. As set out in paragraph 6.3, all four investigations included in the 2025/26 internal audit plan were rolled over into 2026/27 without conclusion. The Committee has recorded that this represents a material weakness in the timeliness of the entity's response to allegations of misconduct, and has required a dated completion plan for each matter and reporting at every meeting until all four are concluded.

10.3 CONSEQUENCE MANAGEMENT.

The Committee emphasised the importance of timely consequence management. Although the AGSA did not identify findings in this area, the Committee notes that one prior-year irregular-expenditure incident and eleven prior-year fruitless and wasteful expenditure incidents remain uncleared, the latter with an average age of eight years, and has required these to be condoned, recovered or written off and the processes concluded.

11. COMPLIANCE WITH LAWS AND REGULATIONS

11.1 COMPLIANCE OUTCOME.

The Committee oversees compliance with the PFMA, the Treasury Regulations and other legislation applicable to the NRCS. For the year under review the AGSA identified no material non-compliance with the selected legislative requirements, and the entity maintained a good record across all compliance themes, including annual financial statements and performance reporting, expenditure management, procurement and contract management, revenue management, asset management, strategic planning and performance management, consequence management, and governance oversight.

11.2 CORRECTED NON-COMPLIANCE.

The Committee notes that the material misstatement in the related-party disclosure referred to in paragraph 4.2 constituted non-compliance with section 55(1) of the PFMA, and that the fruitless and wasteful expenditure incurred constituted non-compliance with section 51(1)(b)(ii) of the PFMA. Both were addressed and neither was reported as material non-compliance in the auditor's report.

11.3 COMPLIANCE MONITORING.

Where instances of non-compliance were identified through internal assurance, management has implemented or committed to corrective action, which the Committee monitors. The Committee continues to promote a proactive, preventative compliance culture and a consolidated compliance-monitoring approach.

12. OVERALL CONCLUSION OF THE AUDIT AND RISK COMMITTEE

Having considered the assurance obtained from management, internal audit and the Auditor-General South Africa, and the evidence placed before it during the year, the Committee concludes as follows:

12.1 FINANCIAL REPORTING.

The Committee is satisfied that the annual financial statements fairly present, in all material respects, the financial position and performance of the NRCS for the year ended 31 March 2026, and it concurs with the unqualified audit opinion with findings from the Auditor-General.

12.2 SCOPE OF THIS CONCLUSION.

The Committee draws attention to the fact that its conclusion on governance, risk management and internal control is limited in scope. Internal audit experienced scope limitations on three planned engagements — human capital management and payroll, tool of trade, and risk management— and all four planned investigations were rolled over without conclusion. The Committee therefore expresses no assurance over human capital management and payroll controls, over compliance with the tool-of-trade policy, or over the risk-management processes for the year under review.

12.3 GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL.

Subject to paragraph 12.2, the Committee is satisfied that, in most material respects, the systems of governance, risk management and internal control were adequate and operated effectively during the year, subject to the significant deficiencies it has highlighted, namely: (a) information-technology general controls, in particular user access management, IT governance, security management and change management, which include repeat findings; (b) controls over the reliability of reported performance information, in particular Indicator 6; (c) the slow resolution of prior-year audit findings and the incomplete consequence management on prior-year irregular and fruitless and wasteful expenditure; and (d) the non-completion of the approved internal audit plan.

12.4 PERFORMANCE INFORMATION.

The Committee draws attention to the regression to an outcome of unqualified with findings on performance information, and it is not satisfied with the reliability of the affected performance-information process. It expects the automation and control improvements committed by management to restore a clean outcome in the current year.

12.5 AREAS OF ASSURANCE.

Notwithstanding the above, the Committee is encouraged by the sustained unqualified opinion on the financial statements, the absence of material compliance findings, the absence of findings on procurement and contract management and on irregular expenditure, the AGSA's assessment of the entity's financial health as good, and the improvements in revenue collection and the cash position under the turnaround strategy.

12.6 Overall. Save for the matters specifically identified above, and subject to the limitation of scope recorded in paragraph 12.2, on which management and internal audit have provided remediation plans that the Committee will monitor to conclusion, the Committee is satisfied with the adequacy and effectiveness of the entity's governance, risk management and internal control environment for the year under review.

13. APPRECIATION

The Committee expresses its appreciation to the Accounting Authority, the Executive Authority, management, the internal audit activity and its co-source partner, and the Auditor-General South Africa for their cooperation and the constructive engagements during the year.



Mr V Magan

Chairperson: Audit and Risk Committee

National Regulator for Compulsory Specifications

Date: 31 August 2026



“

The Committee expresses its appreciation to the Accounting Authority, the Executive Authority, management, the internal audit activity and its co-source partner, and the Auditor-General South Africa for their cooperation and the constructive engagements during the year.

”

PART D: HR MANAGEMENT



OVERVIEW OF HUMAN RESOURCES

The Human Capital Management Business Unit (HCM BU) supports Strategic Goal 4 of the National Regulator for Compulsory Specifications (NRCS), as outlined in the 2025/26 Annual Performance Plan (APP). This goal seeks to ensure that the NRCS has the organisational capacity required to fulfil its legislative mandate. Accordingly, the HCM BU focuses on attracting, developing and retaining competent employees to support the achievement of the organisation's strategic and operational objectives.

HR PRIORITIES FOR THE YEAR

The HCM BU focused on the following areas to strengthen human capital management and support the achievement of organisational goals:

- Digitalisation of recruitment: Implement and optimise a digital solution to streamline recruitment and selection, improve efficiency, enhance the candidate experience, and strengthen governance and compliance.
- Human capital management and administrative services: Strengthen services through the effective implementation of HR policies, accurate employee lifecycle administration, records management, workforce reporting, and continuous improvement of HR systems and processes.
- Remuneration and benefits management: Manage remuneration and employee benefits through accurate payroll processing, legislative compliance, benefits administration, and fair and equitable reward practices that support employee attraction, motivation and retention.
- Organisational development and transformation: Implement organisational design and workforce planning interventions, conduct a comprehensive organisational culture review, develop and embed organisational values, and promote diversity, equity, inclusion and employment equity.
- Learning and development: Address identified skills gaps, support professional development and succession planning, provide mandatory training, and offer work-integrated learning opportunities to interns.
- Employee relations: Promote a positive and productive working environment through effective employee relations, constructive engagement between management and organised labour, and the timely resolution of workplace disputes.

WORKFORCE PLANNING FRAMEWORK

The long-term Human Capital Strategy is being reviewed to align with the organisational strategy and revised annual plan. The strategy aims to ensure that the organisation has the skills it requires and can motivate and retain productive employees. The HCM BU also conducts workforce planning through the Employment Equity Plan and annual reporting processes.

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The NRCS implemented a performance management framework to promote a high-performance culture, strengthen individual and organisational accountability, and align employee performance with the strategic objectives set out in the Annual Performance Plan (APP).

The performance management process has been fully digitalised to improve efficiency and transparency. The digital platform supports the electronic management of performance agreements, reviews, approvals and reporting. It also enables real-time monitoring and improves access to performance information.

EMPLOYEE WELLNESS PROGRAMME

The HCM BU continues to implement the Employee Wellness Programme (EWP). A new service provider was appointed to strengthen the delivery of this function. The programme promotes employees' physical, psychological, emotional, financial and social well-being by providing accessible, confidential and professional support services.

The EWP addresses workplace psychosocial challenges through health promotion, counselling, wellness awareness campaigns, health education and lifestyle management support. These initiatives help employees make informed decisions about their health and well-being, build resilience, and manage personal and work-related challenges.

ACHIEVEMENT HIGHLIGHTS AND CHALLENGES FACED

The HCM BU submitted the Workplace Skills Plan, Annual Training Report and Employment Equity Report, as required by the Skills Development Act and the Employment Equity Act. It also implemented an internship programme, appointing 23 interns across various NRCS business units.

Improvements to the enterprise resource planning (ERP) system included the introduction of employee and manager self-service functions. These functions improved leave management and enabled employees and managers to access and manage relevant HR services directly.

The vacancy rate remained a significant organisational challenge at 19%, exceeding the target of 10%. Financial constraints required the NRCS to impose a moratorium on filling vacant positions. Although this measure supported the organisation's financial sustainability, it placed additional pressure on existing employees, increased workloads and may have affected the NRCS's capacity to achieve its strategic objectives.

The HCM BU continues to monitor the vacancy rate and will prioritise critical funded positions as resources become available.

FUTURE HCM PLANS/GOALS

The HCM BU will continue to digitalise its processes through the phased implementation and optimisation of Human Capital Management modules within the enterprise resource planning (ERP) system. This will improve operational efficiency, data integrity, governance and employee service delivery. The unit will also strengthen labour relations through constructive engagement with organised labour, collaborative collective bargaining and proactive dispute resolution to support a stable and productive working environment.

Job profiles and competency requirements will be reviewed to ensure that the NRCS has the skills, capabilities and talent required to meet its current and future strategic priorities. The organisational structure will also be reviewed and aligned with the NRCS's strategic objectives and operational requirements. In addition, the unit will expand youth employment and skills development opportunities through internship programmes. Targeted learning and development initiatives will strengthen technical and professional competencies across all business units, ensuring that employees have the specialised skills required to fulfil the NRCS's regulatory mandate and achieve its strategic objectives.

HUMAN RESOURCES OVERSIGHT STATISTICS

HUMAN RESOURCES EXPENDITURE

Programme	Total Expenditure	Personnel Expenditure	Performance Bonus	Training Expenditure	Professional and Special Services	Number of Employees	Personnel cost as a percent of total expenditure
Develop, maintain and administer VCs and TRs	8,462	8,145	0	72	0	5	96%
Maximise compliance with all specifications and TRs	361,461	324,295	0	2,905	0	240	90%
Inform and educate our stakeholders about the NRCS	7,689	6,420	0	58	0	6	83%
Ensure an optimally capacitated institution	92,830	50,011	0	577	0	45	54%
Administration	60,307	25,805	0	226	0	23	43%
Total	530,749	414,676	0	3,838	0	319	78%

PERSONNEL COST BY SALARY BAND 2025/2026

Salary Bands	Personnel cost Including, SDL, training, Bonus and Overtime Expenditure	Personnel cost Excluding SDL and training	Personnel cost Excluding SDL, Training, overtime and Bonus Expenditure	% of total personnel cost	Average Personnel cost Excluding SDL, Training, overtime and Bonus Expenditure	Average personnel cost excluding SDL and Training	Average personnel cost Including, SDL, training, Bonus and Overtime Expenditure
Interns (23)	856	847	816	0.20%	35	37	37
Lower level skill including contractors (6) PI6	1,970	1,953	1,782	0.43%	297	325	328
Skilled including contractors (65) PI0,11,12	47,824	47,426	44,137	10.64%	679	730	736
Professional (176) P7,8,9	285,559	282,810	266,260	64.21%	1,513	1,607	1,622
Senior Management (47) P4,5,6	74,104	73,473	71,885	17.34%	1,529	1,563	1,577
Top Management (2) P2,3	4,363	4,329	4,329	1.04%	2,165	2,165	2,182
Total	414,676	410,838	389,209	93.86%	1,220	1,288	1,300

