

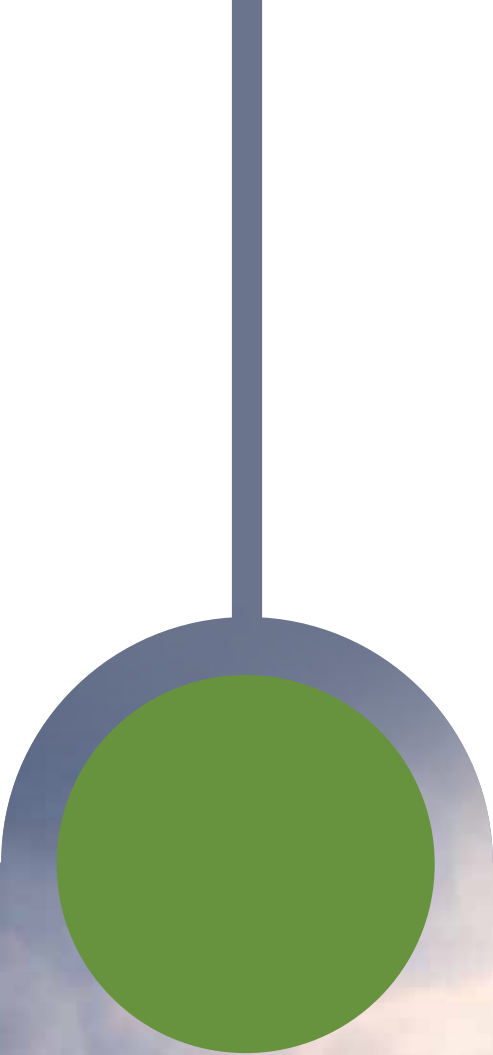
2022|23

Annual Report

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PART A
**GENERAL
INFORMATION**



1. Public Entity's **General Information**

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BOARD SECRETARY Ramona Singh.

2. List of **Abbreviations/Acronyms**

| | |
|---------------|---|
| AFS | Annual Financial Statements |
| AGSA | Auditor General of South Africa |
| B-BBEE | Broad-Based Black Economic Empowerment |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| DPWI | Department of Public Works and Infrastructure |
| MEC | Member of Executive Council |
| NHBRC | National Home Builders Registration Council |
| PFMA | Public Finance Management Act, Act 1 of 1999 |
| SCM | Supply Chain Management |
| TR | Treasury Regulations |



3. Foreword by the **Minister**

The sixth Agrément South Africa (ASA) Annual Report provides an insight into its performance information, financial position, financial performance, human resources information and outlook. Despite unfavourable economic conditions due to COVID-19 pandemic, ASA continues to implement its mandate, improve its operational efficiencies, and support the objectives of the Department of Public Works and Infrastructure (DPWI), to which ASA reports.

Demand for certification is less than expected and more can be done to increase this demand notably to designated groups, ie woman, youth and people with disabilities.

The Board exercised its oversight role to ensure the organisation achieved its mandate. This enabled ASA achieve most of its Annual Performance Plan targets for the 2022/2023 financial year. ASA's core mandate is the technical assessment and issuing of Agrément certificates for non-standardised construction related products and systems for which there are no South African national standards.

In undertaking this core mandate, ASA issued a total number of fifteen Agrément certificates, during the financial year under review. These certificates have been used widely by South Africans to safely adopt innovative construction

technologies thus minimizing the risks associated therewith. ASA continued in its role of overseeing the safe importation of innovative construction products into the country, by assessing these products in line with global best practices adopted by the members of the world federation of technical assessment organisations.

I would like to thank the ASA Board led by Prof. Jeffrey Mahachi and Management led by Mr. Richard Somanje, for their oversight role and management which enabled the organisation to achieve its core mandate in the financial year under review.

As the responsible Executive Authority, I am proud to sign off the ASA Annual Report for the 2022/2023 financial year.