SALARY, PERFORMANCE BONUS OVERTIME AND ALLOWANCES BY PROGRAMME

Programme	Personnel Expendi- ture	Basic Salaries		Overtime		13th cheque		Home Owners Allowance		Vehicle Allowance and Travel Claims		Medical Assistance		Pension		Training	
		Amount (000)	Salaries as a % of personnel cost	Amount (000)	Overtime as a % of personnel cost	Amount (000)	13th as a % of personnel cost	Amount (000)	HOA as a % of personnel cost	Amount (000)	% of personnel cost	Amount (000)	Medical as a % of personnel cost	Amount (000)	pension as a % of personnel cost	Amount (000)	Training as a % of personnel cost
Develop, maintain and administer VCs and TRs	8,145	6,616	80.49%	42	0.52%	95	1.16%	48	0.58%	201	2.44%	486	5.92%	585	7.11%	72	0.88%
Maximise compliance with all specifications and TRs	324,295	240,085	76.14%	1,212	0.38%	16,296	5.17%	4,734	1.50%	19,555	6.20%	17,442	5.53%	22,067	7.00%	2,905	0.92%
Inform and educate our stakeholders about the NRCS	6,420	5,305	81.23%	-	0.00%	159	2.43%	108	1.65%	2	0.03%	349	5.34%	440	6.73%	58	0.89%
Ensure an optimally capacitated institution	50,011	40,075	84.97%	1,211	2.57%	2,112	4.48%	1,139	2.42%	-	0.00%	1,986	4.21%	2,911	6.17%	577	1.22%
Administration	25,805	21,431	83.53%	-	0.00%	502	1.96%	192	0.75%	23	0.09%	1,178	4.59%	1,798	7.01%	226	0.88%
Total	414,676	313,512		2,465		19,164		6,221		19,781		21,441		27,801		3,838	0.95%

Note: No performance bonus was paid during the 2024/25 financial year

SALARY, PERFORMANCE BONUS, OVERTIME AND ALLOWANCES BY SALARY BAND

Table 27 Salary, performance bonus, overtime and allowances by salary band

Programme	Personnel Expenditure	Basic Salaries		Overtime		13th cheque		Vehicle Allowance and Travel Claims		Home Owners Allowance		Medical Assistance		Pension		Training	
		Amount (000)	Salaries as a % of personnel cost	Amount (000)	Overtime as a % of personnel cost	Amount (000)	13th as a % of staff cost	Amount (000)	Vehicle & travel claims as % staff cost	Amount (000)	HOA as a % of staff cost	Amount (000)	Medical as a % of staff cost	Amount (000)	Pension as a % of staff cost	Amount (000)	Training as a % of staff cost
Interns (23)	856	816	95.25%	32	3.69%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	9	1.05%
Lower level skill including Contractors (6)	1,970	1,242	63.06%		0.00%	170	8.65%	-	0.00%	120	6.09%	316	16.04%	104	5.30%	17	0.87%
Skilled including contractors (65)	47,824	35,485	74.20%	288	0.60%	3,001	6.28%	887	1.85%	1,220	2.55%	3,767	7.88%	2,778	5.81%	399	0.83%
Professional (176)	285,559	208,563	73.04%	2,016	0.71%	14,533	5.09%	18,499	6.48%	4,881	1.71%	14,492	5.08%	19,370	6.78%	2,749	0.96%
Senior Management (47)	74,104	63,492	85.68%	130	0.17%	1,459	1.97%	395	0.53%		0.00%	2,698	3.64%	5,300	7.15%	631	0.85%
Top management (2)	4,363	3,915	89.73%		0.00%		0.00%	-	0.00%		0.00%	167	3.83%	248	5.68%	33	0.76%
Total (319)	414,676	313,513	75.60%	2,466	0.59%	19,163	4.62%	19,781	4.77%	6,221	1.50%	21,440	5.17%	27,800	6.70%	3,838	0.93%

EMPLOYMENT AND VACANCIES

Table 28 Employment and vacancies by programme, 1 April 2025 – 31 March 2026

Programme	Number of Posts	Number of Posts Filled	Number of Vacant Budgeted Posts	Positions Not Budgeted for/ On Hold	Vacancy Rate for Budgeted	Vacancy Rate For Budget and Unbudgeted
Automotive	46	43	3	0	7%	7%
CMM	35	32	3	0	9%	9%
Comms & Marketing	7	6	1	0	14%	14%
Electro- Technical	49	44	5	0	10%	10%
Executive Business	2	2	0	0	0%	0%
Facilities	8	7	1	0	13%	13%
FAI	78	59	7	12	9%	24%
Finance	28	20 (plus 3 temps)	7	1	25%	29%
HCM	12	9 (plus 23 interns)	3	0	25%	25%
ICT Services	9	6	2	1	22%	33%
Internal Audit	4	3	1	0	25%	25%
Legal Metrology	64	48	14	2	22%	25%
Legal Services	5	5	0	0	0%	0%
QMS	3	2	1	0	33%	33%
Regulatory Services	3	1	1	1	33%	67%
Risk and Strategy	2	1	1	0	50%	50%
RRD	8	5	2	1	25%	38%
Total	363	293	52	18	14%	19%

Table 29 Employment and vacancies by salary bands 1 April 2025 to 31 March 2026

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate Budget and Unbudgeted	Number of Posts Filled Additional to the Staff Establishment
Top Management (P2-3)	4 (2)	2	50%	
Senior Management and High-Level specialists (P4-6)	69 (22)	47	32%	
Middle Management superintendents and lower-level specialists (P7-9)	188 (12)	176	6%	
Supervisors and high-level skilled/ clerical (P10-12)	96 (31)	65 (incl 3 temps)	32%	3 temps
Lower-level skilled/clerical (P13- 16)	6	6	0%	
Unskilled (Interns)	-	23	0%	
Total	363	319	19%	3

Table 30 Annual turnover rates by salary band for the period 1 April 2025 to 31 March 2026

Salary Band	Number of employees per band as at 31 March 2026	Appointments and Transfers into the NRCS	Terminations/ Transfers out of the NRCS	Turnover Rate
Top Management (P2-3)	2	0	0	0%
Senior Management & high Level specialists (P4-6)	47	3	2	4%
Middle Management superintendents and lower-level specialists (P7-9)	176	1	1	1%
Supervisors and high-level skilled/ clerical (P10-12)	65 (incl 3 temps)	3	8	12%
Lower-level skilled/clerical (P13-16)	6	0	0	0%
Unskilled	23	4	3	14%
Total: (including interns & contractors)	319	11	14	4%

Table 31 Annual turnover rates by critical occupation for the period 1 April 2025 to 31 March 2026

Occupation:	Number of employees per	Appointments and transfers	Terminations and transfers out of the NRCS	Turnover rate
Top Management (P2-3)	2		0	0%
Senior Management & high Level specialists (P4-6)	47	3	2	4%
Total	49	3	2	4%

Table 32 Reasons why staff are leaving the NRCS

Reason for Leaving the NRCS	Number	% of total
Death	1	7%
Resignation	5	36%
Expiry of contract	4 fixed-term contractors	28.5%
Dismissal – operational changes	0	0%
Dismissal – misconduct	0	0%
Dismissal – inefficiency	0	0%
Discharged owing to ill-health	0	0%
Retirement	4	28.5%
Transfers to other business unit departments	0	0%
Other – Mutual separation	0	0%
Total	14	100%
Total number of employees who left as a % of the total employment		%

EMPLOYMENT EQUITY

Table 33 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 1 April 2025 to 31 March 2026

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (P1 - P3)	1	0	0	0	0	1	0	0	2
Senior Management (P4 - P6)	20	4	0	3	18	1	0	1	47
Professionally qualified and experienced specialists and mid-management, supervisors, foremen, and superintendent (P7 - P9)	68	15	7	10	69	3	2	2	176
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (P10 - P12)	15	5	0	0	31	4	2	5	62
Semi-skilled and discretionary decision (P13 - P16)	1	0	0	0	5	0	0	0	6
Unskilled and defined decision-making (Interns)	18	0	0	0	5	0	0	0	23
Total	123	24	7	13	128	9	4	8	316
Temporary employees	1	0	0	0	1	1	0	0	3
Total	124	24	7	13	129	10	4	8	319

*Total is including disabled employees

Table 34 Total number of employees with disabilities only in each of the following occupational bands as on 1 April 2025 to 31 March 2026

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (P1 - P3)	0	0	0	0	0	0	0	0	0
Senior Management (P4 - P6)	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management, supervisors, foremen, and superintendent (P7 - P9)	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (P10 - P12)	0	0	0	0	1	0		1	2
Semi-skilled and discretionary decision (P13 - P16)	0	0	0	0	0	0	0	0	0
Unskilled and defined decision-making (Interns)	1	0	0	0	0	0	0	0	1
Total	1	0	0	0	1	0	0	1	3

Table 35 Total number of employees with disabilities only in each of the following occupational bands as on 1 April 2025 to 31 March 2026

No	No. of employees with disability (indefinite)	Gender	Level
1	2	Female	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (P10 - P12)
2	1	Male	Unskilled and defined decision making (Interns)

Table 36 Recruitment for the period 1 April 2025 to 31 March 2026 (inclusive of interns)

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management 2-3	0	0	0	0	0	0	0	0	0
Senior Management 4-6	1	0	0	0	2	0	0	0	3
Professionally qualified and experienced specialists and mid-management, supervisors, foremen, and superintendent 7-9	0	0	0	0	1	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents 10-12	0	0	0	0	0	0	0	1	1
Semi-skilled and discretionary decision 13-15	0	0	0	0	0	0	0	0	0
Unskilled and defined decision-making 16 - 18	5	0	0	0	1	0	0		6
Total (including Interns/Contractors)	6	0	0	0	4	0	0	1	11
Employees with disabilities	0	0	0	0	0	0	0	0	0
Overall Total	6	0	0	0	4	0	0	1	11

Table 37 Terminations for the period 1 April 2025 to 31 March 2026 (inclusive of interns)

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (2 - 3)	0	0	0	0	0	0	0	0	0
Senior Management (4 - 6)	1	0	0	0	1	0	0	1	2
Professionally qualified and experienced specialists and mid-management (7 - 9)	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (10 - 12)	3	0	0	0	0	3	0	2	8
Semi-skilled and discretionary decision-making (13-16)	0	0	0	0	0	0	0	0	0
Unskilled and defined decision-making (Interns)	2	0	0	0	1	0	0	0	3
Total	7	0	0	0	2	3	0	2	14

*Disclaimer a contractor was appointed twice and terminated three times

Table 38 Skills development for the period 1 April 2025 to 31 March 2026

Occupational Categories	Gender	No. of employees as at 31 March 2025	Training needs identified at start of reporting period			
			Learnerships/ Internships	Skills Programmes & Other Short Courses	Other forms of training	Total
Top Management (2 - 3)	Female	1	0	1	0	1
	Male	1	0	1	0	1
Senior Management (4 - 6)	Female	19	0	19	0	19
	Male	27	0	27	0	27
Professionally qualified and experienced specialists and mid-management (7 - 9)	Female	78	0	78	0	78
	Male	101	0	101	0	101
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (10 - 12)	Female	44	0	44	0	44
	Male	22	0	22	0	22
Semi-skilled and discretionary decision-making (13-16)	Female	5	0	5	0	5
	Male	1	0	1	0	1
Unskilled and defined decision-making (Interns)	Female	3	3	3	0	3
	Male	20	20	20	0	20
Total		322	23	322	0	322

Table 39 Training provided 1 April 2025 to 31 March 2026

Occupational Categories	Gender	Number of employees as at 1 April 2025	Training provided within the reporting period			
			Interns	Programmes & other short courses	Other forms of training	Total
Top management	Female	0	0	0	0	0
	Male	0	0	0	0	0
Senior management	Female	1	0	1	0	1
		0	0	0	0	0
Professionally qualified	Female	9	0	9	0	9
	Male	11	0	11	0	11
Skilled technical	Female	4	0	4	0	4
	Male	1	0	1	0	1
Semi-skilled	Female	1	0	1	0	1
	Male	0	0	0	0	0
Unskilled	Female	4	4	0	0	4
	Male	20	20	0	0	20
Sub Total	Female	19	4	15	0	19
	Male	32	20	12	0	32
Total		51 (including interns)	24	27	0	51

Table 40 Leave payouts for the period 1 April 2025 to 31 March 2026

CATEGORY (REASON)	Total Amount	Number of Employees	Average payment per employee
Leave pay-out due to non-utilisation of leave for the previous cycle (2,377,05)	R0	0	0
Capped leave and current leave pay-out on termination of service, leave pay-out on termination of service and extension of contracts	R116,318,07	22	R5,287,18
Total	R116,318,07	22	R5,287,18

LABOUR RELATIONS

Table 41 Misconduct and disciplinary hearings finalised, 1 April 2025 to 31 March 2026

Type of misconduct	Number	% of Total
Fraud and Absenteeism	0	0
Unacceptable Behaviour	1	100
Fruitless and wasteful expenditure	0	0
Total	1	100%

Table 42 Grievances lodged for the period 1 April 2025 to 31 March 2026

	Number	% of Total
Number of grievances resolved	7	70
Number of grievances not resolved	3	30
Total number of grievances lodged	10	100%

Table 43 Disputes lodged with Councils for the period 1 April 2025 to 31 March 2026

	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	1	50
Number of disputes pending	1	50
Total number of disputes lodged	2	100

Table 44 Precautionary suspensions for the period 1 April 2025 to 31 March 2026

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
	0
Average number of days suspended	0
Cost of suspensions	0

Table 45 Strike actions for the period 1 April 2025 to 31 March 2026

Total number of persons' working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered because of no work no pay	0

EMPLOYEE WELLNESS PROGRAMME

The employee wellness programme within NRCS is divided into two. One is overseen by the HR Business Unit. During the period under review, articles were published on different health, wellness and safety solutions.

HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

Table 46 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
Low occupational exposure is experienced in the NRCS	Voluntary Testing and Counselling offered

Table 47 Details of Health Promotion and HIV and AIDS Programmes

Question	Yes	No	Details, if yes
1. Has the entity designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Senior Manager Human Capital
2. Does the NRCS have a dedicated unit or does it have to have designated staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		A Health and Safety Officer was appointed, supported by a nine-member Occupational Health, Safety and Wellness (OHS&W) Committee representing all offices.
3. Has the NRCS introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		The NRCS conducted four employee wellness workshops and events. An external wellness service provider offered counselling and information on various aspects of employee well-being. The NRCS also maintained an Employee Assistance Programme.
4. Has the NRCS established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		OHS&W Committee: CEO, management, Union members and OHS representatives
5. Has the NRCS reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees based on their HIV status? If so, list the employment policies/practices so reviewed.		X	No - Policies under review
6. Has the NRCS introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		- Confidential medical care; and - Non-disclosure of personal information complied with.
7. Does the NRCS encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Yes. No new positive cases tested or reported
8. Has the NRCS developed measures or indicators to monitor and evaluate the impact of its health-promotion programme? If so, list these measures/indicators.	X		The programme is measured through different measures including: - In-house support given to sick employees; and - EAP reports.



*“ A credible and respected regulator
for the protection of the public, the
economy and the environment. ”*

PART E: ANNUAL FINANCIAL STATEMENTS



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON NATIONAL REGULATOR FOR COMPULSORY SPECIFICATIONS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the National Regulator for Compulsory Specifications set out on pages 132 to 179, which comprise the statements of financial position as at 31 March 2026, statement of financial performance and statements of changes in net assets, and the cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Regulator for Compulsory Specifications as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

Emphasis of matter

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

Receivables Debt Impairment

7. As disclosed in note 21 of the financial statements, material losses of R20,816,675 (2024/25: R0) was incurred due to impairment of debtors that are older than 120 days.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the 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.
9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 128 of the annexure to the auditor's report, forms part of my auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to Strategic goal 2 - To maximise compliance with all specifications and technical regulations presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - % sanctioning rate of illicit and non-compliant products sanctioned and removed from the market as per the NRCS and Legal Metrology Acts, enabling compliant role players to access the market within the Automotive, Chemicals Materials and Mechanicals (CMM), Electro-technical and Legal Metrology Sectors
 - Compliance rate for all imported NRCS regulated food products
 - % Compliance rate for all locally produced and exported food and associated products
 - Percentage of all approval applications finalised within 90 calendar days
 - The value of noncompliant products sanctioned
 - The value of canned meat, fish and fishery products facilitated for export from South Africa
 - Percentage of qualifying BBBEE Level 4 repair bodies and verification laboratories designated as per the Legal Metrology Act
 - Number of new SMMEs participating in the NRCS regulated value chains
14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that 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 those 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 is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

17. The material findings on the reported performance information for the selected material indicator are as follows:

The value of non-compliant products sanctioned

An achievement of R707 million worth of non-compliant products sanctioned was reported against a target of R430 million worth of non-compliant products sanctioned. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

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

20. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 20 to 26.

Strategic Goal 2 - To maximise compliance with all specifications and technical regulations

<i>Targets achieved: 78%</i> <i>Budget spent: 97%</i>		
Key indicator not achieved	Planned target	Reported achievement
<i>Percentage of all approval applications finalised within 90 calendar days applications finalised within 90 calendar days</i>	<i>98% of all approval applications finalised within 90 calendar days</i>	<i>92% of all approval applications finalised within 90 calendar days</i>

Material misstatements

21. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Strategic Goal 2 - To maximise compliance with all specifications and technical regulations. Management did not correct the misstatements, and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

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

23. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
24. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
25. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

26. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in strategic goal presented in the annual performance report that have been specifically reported on in this auditor's report.
27. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in strategic goal presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. The other information I obtained prior to the date of this auditor's report is the information on irregular and fruitless and wasteful expenditure, and the general information (including a report of the accounting authority), governance information (including the audit committee report) and human resource management information are expected to be made available to us after 31 July 2026.
30. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.
31. When I do receive and read this information the general information (including a report of the accounting authority), Governance information (including the audit committee report and human resource management information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

32. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
33. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the selected material indicators included in the annual performance report included in this report.
34. Management did not exercise oversight responsibility regarding performance reporting, and related internal controls as material findings were identified in the reported performance information.

OTHER REPORTS

35. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
36. There is a forensic investigation regarding the NRCS retention surplus for the 2022/23 financial year and concerns about the financial matters of the entity. The investigation covers the 2022/23 financial year. The investigation was still in progress at the date of the audit report.

Auditor - General

Pretoria

31 July 2026



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

37. ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
<i>Public Finance Management Act 1 of 1999</i>	<i>Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)</i>
<i>Treasury Regulation, 2005</i>	<i>Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3</i>
<i>Prevention and Combating of Corrupt Activities Act 12 of 2004</i>	<i>Section 34(1)</i>
<i>Construction Industry Development Board Regulations, 2004</i>	<i>Regulation 17; 25(7A); 25(9)(a); 25(10)</i>
<i>Preferential Procurement Regulations, 2022</i>	<i>Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4</i>
<i>National Treasury SCM Instruction No. 03 2021/22</i>	<i>Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6</i>
<i>National Treasury SCM Instruction No. 4A of 2016/17</i>	<i>Paragraph 6</i>
<i>National Treasury SCM Instruction No. 2 of 2021/22</i>	<i>Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1</i>
<i>Preferential Procurement Policy Framework Act 5 of 2000</i>	<i>Section 1; 2(1)(a); 2(1)(b); 2.1(f)</i>
<i>National Treasury Practice Note 7 of 2009/10</i>	<i>Paragraph 4.1.2</i>
<i>National Treasury Practice Note 5 of 2009/10</i>	<i>Paragraph 3.3</i>

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The NRCS's mandate includes promoting public health and safety, environmental protection and ensuring fair trade. This mandate is achieved through the development and administration of technical regulations and compulsory specifications as well as through market surveillance to ensure compliance with the requirements of the compulsory specifications and technical regulations. NRCS stakeholders include the South African Government, industry and the citizens.
Registered office	1 Dr Lategan Rd Groenkloof 358-Jr Pretoria 0181
Business address	1 Dr Lategan Rd Groenkloof 358-Jr Pretoria 0181
Controlling entity	Department of Trade, Industry and Competition
Bankers	ABSA
Auditors	Auditor-General South Africa

TABLE OF CONTENTS

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

	Page
Accounting Authority's Responsibilities and Approval	132
Statement of Financial Position	133
Statement of Financial Performance for the period ended 31 March 2026	134
Statement of Changes in Net Assets for the year ended 31 March 2026	135
Cash Flow Statement for the period ended 31 March 2026	136
Statement of Comparison of Budget and Actual Amounts	137
Accounting Policies	139-152
Notes to the Annual Financial Statements	153-178

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 NRCS 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 are given unrestricted access to all financial records and related data.

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

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

The Accounting Authority acknowledges that he is ultimately responsible for the system of internal financial control established by the NRCS and places 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 reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the NRCS and all employees are required to maintain the highest ethical standards in ensuring the NRCS's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the NRCS is on identifying, assessing, managing and monitoring all known forms of risk across the NRCS. While operating risk cannot be fully eliminated, the NRCS endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

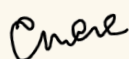
The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

The Accounting Authority has reviewed the NRCS's cash flow forecast for the year to 31 March 2027 and, in the light of this review and the current financial position, he is satisfied that the NRCS has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Accounting Authority is primarily responsible for the financial affairs of the NRCS, they are supported by the NRCS's external auditors.

The external auditors are responsible for independently reviewing and reporting on the NRCS's annual financial statements.