The Honourable Mr. Sihle Zikalala (MP)
Minister of Public Works and Infrastructure



4. Report of the Acting Chairperson

PROF. JEFFREY MAHACHI PR. ENG, PR.CPM

On behalf of the Board of ASA, it is my pleasure to present the 2022/23 Annual Report for ASA. ASA Management and staff are committed to delivering on the key mandate of the organisation and ensuring the technical assessment of non-standardised products and the issuance of fit-for-purpose certificates.

In the year under review ASA drew up the Annual Performance Plan 2023/2024 that is based on the five-year Strategic Plan 2020/2025 which reflects the DPWI and government's long-term plans, and medium-term strategic framework plans. The five-year strategic plan gives the road map upon which the annual performance plans are drawn. This is the fourth year in the five-year planning cycle. The past year was a challenge for the entire construction sector and in particular ASA.

It is evident from the President of the Republic of South Africa's vision that the Fourth Industrial Revolution, through innovation and technology, will drive South Africa's future economy. South Africa has a huge portfolio of infrastructure, comprising housing and land supply programmes, hospital and school development projects, roads, and other livelihood projects. New materials and energy, design approaches, as well as advances in digital technology and big data, are creating a new wave of innovation within the construction industry and have the potential of impacting significant industry benefits, including lower project costs, better quality control, shorter construction time, faster capital return, enhanced site safety, and better environmental sustainability with less wastage. With the introduction of smart roads and more energy-efficient buildings and housing, the need is there for ASA to contribute to a more innovative and efficient built environment.

A HIGH-LEVEL OVERVIEW OF THE PUBLIC ENTITY'S STRATEGY AND THE PERFORMANCE OF THE PUBLIC ENTITY IN THE SECTOR

Climate change is a growing challenge for every economy and every industry in the world. Buildings account for a large percentage of carbon emissions. Curbing those emissions demands innovative technology in building design and management together with energy-efficient products. During the 2022/23 financial year, ASA embarked on key projects that will contribute significantly to the environmental performance of the building products in South Africa. These projects are the eco-labelling of building products and the Green Star Rating of innovative building products; an initiative by the DPWI. Six eco-labelling standards were developed and approved. A further two specifications will continue in the next financial years, in partnership with key industry role players.

Safety, too, impels a need to adopt innovative construction methods. An important aspect that cannot be ignored, especially after the natural disasters we have continued to experience in Gauteng, KwaZulu-Natal and Eastern Cape, is the ability of buildings and houses to withstand these extreme weather conditions. A home, for example, should be a safe-haven in the case of a natural disaster—whether it is a blizzard, a flood, a hurricane, or earth tremors. In the past financial year, ASA reviewed its technical requirements and will continue with the reviews to minimise risks and provide assurance to Government Policymakers on the uptake and utilisation of innovative building technologies during disasters.

ASA believes that it is time for both the public and private sectors to transform and start embracing innovative building technologies. These technologies are transforming the building sector worldwide. The Portfolio Committee on Public Works and Infrastructure raised a challenge regarding the visibility and impact of ASA during one of its oversight



“ASA believes that it is time for both the public and private sectors to transform and start embracing innovative building technologies. These technologies are transforming the building sector worldwide. The Portfolio Committee on Public Works and Infrastructure raised a challenge regarding the visibility and impact of ASA during one of its oversight meetings.”

meetings. Following this, ASA has developed a comprehensive marketing and communication strategy which is an indication that ASA intends and will be deliberate to engage the public and private sectors to work together in resolving the industry challenges and being relevant to the broader society of South Africa. Critical to the strategy is the principle of ensuring that ASA reaches all the communities and establishing cordial relations with the provincial and local governments. Thus, stakeholder relations remain a vital input in advancing ASA's programmes and executing its mandate. To this end, ASA has revitalise the Industry Advisory Committee and Forums that oversee stakeholder relations.