The annual financial statements set out on page 133-178 which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2026 and were signed on its behalf by:



Sarah Choane
Acting Chief Executive Officer

Pretoria
31 August 2026

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

Figures in Rand	Note	2026	2025
Assets			
Current assets			
Receivables from exchange transactions	3	10,791,526	18,822,478
Receivables from non-exchange transactions	4	45,732,204	35,539,818
Cash and cash equivalents	5	90,052,619	60,930,450
		146,576,349	115,292,746
Non-current assets			
Property, plant and equipment	6	12,664,799	14,397,868
Intangible assets	7	11,835,671	14,066,982
Deposits	8	562,172	562,172
		25,062,642	29,027,022
Total assets		171,638,991	144,319,768
Liabilities			
Current liabilities			
Payables from exchange transactions	9	49,954,951	49,972,498
Payable from non-exchange transactions	10	15,401,000	15,401,000
Post retirement medical obligation	11	628,000	622,000
Employee benefits	12	36,272,803	34,620,622
Long service awards	13	654,000	620,000
		102,910,754	101,236,120
Non-Current Liabilities			
Post retirement medical obligation	11	8,295,000	7,476,002
Long service awards	13	4,243,000	3,859,000
		12,538,000	11,335,002
Total liabilities		115,448,754	112,571,122
Net Assets		56,190,237	31,748,646
Accumulated surplus		56,190,237	31,748,646
Total Net Assets		56,190,237	31,748,646

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand

	Note	2026	2025
REVENUE			
Revenue from exchange transactions			
Rendering of service	14	35,476,453	28,029,420
Approval application fee income	15	66,117,465	59,092,851
Decrease of leave provision		2,644,093	-
Recovery of bad debts and decrease in doubtful debts	16	-	8,292,077
Sundry income		4,315,530	3,968,188
Interest income		9,020,288	7,818,753
Actuarial gains		-	279,114
Total revenue from exchange transactions		117,573,829	107,480,403
Revenue from non-exchange transactions			
Decrease in doubtful debts	17	-	11,801,385
Levies for compulsory specifications		278,177,572	240,632,134
Registration fee income		1,943,298	2,010,572
Government grants and core funding		149,235,000	145,734,000
Interest income		10,792,435	6,654,425
Total revenue from non-exchange transactions		440,148,305	406,832,516
Total revenue		557,722,134	514,312,919
EXPENDITURE			
Expenditure			
Employee related costs	18	(414,677,444)	(409,378,148)
Depreciation and amortisation	19	(4,885,420)	(4,843,373)
Finance costs	20	(1,243,201)	(1,360,493)
Lease rentals on operating lease		(17,548,893)	(17,679,031)
Debt Impairment - other	21	(20,816,675)	-
Bad debts written off		(8,097,360)	(13,026,262)
Advertising and marketing expenses		(600,138)	(41,029)
Testing and sampling		(6,691,794)	(4,920,148)
Contracted Services		(6,336,777)	(7,056,311)
Traveling expenditure		(18,050,976)	(13,295,830)
Actuarial losses		(893,108)	-
General Expenses	22	(26,615,713)	(22,457,990)
Auditors remuneration	23	(4,291,244)	(6,424,425)
Total expenditure		(530,748,743)	(500,483,040)
Surplus for the year		26,973,391	13,829,879

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus/ deficit	Total net assets
Balance at 01 April 2024	17,918,767	17,918,767
Changes in net assets		
Surplus for the year	13,829,879	13,829,879
Total changes	13,829,879	13,829,879
Balance at 01 April 2025	31,748,646	31,748,646
Changes in net assets		
Correction of error (Note 31)	(2,531,800)	(2,531,800)
Net income (losses) recognised directly in net assets	(2,531,800)	(2,531,800)
Surplus for the year	26,973,391	26,973,391
Total changes	24,441,591	24,441,591
Total recognised income and expenses for the year	24,441,591	24,441,591
Total changes	24,441,591	24,441,591
Balance at 31 March 2026	56,190,237	56,190,237

Opening surplus had not been adjusted for GRAP 104 adjustments, there were no changes or adjustments.

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

CASH FLOW STATEMENT

Figures in Rand

Cash flows from operating activities

Receipts

Cash received from rendering of services*		354,623,999	333,747,324
Grants		149,235,000	145,734,000
Interest received		20,095,013	14,473,178
		<u>523,954,012</u>	<u>493,954,502</u>

Payments

Employee costs		(414,321,045)	(388,895,360)
Suppliers		(78,360,881)	(80,593,396)
		<u>(492,681,926)</u>	<u>(469,488,756)</u>
Total receipts		523,954,012	493,954,502
Total payments		(492,681,926)	(469,488,756)

Net cash flows from operating activities	24	31,272,086	24,465,746
---	-----------	-------------------	-------------------

Cash flows from investing activities

Purchase of property, plant and equipment	6	(978,427)	-
Purchase of other intangible assets	7	(1,171,490)	(228,879)

Net cash flows from investing activities		(2,149,917)	(228,879)
---	--	--------------------	------------------

Cash flows from financing activities

Net increase/(decrease) in cash and cash equivalents		29,540,169	24,693,867
---	--	-------------------	-------------------

Cash and cash equivalents at the beginning of the year		60,930,450	36,693,583
--	--	------------	------------

Cash and cash equivalents at the end of the year	5	90,470,619	61,387,450
---	----------	-------------------	-------------------

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Rendering of services	22,491,870	-	22,491,870	35,476,453	12,984,583	A Note 35
Approval application fee income	61,670,186	-	61,670,186	66,117,465	4,447,279	B note 35
Sundry income	102,902	-	102,902	4,315,530	4,212,628	C note 35
Interest received	13,716,000	-	13,716,000	9,020,288	(4,695,712)	D Note 35
Total revenue from exchange transactions	97,980,958	-	97,980,958	114,929,736	16,948,778	

Revenue from non-exchange transactions

Taxation revenue

Interest income from non-exchange	2,000,000	-	2,000,000	10,792,435	8,792,435	E Note 35
Levies from compulsory specifications	268,825,077	-	268,825,077	278,177,572	9,352,495	F Note 35
Registration fee income	2,500,000	-	2,500,000	1,943,298	(556,702)	G Note 35
Government grants and core funding	149,235,000	-	149,235,000	149,235,000	-	
Total revenue from non-exchange transactions	422,560,077	-	422,560,077	440,148,305	17,588,228	

Expenditure

Employee related costs	(422,515,363)	(199,896)	(422,715,259)	(414,677,444)	8,037,815	H Note 35
Depreciation and amortisation	(4,443,869)	(1,576,325)	(6,020,194)	(4,885,420)	1,134,774	I Note 35
Finance costs	-	(1,243,201)	(1,243,201)	(1,243,201)	-	
Lease rentals on operating lease	(19,317,890)	659,735	(18,658,155)	(17,548,893)	1,109,262	J Note 35
Advertising and marketing expenditure	(1,802,382)	-	(1,802,382)	(600,138)	1,202,244	K Note 35
Testing and sampling	(8,806,337)	-	(8,806,337)	(6,691,794)	2,114,543	L Note 35
Contracted Services	(6,658,386)	-	(6,658,386)	(6,336,777)	321,609	M Note 35
Travel expenditure	(14,977,999)	(3,604,265)	(18,582,264)	(18,050,976)	531,288	N Note 35
General expenses	(36,544,109)	5,808,761	(30,735,348)	(26,615,713)	4,119,635	O Note 35
Auditors remuneration	(5,474,700)	155,191	(5,319,509)	(4,291,244)	1,028,265	P Note 35
Total expenditure	(520,541,035)	-	(520,541,035)	(500,941,600)	19,599,435	

Surplus				54,136,441	54,136,441	
Deficit before taxation	-	-	-	54,136,441	54,136,441	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	54,136,441	54,136,441	

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

Budget on Accrual Basis

Figures in Rand

Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
-----------------	-------------	--------------	------------------------------------	--	-----------

Reconciliation

Reconciliation of unbudgeted amounts

Recovery of leave provision	2,644,093
Debt impairment	(20,816,675)
Bad debts written off	(8,097,360)
Actuarial loss	(893,108)
Actual Amount in the Statement of Financial Performance	26,973,391



National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

SIGNIFICANT ACCOUNTING POLICIES

Figures in Rand

Notes

2026

2025

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance and compliance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) 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.

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 Presentation currency

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

1.2 Going concern assumption

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

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:

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

Statutory receivables Impairment

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

The impairment for statutory receivables is calculated based on customers owing more than 120 days and other indicators present at the reporting date that correlate with defaults on the customer or industry.

Useful lives of property, plant and equipment

The NRCS's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

SIGNIFICANT ACCOUNTING POLICIES

1.3 Significant judgements and sources of estimation uncertainty

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 11.

1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

All assets costing less than R5000 are classified as minor assets. These assets must be recorded in the asset register but will be fully depreciated/written-off in the year of acquisition and not of over its useful life, as is the case with assets costing R5000 and more.

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

SIGNIFICANT ACCOUNTING POLICIES

It is required that all assets are classified and recorded both in minor and major assets. The assets costing less than R5000 will be included under current expenditure on the income statement.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight-line	Infinite
Buildings	Straight-line	30 years
Plant and machinery	Straight-line	15 years
Furniture and fixtures	Straight-line	2-50 years
Motor vehicles	Straight-line	10-23 years
Leasehold property	Straight-line	Lease term
Office equipment	Straight-line	2-50 years
Laboratory equipment	Straight-line	8-40 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 NRCS. 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 NRCS assesses at each reporting date whether there is any indication that the NRCS 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 NRCS revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

The NRCS assesses its property, plant and equipment for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the value of property, plant and equipment.

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

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

SIGNIFICANT ACCOUNTING POLICIES

1.5 Intangible assets

An asset is identifiable if it either:

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

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 NRCS; and
- the cost or fair value of the asset can be measured reliably.

The NRCS 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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

Item	Amortisation method	Average useful life
Computer software	Straight-line	2-5 years

The NRCS discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 6).

The NRCS assesses its intangible assets for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the value of intangible assets.

SIGNIFICANT ACCOUNTING POLICIES

1.5 Intangible assets (continued)

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets 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).

1.6 Financial instruments - GRAP 104

Classification

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

Class	Category
Cash and cash equivalent	Financial asset measured at amortised cost
Deposit	Financial asset measured at amortised cost

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

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

Payable from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method if they are expected to be settled after 12 months.

1.7 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. NRCS statutory receivables arise from the National Regulator for Compulsory Specifications (NRCS) Act, Legal Metrology Act and levies, tariffs and service charges as gazetted.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

Recognition

The NRCS recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

SIGNIFICANT ACCOUNTING POLICIES

1.7 Statutory receivables (continued)

Initial measurement

The NRCS initially measures statutory receivables at their transaction amount.

Subsequent measurement

The NRCS measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the NRCS levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the NRCS is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in “Accrued interest” above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The NRCS assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the NRCS considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied)
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the NRCS measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

SIGNIFICANT ACCOUNTING POLICIES

1.7 Statutory receivables (continued)

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The NRCS derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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.

1.9 Cash and cash equivalents

Cash and cash equivalents consist of cash, cash in the current bank accounts and cash in interest bearing accounts or money market accounts where funds are available immediately. These are initially measured at fair value and subsequently measured at cost.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted

SIGNIFICANT ACCOUNTING POLICIES

1.10 Employee benefits (continued)

Leave day accruals were raised and management determined an estimate based on the information available. In each leave cycle, an employee shall take 50% of their uninterrupted annual leave, the remainder thereof shall be taken within the same leave cycle. Any annual leave not utilised from the previous cycle shall be given a grace period of 6 months to utilise, otherwise they will be forfeited. It is impractical to determine the exact number of days that will be forfeited upon calculation of leave pay accrual.

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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Long service Awards

Recognition and measurement

The NRCS provides long service awards to permanent employees with uninterrupted or unbroken services of five years and longer within NRCS.

The award to employees is in form of a monetary award and certificate that an employee will receive after being loyal to the NRCS for a predetermined period.

Where an employee has a broken service, only continuous service since the most recent date of engagement will be considered for a long service award, unless if the broken service was less than a year as stated in the Basic Conditions of Employment Act.

The long service monetary award and ceremony will be processed and implemented yearly at the end of the financial year (end March).

The value of long service awards may be revised from time to time at NRCS's discretion, taking into account factors such as cost of living and the financial position of NRCS.

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

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

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts: the present value of the defined benefit obligation at the reporting date; minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

SIGNIFICANT ACCOUNTING POLICIES

1.10 Employee benefits (continued)

The NRCS recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Post-employment benefits

Recognition and measurement

The NRCS provides post-retirement health care benefits to some retirees. The NRCS contributes towards medical aid contributions after retirement of employees, subject to the following:

- The employee was employed before 01 September 1998 (within SABS)
- The employee participated in the Bestmed medical aid scheme for at least ten years and
- The employee retired after the age of 64.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

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

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

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements. The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

SIGNIFICANT ACCOUNTING POLICIES

1.11 Contingencies

The amount of the contingent liability is measured at the best estimate required to settle the possible obligation at the reporting date.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.12 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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.

1.13 Revenue from exchange transactions

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the NRCS;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

NRCS as a regulator render services for premarket approval of products in terms of the NRCS Act or the Legal Metrology Act

Non-refundable application fees

The NRCS gazettes application fee for premarket approval of products. These services include approval applications in Electrotechnical, Automotive, Chemicals Materials and Mechanicals and Gaming approval applications in Legal Metrology

Application fees are measured at the fair value of the consideration received

SIGNIFICANT ACCOUNTING POLICIES

1.13 Revenue from exchange transactions (continued)

Recognition

Revenue arising from exchange transactions is only recognised if

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the amount of the revenue can be measured reliably.
- recognition criteria is met the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the NRCS;

Measurement

Revenue from an exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

Interest income

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.

1.14 Revenue from non-exchange transactions

Taxes

The NRCS recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met. Resources arising from taxes satisfy the definition of an asset when the NRCS controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The NRCS analyses the taxation laws to determine what the taxable events are for the various taxes levied.

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

The income from levy is treated as taxes in terms of GRAP interpretation

Levies

Levies for compulsory specifications are based on declarations of volumes of regulated products manufactured or imported.

The recognition of the levy debtor is initially measured at the transaction amount which is determined by reference to published tariff per unit on regulated products multiplied by units declared. If it is deemed reliable levy debtors maybe estimated with reference to historical declarations.

The NRCS does not have an obligation that arises in respect of levies for compulsory specifications and therefore the levy revenue is recognised at the amount of the levy debtor, or if earlier, the cash received with levy declaration.

Levy revenue is then only recognised once it becomes due and payable.

Registration fees income

Transport annual registration fees are collected in terms of the National Road Traffic Act, No 93 of 1996 for all registered manufacturers, importers and builders (MIB) of motor vehicles.

SIGNIFICANT ACCOUNTING POLICIES

1.14 Revenue from non-exchange transactions (continued)

Transport annual registration fees are levied annually on the date of first registration. An adjustment is made for annual registration fees that have not accrued to the NRCS yet.

Transport and registration fees are measured at the fair value of the consideration received or receivable.

Government grants

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met. Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

1.15 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparatives amounts are also reclassified and restated, unless such reclassification and/or restatement is not required by a standard of GRAP. The nature and reason of such reclassification and restatements are also disclosed. Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods except where stated.

1.16 Fruitless and wasteful expenditure

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. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Fruitless and wasteful expenditure when incurred and confirmed is recorded in the annual financial statements disclosure. This relates to fruitless and wasteful expenditure incurred in the current financial year, with a one previous financial year comparative analysis.

Fruitless and wasteful expenditure for previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:

- a.) fruitless and wasteful expenditure incurred and confirmed in the previous financial year; fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.
- b.) fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- c.) fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.

Additional information relating to fruitless and wasteful expenditure under assessment, determination, investigations, narratives and a process of dealing with the concerned fruitless and wasteful expenditure must be recorded in the annual report of the entity.

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

SIGNIFICANT ACCOUNTING POLICIES

1.17 Irregular expenditure

National Treasury instruction note no. 4 of 2022/2023 which was issued in terms of sections 76(2)(e) to 76(4)(a) of the PFMA requires the following (effective from 3 January 2023):

Irregular expenditure when incurred and confirmed is recorded in the annual financial statements disclosure. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis.

Additional information relating to irregular expenditure under assessment, determination, investigation, narratives, and the process of dealing with the irregular expenditure is recorded in the annual report of the entity.

1.18 Segment information

A segment is an activity of an entity:

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

NRCS does not prepare segment reports because it does not have separate financial information

1.19 Budget information

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

The approved budget covers the fiscal period from 01/04/2025 to 31/03/2026.

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.

A difference of 10% or more between budget and actual amounts is regarded as material. All material differences are explained in the notes to the Annual Financial Statements.

1.20 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

1.20 Related parties (continued)

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 NRCS.

The NRCS 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 NRCS to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the NRCS is exempt from the disclosures in accordance with the above, the NRCS discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2026	2025
------	------

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 2026 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 107 (as revised) Mergers	Not yet effective	Unlikely there will be a material impact
GRAP 106 (as revised) Transfer of Functions Between Entities Not Under Common Control	Not yet effective	Unlikely there will be a material impact
GRAP 105 Transfer of Functions Between Entities Under Common Control	Not yet effective	Unlikely there will be a material impact
GRAP 2023 Improvements to the Standards of GRAP 2023	Not yet effective	Not expected to impact results but may result in additional disclosure
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Not yet effective	Unlikely there will be a material impact
GRAP 103 (amended): Heritage Assets	Not yet effective	Unlikely there will be a material impact

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

3. Receivables from exchange transactions

	2026	2025
Trade debtors	30,203,459	63,026,919
Impairment related to receivables	(25,225,778)	(48,999,068)
Employee advances - subsistence and travel allowances	5,137,773	4,783,165
Sundry debtors	-	11,462
Prepaid expenses	676,072	-
Receivables from exchange transactions	10,791,526	18,822,478
Total Receivables from exchange transactions	10,791,526	18,822,478

Statutory receivables included in receivables from exchange transactions:
Statutory receivables as at 31 March 2026 R30 203 459 (2025: R63 026 919).

Statutory receivables arise from the NRCS Act, Legal Metrology Act and levies, tariffs and service charges that are approved by the Minister of Trade, Industry and Competition, in conjunction with the Minister of Finance, and gazetted accordingly.

Statutory receivables	4,977,681	14,027,851
Other non-financial instruments	5,813,845	4,794,627
Carrying amount of non-financial instruments	10,791,526	18,822,478

Receivables from exchange transactions past due but not impaired

Trade and other receivables which are less than 4 months past due are not considered to be impaired. At 31 March 2026, R4,977,681 (2025: R14,027,851) were past due but not impaired.

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

1 month past due	3,439,559	10,514,842
2 months past due	497,330	2,059,335
3 months past due	699,937	1,004,383
4 months past due	340,855	449,291
	4,977,681	14,027,851

Receivables from exchange transactions impaired

The amount of the impairment was R25,225,778 as at 31 March 2026 (2025: R48,999,068)

Over 6 months	25,225,778	48,999,068
---------------	------------	------------

Reconciliation of provision for impairment of trade and other receivables.

Opening balance	48,999,067	52,792,780
Reversal of prior year provision	(48,999,067)	(52,792,780)
Additions- provision for impairment	25,225,778	48,999,067
	25,225,778	48,999,067

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

4. Receivables from non-exchange transactions

	2026	2025
Levies	150,434,521	95,652,171
Impairment	(104,702,317)	(60,112,353)
Total Receivables from non-exchange transactions	45,732,204	35,539,818

Statutory receivables included in receivables from non-exchange transactions:

Statutory receivables as at 31 March 2026 R150,434,521 (2025: R95,652,171).

Statutory receivables arise from the NRCS Act, Legal Metrology Act and levies, tariffs and service charges that are approved by the Minister of Trade, Industry and Competition, in conjunction with the Minister of Finance, and gazetted accordingly.

Carrying amount of non-financial instruments	45,732,204	35,539,818
--	------------	------------

Statutory receivables general information

Trade receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 4 months past due are not considered to be impaired. At 31 March 2026, R45,732,210 (2025: R35,539,818) were past due but not impaired.

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

1 month past due	34,281,147	25,375,954
2 months past due	5,427,967	5,314,107
3 months past due	4,455,153	4,016,798
4 months past due	1,567,938	832,959
	45,732,205	35,539,818

Trade receivables from non-exchange transactions impaired

The amount of the impairment is R104,702,317 as at 31 March 2026 (2025: R60,112,353).

The ageing of these trade receivables from non-exchange are as follows:

Over 6 months	104,702,317	60,112,353
---------------	-------------	------------

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	60,112,353	76,412,102
Reversal of prior year provision	(60,112,353)	(76,412,102)
Additions-provision for impairment	104,702,317	60,112,353
	104,702,317	60,112,353

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	12,472	15,233
Bank balances	17,747,291	52,739,149
Short-term deposits	72,292,856	8,176,068
	90,052,619	60,930,450

6. Property, plant and equipment

Figures in Rand

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3,000,000	-	3,000,000	3,000,000	-	3,000,000
Buildings	5,000,000	(5,000,000)	-	5,000,000	(5,000,000)	-
Leasehold property	131,723	(131,720)	3	131,723	(131,719)	4
Plant and machinery	184,578	(184,577)	1	184,578	(184,577)	1
Motor vehicles	6,921,450	(6,322,525)	598,925	6,921,450	(6,229,729)	691,721
Office equipment	37,211,375	(33,626,687)	3,584,688	38,123,631	(34,210,369)	3,913,262
Laboratory equipment	18,934,299	(13,453,117)	5,481,182	18,934,299	(12,141,419)	6,792,880
Total	71,383,425	(58,718,626)	12,664,799	72,295,681	(57,897,813)	14,397,868

Reconciliation of property, plant and equipment - 2026

	Opening balance	Adjustments	Disposals	Depreciation	Total
Land	3,000,000	-	-	-	3,000,000
Leasehold property	4	-	-	(1)	3
Plant and machinery	1	-	-	-	1
Motor vehicles	691,721	-	-	(92,796)	598,925
Office equipment	3,913,262	1,026,987	(9,821)	(1,345,740)	3,584,688
Laboratory equipment	6,792,880	-	-	(1,311,698)	5,481,182
	14,397,868	1,026,987	(9,821)	(2,750,235)	12,664,799

Reconciliation of property, plant and equipment - 2025

	Opening balance	Disposals	Depreciation	Total
Land	3,000,000	-	-	3,000,000
Leasehold property	5	-	(1)	4
Plant and machinery	1	-	-	1
Motor vehicles	852,307	-	(160,586)	691,721
Office equipment	6,158,875	(130,005)	(2,115,608)	3,913,262
Laboratory equipment	8,720,909	(6)	(1,928,023)	6,792,880
	18,732,097	(130,011)	(4,204,218)	14,397,868

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2026

2025

Pledged as security

No assets that were pledged as security

Additions

Additions include assets previously disposed and brought back into the asset register amounting to R48,560.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

General expenses

817,179

599,280

4. Intangible assets

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software, other	20,307,756	(8,472,085)	11,835,671	8,767,479	(7,572,424)	1,195,055
Intangible assets under development	-	-	-	12,871,927	-	12,871,927
Total	20,307,756	(8,472,085)	11,835,671	21,639,406	(7,572,424)	14,066,982

Reconciliation of intangible assets - 2026

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Amortisation	Total
Computer software, other	1,195,055	12,792,589	(16,788)	-	-	(2,135,185)	11,835,671
Intangible assets under development	12,871,927	1,171,490	-	(12,792,589)	(1,250,828)	-	-
	14,066,982	13,964,079	(16,788)	(12,792,589)	(1,250,828)	(2,135,185)	11,835,671

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	1,834,210	-	(639,155)	1,195,055
Intangible assets under development	12,643,048	228,879	-	12,643,048
	14,477,258	228,879	(639,155)	14,066,982

Intangibles additions

The additions for intangible assets for 2025/2026 include R12,792,589 which was transferred from work in progress, intangible assets under development, as well as cash additions of R1,171,490.