From an organisational perspective, ASA continued using digital platforms to enable business continuity. To achieve this, the staff members were required to ensure business continuity by working remotely and undertaking quality assurance inspections virtually. This innovative working style ensured that the organisation's performance was not adversely affected by COVID-19.

STRATEGIC RELATIONSHIPS

In the year under review, ASA continued to uphold strategic relationships with government entities such as the Construction Industry Development Board (CIDB), the Council for the Built Environment (CBE) and the National Home Builders Registration Council (NHBRC). The strategic relationships with these entities have proved to enhance the impact of ASA in the housing and broader built environment. Furthermore, ASA participated in the CIDB and the NHBRC's industry Advisory Council thus playing a critical role in ensuring the interest of ASA and its mandate are considered by the public entities.

During the year under review, ASA actively participated in DPWI's annual strategic planning process which set out the government's infrastructure roll-out strategy. This ensured that ASA's strategic goals were aligned with the DPWI and the government's strategic goals and objectives for the transformation of the built environment. ASA also engaged with Infrastructure South Africa (ISA) with the intent of promoting investment and implementation of social and economic innovative infrastructure that will contribute to improving the lives of South Africans.

CHALLENGES FACED BY BOARD

In the 2022/23 financial year, the Board continued to experience budget constraints in addition to the operational challenges posed by the COVID-19 pandemic. The scarcity of key technical skills and accessibility to the technical infrastructure continued to hinder ASA in executing its mandate.

THE STRATEGIC FOCUS OVER THE MEDIUM TO LONG-TERM PERIOD

The strategic focus of ASA over the medium to long-term is to continue executing its mandate in terms of the Agrément South Africa Act No 11 of 2015. ASA will review Agrément South Africa Act to require compulsory certifications for all innovative non-standardised construction related products and systems. The organisation will align its key activities to the DPWI and national government priorities. Execution and implementation of the green building rating tool and eco-labelling of building products will further enhance the financial sustainability of ASA.

ASA will continue to play an advisory role in the ISA's strategy by providing information and guidelines on innovative construction technologies that are available in the country. This will ensure that ISA is fully aware of the technologies that can contribute towards fast-tracking infrastructure roll-out in the country, and the risks associated with the implementation thereof. ASA will continue to conduct a market analysis to determine the usage and impact of Agrément-certified products and systems as well as establish technological uptake by the relevant stakeholders.



ACKNOWLEDGEMENTS AND APPRECIATION

In conclusion, the Board of ASA acknowledges and appreciates the ongoing support from the Executive Authority, the Minister and Deputy Minister of the DPWI, and the Portfolio Committee for their invaluable input and in exercising their fiduciary duties over ASA, and the team at the DPWI for their continued support. ASA has come through a difficult year but, under the Board's diligent stewardship, we managed to navigate through the stormy waters carefully and successfully. The Board appreciates the work done by the ASA management and staff in executing the programmes and delivering on its mandate.

With the shareholder's support and leadership, and the support of industry stakeholders, I am confident that ASA will continue to take on the challenge of contributing to the improvement of productivity, job creation and alleviation of poverty through building innovation.



Prof. J Mahachi, Pr. Eng, Pr.CPM

Acting Chairperson of the Board

Agrément South Africa

31 May 2023



5. Overview of the Chief Executive Officer

MR. RICHARD SOMANJE

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

As the financial year ends, we are pleased to present the financial performance of ASA for the financial year 2022/2023. Whilst the COVID-19 pandemic may have been forgotten, the impact on the construction sector continues into the 2022/23 financial year. Within this context, revenue from services rendered decreased by R1,972,211 to R1,588,128 compared to R3,560,339 in the previous financial year. Recoveries from bad debt increased by R161,432 to R316 906 compared with R155,471 in the previous financial year. During the period under review, Reserve Bank raised interest rates which led to an increase in return on investment of R555,979 to R1,723,999 compared to R1,168,020 in the previous financial year.