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2026	2025
------	------

7. Intangible assets (continued)

Intangible assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Intangible assets

Opening balance	12,871,928	-
Accumulated expenditure as at 01 April 2022	-	13,154,794
Additional expenditure for 2022/23	-	1,793,441
Transferred to intangibles for 2022/23	-	(3,335,403)
Carrying value of accumulated expenditure as at 31 March 2023	-	11,612,832
Additional expenditure for 2023/24	-	1,030,216
Carrying value of accumulated expenditure as at 31 March 2024	-	12,643,048
Additional expenditure for 2024/25	-	228,879
Additional expenditure for 2025/26	1,171,490	-
Transferred to intangibles for 2025/26	(12,792,589)	-
Transferred to operation expenditure	(1,250,829)	-
	-	12,871,928

Computer software, other includes purchased software as well as internally generated software.

8. Deposits

Deposits are for property held under an operating lease and fleet card services. These are accounted for at amortised cost.

Non-current portion	562,172	562,172
---------------------	---------	---------

Broken down as follows:

Operating leases	552,172	552,172
Fleet cards	10,000	10,000
	562,172	562,172

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

9. Payables from exchange transactions

	2026	2025
Payables	12,516,472	8,947,145
Debtors with credit balances	17,671,626	19,370,146
Unallocated deposits	8,340,016	6,726,505
Other payables	(1)	(1)
Salary related accruals	8,990,666	11,529,445
Operating lease payables	2,436,172	3,399,257
	49,954,951	49,972,498

Split between financial instruments and non-financial instruments

Carrying amount of non-financial instruments	35,002,307	37,626,096
Carrying amount of financial instruments	14,952,644	12,346,402
Total split between financial instruments and non-financial instruments	49,954,951	49,972,498

Non-financial instruments include debtors with credit balances, unallocated deposits and salary related accruals.

10. Payable from non-exchange transactions

Non-current portion	15,401,000	15,401,000
---------------------	------------	------------

The dtic had reduced the original allocation of the NRCS by 10% in the 2023/24 financial year. This amounted to R15 401 000. In order to meet the in-year shortfall due to significant and unforeseeable economic and financial events affecting the fiscal targets set by the annual budget, the NRCS budget allocation for the 2023/24 was revised down during the 2023 Adjusted Estimates of National Expenditure (AENE) budget process. The reduction is in terms of Section 30(2)(a) of the PFMA. This amount is still due and payable on demand to **the dtic**.

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

11. Post retirement medical obligation

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

Carrying value

	2026	2025
Present value of the defined benefit obligation-wholly unfunded	(8,295,000)	(7,476,002)
Present value of the defined benefit obligation-partly or wholly funded	(628,000)	(622,000)
	(8,923,000)	(8,098,002)
Non-current liabilities	(8,295,000)	(7,476,002)
Current liabilities	(628,000)	(622,000)
	(8,923,000)	(8,098,002)

Maturity analysis of defined benefit obligation up to 80 years in Rmillion

Future year	Expected benefits payments
1	0.657
2	0.693
3	0.714
4	0.760
5	0.783
6 to 10	4.513
11 to 15	5.590
16 to 20	5.442
21 to 25	4.896
26 to 30	4.111
31 to 40	5.424
41 to 50	1.992
51 to 60	0.286
61 to 70	0.002
71 to 80	0.000

Changes in the net defined liability (asset) are as follows:

Opening balance	8,098,000	8,438,000
Current service cost	63,000	69,000
Interest	842,000	1,001,000
Actuaries (gains)/loss	559,108	(800,114)
Benefits paid	(639,108)	(609,886)
	8,923,000	8,098,000

The NRCS contributes towards medical aid contributions after retirement of employees, subject to the following conditions:

- The employee was employed before 1 September 1998 (within the SABS);
- The employee participated in the Bestmed medical aid scheme for at least ten years and
- The employee retired after the age of 64.

Valuations of these obligations are carried out annually by independent qualified actuaries. The most recent valuation was done as at 31 March 2026.

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

5. Post retirement medical obligation (continued)

Key assumptions used

Key assumptions used (expressed as weighted averages) are as follows:

	2026	2025
Discounted rate per annum	10.80 %	12.34 %
Medical aid inflation	5.00 %	6.43 %
Average retirement age	64	64
Active members expected to continue after retirement	100.00 %	100.00 %

Sensitivity analysis

Opening balance	(2,079,262)	(1,739,262)
Net expense recognised in the statement of financial performance	825,000	(340,000)
	(1,254,262)	(2,079,262)

The effects on the central basis liability results for 2026 when the medical aid inflation rate is increased or decreased by 1%.

	Liability	Change in liability	Liability	Change in liability
+1%	9,846,000	923,000	8,915,000	817,000
Central	8,923,000	-	8,098,000	-
-1%	8,128,000	(1,718,000)	7,394,000	(1,521,000)

The effects on the central basis liability for 2026 when the medical aid discount rate is increased or decreased by 1%

	Liability	Change in liability	Liability	Change in liability
+1%	8,152,000	(771,000)	7,417,000	(681,000)
Central	8,923,000	-	8,098,000	-
-1%	9,830,000	1,678,000	8,897,000	1,480,000

Net expense recognised in the statement of financial performance: Post-retirement medical obligation

Current service cost	63,000	69,000
Interest cost	842,000	1,001,000
Actuarial (gains) losses	559,108	(800,114)
Benefits vesting	(639,108)	(609,886)
	825,000	(340,000)

Notable benefit plan risks faced by NRCS can be summarised as follows:

- Inflation: The risk that future CPI inflation is higher than assumed and present in an uncontrolled manner.
- Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.
- Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of NRCS.
- Future changes in legislation: The risk that changes to legislation with respect to the post-employment medical aid benefit, including tax legislation, may increase the DBO for NRCS.
- The administration of this DBO poses a burden on NRCS.

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2026

2025

12. Employee benefits

Reconciliation of employee benefits - 2026

	Opening Balance	Additions	Utilised during the year	Total
Leave pay	20,634,057	-	(2,644,093)	17,989,964
Provision for backpay salary	13,986,565	18,282,839	(13,986,565)	18,282,839
	34,620,622	18,282,839	(16,630,658)	36,272,803

Reconciliation of employee benefits - 2025

	Opening Balance	Additions	Utilised during the year	Total
Leave pay	17,586,987	4,089,880	(1,042,810)	20,634,057
Provision for performance bonus	-	13,986,565	-	13,986,565
Provision for backpay salary	17,586,987	18,076,445	(1,042,810)	34,620,622

The leave provision is provided for in terms of NRCS leave policy which allows for forfeiture of leave balances that are not utilised within 6 months after a leave cycle.

Provision for backpay salary is provided for in terms of the NRCS policy which allows for the entity to have annual salary increases. These increases are cost of living adjustments.

13. Long service awards

The NRCS has a long service award policy. This relates to awarding employees a monetary amount for each 5 years of service worked.

Amount recognised in the statement of financial position

Current liability	654,000	620,000
Non-Current liability	4,243,000	3,859,000
	4,897,000	4,479,000
Opening balance	4,479,000	4,022,000
Current service cost	328,000	317,000
Interest cost	401,000	359,000
Benefits vesting	(645,000)	(740,000)
Actuaries loss/(gains) on assumptions	334,000	521,000
	4,897,000	4,479,000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2026

2025

11. Long service awards (continued)

Maturity analysis defined benefit obligation up to 40 years, in Rmillion

Future year	Expected benefits payments
Future year	Expected benefits vesting
1	0.719
2	0.966
3	1.209
4	0.793
5	0.606
6 to 10	3.813
11 to 15	2.247
16 to 20	0.816
21 to 30	0.353
31 to 40	0.000

Key assumptions used

Discount rates used	8.8%	9.6%
Average Retirement Age: Males (years)	64	64
Average Retirement Age: Females (years)	64	64

The assumptions used are based on statistics and market data as at 31 March 2026.

Discount rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 8.8% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). This rate does not reflect any adjustment for taxation, and was deduced from the interest rate data obtained from the JSE after the market close on 31 March 2026. The duration of the total liability was estimated to be 7 years.

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2026

2025

11. Long service awards (continued)

Withdrawal rates

The table below used reflect a sample of the rates of withdrawal used to value the liabilities for males and females. We have used the same withdrawal rate with that used in the entity's post employment medical aid GRAP 25 valuation.

Age		Age	
20 - 24	9%	40 - 44	5%
25 - 29	8%	45 - 49	4%
30 - 34	6%	50 - 54	3%
35 - 39	5%	55+	0%

Average Retirement Age

The normal retirement age of employees is 64. It has been assumed that employees will retire at age 64 on average, which thus assumes that expected rates of ill-health and early retirement are nil. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

Sensitivity analysis

The effects on the liability results for 2026 when the discount rate is increased or decreased by 1%.

	Liability	Change in liability	Liability	Change in liability
+1%	4,674,000	(223,000)	4,268,000	(211,000)
Central	4,897,000	-	4,479,000	-
-1%	5,138,000	241,000	4,708,000	(229,000)

The effects on the liability results for 2026 when the retirement age is increased or decreased by 1 year.

	Liability	Change in liability	Liability	Change in liability
65 years	5,391,000	494,000	4,849,000	411,000
64 years	4,897,000	-	4,479,000	-
63 years	4,343,000	(554,000)	4,022,000	(457,000)

Notable benefit plan risks faced by NRCS can be summarised as follows:

- Termination of service: The risk that fewer eligible employees terminate their service at NRCS i.e. more long service awards vest than expected.
- Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of NRCS.
- Future changes in legislation: The risk that changes to legislation with respect to long service awards, including tax legislation, may increase the DBO for NRCS
- The administration of this DBO poses a burden on NRCS.

Amount recognised in the statement of financial performance

Net expense recognised in the statement of financial performance	1,063,000	1,197,000
--	-----------	-----------

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

14. Rendering of services (Exchange)

	2026	2025
Test and services	13,375,039	11,124,254
Export certification	7,655,181	6,316,395
Vehicle homologation	12,604,474	8,528,569
Electrical compliance certificate	1,748,676	1,073,439
Gaming Letter of compliance	93,083	986,763
	35,476,453	28,029,420

15. Revenue

Approval application fee income	66,117,465	59,092,851
---------------------------------	------------	------------

Approval application fee income relates to letters of authority issued to customers at the gazetted amounts.

16. Recovery of bad debts and decrease in doubtful debts

Recovery of bad debts and decrease in doubtful debts	-	8,292,077
--	---	-----------

The recovery of bad debts and decrease in doubtful debts relates to the decrease in the provision of doubtful debts for the 2024/2025 financial year amounting to R8,292,077.

17. Decrease in doubtful debts

Decrease in doubtful debts	-	11,801,385
----------------------------	---	------------

18. Employee related costs

Basic salary and performance bonus	341,979,311	334,973,067
13th Cheques	19,163,506	19,762,260
Medical aid	21,441,132	20,252,541
Long-service awards	393,000	412,000
Training and SDL	3,837,527	4,529,730
Pension costs	27,799,968	29,379,551
Post-employment medical benefits	63,000	69,000
	414,677,444	409,378,149

19. Depreciation and amortisation

Property, plant and equipment	2,750,235	4,204,218
Intangible assets	2,135,185	639,155
	4,885,420	4,843,373

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

20. Finance costs

	2026	2025
Finance cost	1,243,201	1,360,493

Finance cost includes interest cost relating to actuarial valuations for long service awards and post retirement benefits.

21. Debt impairment

	2026	2025
Debt impairment	20,816,675	-

22. General expenses

Office and administration expenses	4,870,276	4,612,099
Bank charges	215,264	186,708
Consulting services	2,262,123	2,089,646
IT Services	700,647	664,920
Legal fees	1,108,910	2,164,691
Consumables	86,410	79,893
Insurance	1,425,485	1,416,588
Loss on asset disposals and other writes offs	124,103	130,011
Motor vehicle expenses	790,043	374,754
Repairs and maintenance	817,179	599,280
Software expenses	6,556,281	4,813,353
Staff welfare	723,290	648,109
Accreditation services	785,718	786,802
Municipal services	4,679,040	2,923,816
Casual labour	700,850	208,135
Storage of seized goods	168,844	168,708
Staff recruitment costs	111,845	25,608
Foreign exchange loss	27,236	14,069
Non- executive committee fees	462,169	550,800
	26,615,713	22,457,990

23. Auditors' remuneration

	2026	2025
Fees	4,291,244	6,424,425

Auditors remuneration relates to audit fees for external audit conducted.

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

24. Cash generated from operations

	2026	2025
Surplus	26,973,391	13,829,879
Adjustments for:		
Depreciation and amortisation	4,885,420	4,843,373
Debt impairment	20,816,675	-
Recovery of leave provision	(2,644,093)	-
Bad debts written off	8,097,360	13,026,262
Loss on assets written off	26,609	130,011
Movements in employee benefit-Post retirement medical obligation	(68,110)	(60,884)
Movements in employee benefits	4,296,274	17,033,635
Decrease in doubtful debts	-	(20,093,462)
Finance cost	1,243,201	-
Correction of error	(2,531,800)	-
Intangible asset transfer to expenditure	1,250,828	-
Movement in employee benefit-Long service awards	(825,201)	457,000
Actuarial gain	893,108	(279,114)
Assets brought back to asset register	(48,560)	-
Changes in working capital:		
Receivables from exchange transactions	(12,785,723)	(903,187)
Receivable from non-exchange transactions	(18,289,746)	486,032
Payables from exchange transactions	(17,547)	(4,155,999)
Movement in deposits	-	152,200
	31,272,086	24,465,746

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2026	2025
------	------

25. Financial Instruments GRAP 104 revised

Categories of financial assets and financial liabilities

Class of financial instrument 2026

	Note(s)	At amortised cost	Total
Cash and cash equivalents		90,052,619	90,052,619
Payable from exchange transactions		14,952,644	14,952,644
Deposits		562,172	562,172
Total carrying amounts		105,567,435	105,567,435

On initial adoption of the revised GRAP 104 Financial Instruments Standard on 01 April 2025, the entity assessed the classification and measurement of all financial assets and financial liabilities in accordance with the requirements of the revised Standard.

The assessment concluded that there were no changes to the measurement categories previously applied under GRAP 104 (2009). Accordingly, no financial assets or financial liabilities were reclassified on transition to the revised Standard.

There were therefore no changes in the carrying amounts of financial instruments arising from:

- reclassification between measurement categories; or
- changes in measurement attributes on transition to the revised Standard.

The adoption of the revised GRAP 104 Standard did not have a material impact on the entity's statement of financial position, statement of financial performance, or accumulated surplus/(deficit).

Class of financial instrument 2025

	Note(s)	At amortised cost	Total
Cash and cash equivalents		60,930,450	60,930,450
Payable from exchange transactions		12,346,402	12,346,402
Deposits		562,172	562,172
Total carrying amounts		73,839,024	73,839,024

Management does not foresee that deposits will not be recovered. Management concludes that there are no material impairment allowance based on an assessment of the credit risk associated with the lessor, the terms of the lease agreement, the historical recoverability of similar deposits, whether there were any disputes with the lessor, whether there were any arrears, and whether any information existed indicating that the lessor may be unable to refund the deposit when due. Management concluded that the rental deposits remained recoverable at the reporting date and that the credit risk associated with the lessor was low. No significant increase in credit risk or default indicators were identified. Accordingly, the expected credit loss on the rental deposits were assessed as immaterial.

Figures in Rand

2026	2025
------	------

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2026

2025

25. Financial Instruments GRAP 104 revised (continued)

Credit risk

Credit risk consists mainly of cash deposits and cash equivalents. The NRCS only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Surplus funds are invested with the Reserve Bank of South Africa in compliance with the Treasury Regulations. The NRCS did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for at the reporting date. The amount in the Statement of Financial Position is the maximum exposure to credit risk.

Quantitative information about credit risk

Credit risk exposure

The ratings are determined externally through ratings agencies.

	Moody's rating	Amount
ABSA	P-3	R17,747,291
Reserve Bank	Ba2	R72,292,856

Liquidity risk

The entity manages liquidity risk through the compilation and monitoring of cash flow forecasts as well as ensuring that there are adequate banking facilities.

The data for this analysis is determined from internal reports presented to key management personnel. It is based on information that is managed internally on the entity's financial management system. NRCS has adequate resources to meet obligations as they become due.

Maturity analysis of contractual financial liabilities

2026

Current liabilities

	Less than 1 year	Total
Payables from exchange transactions	14,952,644	14,952,644

2025

Current liabilities

	Less than 1 year	Total
Payables from exchange transactions	12,346,402	12,346,402

Market risk

Interest rate risk

The entity is exposed to interest rate risk as it places funds in the current and investment account at floating interest rates. Interest rate risk is managed through effective cash management.

The NRCS does not incur interest on its trade and other payables and its short term facility. In accordance with legislative requirements, these payables are settled within a 30-day payment period. Any interest that would arise from late payments is considered fruitless and wasteful expenditure. Therefore, a sensitivity analysis for interest rate risk is not presented.

NRCS exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2026

2025

25. Financial Instruments GRAP 104 revised (continued)

The interest rate profile of the NRCS's interest-bearing financial instruments as reported to the management of the Agency is as follows:

A reasonably possible change of 100 basis points in interest rates at the reporting date for variable-rate instruments would have increased (decreased) surplus or deficit by the amounts shown below. This analysis assumes that all other variables remain constant.

2025/26; Surplus and deficit; 100 bp decreases 100 bp increase. Interest earned on cash and cash equivalents
The NRCS does not account for any fixed-rate financial assets or financial liabilities at fair value through surplus or deficit (FVTSD). As such, changes in market interest rates at the reporting date would not affect the surplus or deficit.

26. Financial instruments disclosure – pre-revised GRAP 104

Categories of financial instruments

2026

Financial assets

Cash and cash equivalents
Deposits

At amortised cost	Total
90,052,619	90,052,619
562,172	562,172
90,614,791	90,614,791

Financial liabilities

Payables from exchange transactions

At amortised cost	Total
14,952,644	14,952,644

2025

Financial assets

Cash and cash equivalents

At amortised cost	Total
60,930,450	60,930,450

Financial liabilities

Payables from exchange transactions

At amortised cost	Total
12,346,402	12,346,402

Reclassification

2026

Combined instruments

There were no reclassifications of the categorisation of financial instruments between the requirements of GRAP 104 (2009) and the revised Standard.

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

27. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	3,166,525	61,111
• Intangible assets	-	2,908,009
	3,166,525	2,969,120

Total capital commitments

Already contracted for but not provided for	3,166,525	2,969,120
---	-----------	-----------

Total commitments

Authorised capital expenditure	3,166,525	2,969,120
--------------------------------	-----------	-----------

Approved capital expenditure relates to the laboratory equipment.

Operating leases - as lessee (expense)

• within one year	10,232,457	11,543,801
• in second to fifth year inclusive	13,965,995	17,384,759
	24,198,452	28,928,560

Operating lease payments represent rentals payable by the entity for certain of its office properties. The operating lease is straight-lined in terms of the lease agreement.

28. Contingencies

Contingent liabilities

	Amount (R)	Amount (R)
1. The Employee was charged with allegations of misconduct pertaining to the audit findings. Judgement delivered on 10 April 2025 in favour of the NRCS. Matter reverted to CCMA by Order of Court. The entity continuing with the matter at CCMA.	-	-
2. There are two ongoing matters wherein the applicants are seeking an order declaring certain sections of the NRCS Act unlawful and setting aside certain NRCS directives. Judgment was handed down on two matters in favour of the applicant. NRCS ordered to pay the costs and leave to appeal the judgement has been filed. NRCS and other respondent ordered to pay the costs jointly and severally.	572,064	572,064
3. A possible contingent liability may exist where a customer is claiming a refund for a prior year declaration that was not done correctly amounting to approximately R23 million.	-	-
	572,064	572,064

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2026	2025
28. Contingencies (continued)		
Contingent assets		
Some employees had approached the Labour Court on an unfair labour practice matter relating to no work no pay. The Court rejected the application with costs. See table below for possible financial implications		
Contingent asset as per above note	65,793	-

Accumulated surpluses

The entity annually declares all surpluses or deficits to the relevant Treasury from the period 1 August to 31 August of each year, using its audited annual financial statements as the basis for calculation of surpluses or deficits.

The cash surplus as calculated in terms of National Treasury Instruction No.03 of 2025/2026 is R40,499,070 for the 2025/26 financial year. These funds are required by the NRCS as working capital to repay the outstanding debt to the dtic including other commitments.

The NRCS is still in discussions with the National Treasury regarding the retention of surplus for the 2022/23 financial year. The amount of the calculated surplus as per National Treasury instruction no 12 of 2020/21 was R109,785,836. An investigation had been commissioned by the dtic regarding the utilisation of these funds.

The entity submits requests to the National Treasury to retain surpluses in terms of section 53(3) of the PFMA. The National Treasury had approved the retention of the surplus for the NRCS for the 2024/25 financial year.

29. Related parties

Relationships	
Controlling entity	The National Government through the Minister of the Department of Trade, Industry and Competition
Entities controlled by the dtic	South African Bureau of Standards (SABS) South African National Accreditation System (SANAS) Companies and Intellectual Property (CIPC) Companies Tribunal (CT) National Empowerment Fund (NEF) Export Credit Insurance Corporation of South Africa (ECIC) National Credit Regulator (NCR) National Gambling Board (NGB) National Consumer Tribunal (NCT) National Metrology Institute of South Africa (NMISA) International Trade Administration Commission (ITAC) Competition Commission (CT) Industrial Development Corporation (IDC) National Consumer Commission (NCC) National Lotteries Commission (NLC) Competition Tribunal (CT) Takeover Regulation Panel (TRP)

The entity engages in transactions with other government-related entities within the national spheres, which are exempt from disclosure under paragraph .27 of GRAP 20.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

Figures in Rand

	2026	2025
Related party balances		
Payables from exchange transactions: related parties		
South African Bureau of Standards (SABS)	6,010,301	2,755,749
The NRCS is leasing offices from SABS. The lease has been extended for another year. SABS also performs various testing for NRCS. The amount above is for testing services. As per the Grap 20, if the transactions occur within normal supplier and /or client relationships only outstanding balances need to be disclosed as per the above.		
Payables from non-exchange transactions: related parties		
Department of Trade, Industry and Competition (the dtic)	15,401,000	15,401,000
Non-exchange revenue from related party		
Government grants and core funding (the dtic)	149,235,000	145,734,000
Receivables from exchange transactions: related parties		
Department of Trade, Industry and Competition	-	279,177
Department of Forestry, Fisheries and Environment	499,000	-
The Department of Forestry, Fisheries and Environment is a National Department under the control of the National Government.		
Exchange revenue from related party		
Related party transactions, not mentioned above, are at arm's length transactions.		

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2026

2025

29. Related parties (continued)

Remuneration of management

Non-executive: Audit and Risk Committee

2026

Name	Fees for services as a member of non-executive management	Total
S Badat (Chairperson)	122,185	122,185
JC Weapond (Appointed 31 January 2019)	123,930	123,930
SP Mzizi (Appointed 31 January 2019)	122,185	122,185
F Docrat*	3,077	3,077
	371,377	371,377

2025

Name	Fees for services as a member of non-executive management	Total
S Badat (Chairperson) Appointed 31 January 2019	179,626	179,626
JC Weapond (Appointed 31 January 2019)	174,710	174,710
SP Mzizi (Appointed 31 January 2019)	176,485	176,485
	530,821	530,821

*F Docrat attended a meeting relating to the appointment of ARC member.

Non - Executive ICT Steering Committee

2026

Name	Fees for services as a member of non-executive management	Total
SP Mzizi*	17,455	17,455

2025

Name	Fees for services as a member of non-executive management	Total
A Latchu	19,980	19,980

*SP Mzizi payment relates to the ICT Steering Committee shortlisting she was part of.

Non-executive: HR Committee

2026

Name	Fees for services as a member of non-executive management	Total
D Brijal	12,245	12,245
S Badat	36,656	36,656
SP Mzizi	24,437	24,437
	73,338	73,338

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2026

2025

29. Related parties (continued)

Management class: Executive management 2026

Name	Basic salary	Long service, leave encashment	Retirement and medical aid	Other benefits (cellphone allowances/travel, acting all)	Total
MD Mutengwe -ACEO	1,553,335	-	255,718	226,372	2,035,425
MT Madzivhe -COO	2,069,567	20,000	252,394	10,519	2,352,480
N Thomas - CFO	1,789,016	-	129,741	10,519	1,929,276
KJO Kgasago -CIO*	861,919	88,002	133,037	5,259	1,088,217
P Mudzunga - ACIO**	924,099	-	156,947	110,265	1,191,311
MN Katz -GM Foods	1,767,169	-	163,220	10,519	1,940,908
T Modiba -Acting GM Legal Metrology***	1,186,262	-	276,485	87,505	1,550,252
T Mokolokolo -Acting GM Automotive****	1,217,488	-	142,464	87,505	1,447,457
A Mkondo -Acting GM Automotive*****	1,263,777	-	198,970	87,505	1,550,252
T Ntlhane -GM Electrotech	1,548,016	-	112,229	10,519	1,670,764
R Masupye-Acting GM CMM*****	1,268,029	20,000	154,222	87,505	1,529,756
S Odendaal-Acting GM CMM*****	1,254,055	30,000	208,692	87,505	1,580,252
M Khubana - Acting GM RR&D and NBR*****	1,194,316	-	150,061	60,750	1,405,127
T Madiba -Acting GM Legal Metrology*****	1,169,614	5,000	143,612	109,392	1,427,618
	19,066,662	163,002	2,477,792	991,639	22,699,095

2025

Name	Basic salary	Retirement and medical aid	Other benefits (cellphone allowances/travel, acting all)	Total
MD Mutengwe - ACEO*	1,557,351	224,230	226,372	2,007,953
MT Madzivhe - COO	2,079,270	242,691	10,519	2,332,480
N Thomas -CFO	1,789,017	129,740	10,519	1,929,276
KJO Kgasago -CIO	1,707,002	257,727	10,519	1,975,248
MN Katz - GM Foods	1,742,024	160,893	10,519	1,913,436
J Marneweck - Acting GM Legal Metrology**	1,413,274	157,719	169,081	1,740,074
T Modiba - Acting GM Legal Metrology***	1,183,618	263,554	9,915	1,457,087
Mr T Mokolokolo-Acting GM Automotive****	1,197,928	143,334	87,505	1,428,767
Mr KR Moloi - Acting GM Automotive*****	1,270,285	172,214	87,505	1,530,004
T. Ntlhane - GM Electrotech	1,548,017	112,228	10,519	1,670,764
Ms R Masupye - Acting GM CMM*****	1,256,140	147,422	87,505	1,491,067
Mr SF Odendaal - Acting GM CMM*****	1,261,700	201,047	87,505	1,550,252
	18,005,626	2,212,799	807,983	21,026,408

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2026

2025

30. Change in estimate

Property, plant and equipment

During the period under review, management had re-assessed the remaining useful lives of property, plant and equipment. The effect of this revision has resulted in a decreased depreciation charge for the period under review and increased depreciation charge for the future periods by R2,467,660

Intangible assets

During the period under review, management had re-assessed the remaining useful lives of intangible assets. The effect of this revision has resulted in a decreased amortisation charge for the period under review and increased amortisation charge for the future periods by R214,444

Impact on depreciation/amortisation

	Before change in estimate	After change in estimate	Change
Intangibles	2,349,629	2,135,185	(214,444)
Laboratory equipment	2,561,469	1,311,698	(1,249,771)
Office furniture and equipment	2,153,671	1,345,740	(807,932)
Leasehold improvement	1	1	-
Vehicle	288,309	92,796	(195,513)
	7,353,079	4,885,420	(2,467,660)

31. Prior-year adjustments

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

Statement of financial position

2025

	Correction of error	Restated
Accumulated surplus	2,531,800	2,531,800
Cash and cash equivalents	(2,531,800)	(2,531,800)
	-	-

Errors

The error relates to the reallocation of receipts that had affected the cash and cash equivalents. The receipts were received in the prior years and reallocated in subsequent periods resulting in the reversals remaining in the current year's bank reconciliations. The cumulative effect of this was R2,531,800.

The error had been corrected in the 2025/26 financial year, therefore being adjusted prospectively due to the accumulated effect of the error being below the materiality limit. As a result, the cash and cash equivalents were corrected and the opening accumulated surplus was restated.

National Regulator for Compulsory Specifications

Annual Financial Statements for the year ended 31 March 2026

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2026

2025

31. Prior-year adjustments (continued)

Reclassifications

The following reclassifications adjustment occurred:

Reclassification

Provisions had been reclassified as employee benefits because items disclosed in provisions met the requirements of GRAP 25 employee benefits and not provisions as defined in GRAP 19. Comparative figures have been reclassified as per note 12

32. Going concern

We draw attention to the fact that at 31 March 2026, the entity had an accumulated surplus of R56,190,237 and that the entity's total assets exceed its liabilities by R56,190,237.

The entity's financial results has improved in the 2025/26 financial year resulting in the positive going concern status. The entity has incurred a surplus amount of R26.634 million as at 31 March 2026 (2025: R13.8 million). The financial ratios are also positive with current assets exceeding the current liabilities and total assets exceeding the total liabilities as mentioned above.

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

The entity has received subsequent information in June 2026 relating to the matter of the employee who was charged with allegations of misconduct pertaining to the audit findings. The matters is disclosed under contingency note. The information pertains to the CCMA arbitration award in favour of the employee amounting to R2,288,259.88. The entity has filed opposition papers for the matter to be reviewed in the Labour Court.

34. Fruitless and wasteful expenditure

Add: Fruitless and wasteful expenditure identified - current

201

493

The fruitless and wasteful expenditure relates to the interest paid on overdue account.

35. Irregular expenditure

Add: Irregular Expenditure - current

-

8,740

An investigation is underway regarding the retention of surplus for the 2022/23 financial year. Based on the outcome of the investigation, all projects where expenditure had been incurred prior to the approval of the National Treasury to proceed with such expenditure, will be assessed to determine if the expenditure incurred was irregular.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

36. Budget differences

Material differences between budget and actual amounts

- A. Actual rendering of services revenue is higher than budget to an increase in services requests from the customers and increase in tariffs.
- B. NRCS received more than pre-market approval applications compared to the budgeted amount.
- C. Sundry income is more than budgeted and is attributable reallocation to income of unallocated deposits older than 5 years.
- D. The decrease in interest is due to the reduction of amounts invested in the interest bearing reserve bank account.
- E. The increase in interest is due to the interest levied on outstanding debts.
- F. The increase in levies is attributable to an increase in levy tariffs and new VCs introduced.
- G. The decrease in registration fee income is attributable to the decrease in the MIB customers.
- H. The lower spending is attributable to budgeted vacant positions not being filled.
- I. Depreciation and amortisation is lower than budgeted is as result of less assets purchased in the current year
- J. The lease rentals expenditure is less than the budgeted amount due to cost containment measures.
- K. Advertising and marketing expenditure is less than budgeted amount due to cost containment measures.
- L. The decrease in testing and sampling is attributable to testing companies taking longer to finalise testing.
- M. The decrease is due to invoices amounts lower than expected.
- N. The increase in travel expenditure is attributable to increased inspections and raids being conducted.
- O. The lower spending on general expenses is attributable to cost containment measure put in place
- P. The decrease in spending is attributable to some claims not being submitted by outsourced companies.

Head Office

SABS Campus, 1 Dr Lategan Road, Groenkloof, Pretoria

Postal Address

NRCS, Private Bag X25, Brooklyn 0075

Tel: +27 12 482 8700 / Email: info@nrccs.org.za

Port Elizabeth

Willow Park Units 25 & 26, Willow Road Business Park, Willow Road Fairview

Tel: 041 398 6900 / Fax: 041 398 6944

Cape Town

14 Railway Road, Montagu Gardens

Cape Town

Tel: 021 526 3400 / Fax: 021 526 3451 / Email: info@nrccs.org.za

Durban

Unit 6, Edstan Business Park, No 2 Ibhubesi Road, Riverhorse Valley, 4017

Tel: 031 533 6700 / Fax: 031 533 6729 / Email: info@nrccs.org.za

Bloemfontein

34 Victoria Road, Willows, Bloemfontein

Tel: 051 447 4408 / Fax: 051 430 3485 / Email: info@nrccs.org.za



RP285/2026

ISBN: 978-0-621-52355-3