Grants received during the period under review increased by R1,333,000 to R34,411,000 compared to R33,078,000 in the previous financial year. The graph below reflects the performance trend over five years.

During the five years, revenue from the exchange has been less than R5.0 million, less than the previous financial year. Government grants shows a slight increase except in 2020/21 due to contribution to solidarity funds, although it has been less than the R40.0 million mark. The expenditure increased to 2019/20 but decreased till 2021/22. Since then, it reflects a substantial increase of almost 24.8% to over R40.0 million for the first time since its establishment.

SPENDING TRENDS OF THE PUBLIC ENTITY

ASA has been spending its annual allocated budget consistently at over 90% over the last five years. The employee-related costs decreased by R2,350,731 to R20,931,927 due to vacancies in executive positions during the period under review. The depreciation and amortisation show an increase of R819,807 to R2,219,368 compared to R1,385,761 in the previous financial year. This increase is due to the rise in the

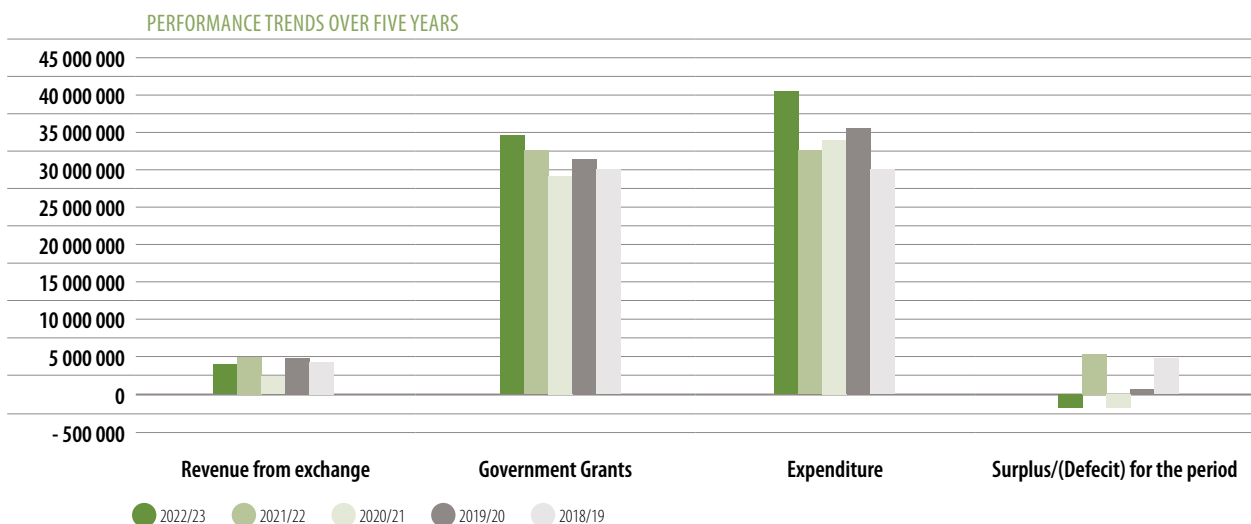


Figure 1: Depicts performance trends over five year

“The entity is building a database of experts by inviting them to register on our database and empowering upcoming engineers through collaborations with sister public entities.”

number of assets, which reflects the loss of value through using assets. The expenses on operating lease for office premises have been reasonable over the five years. Operating expenses have decreased from 2021/2022 but during the period under review, it reflects a substantial increase of R10,014,177 to R15,000,703 compared to R4,986,526 in the previous year. The increase in expenses is attributed to the finalisation of projects from the previous financial year. The chart below depicts the trend described above:

We are pleased with the current spending patterns, but there is room for improvement.

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

During the review period, ASA continues to experience capacity constraints that affect its efficiency in service delivery efficiency.

This constraint is largely caused by budget limitations and numerous executive positions remaining vacant during the review period. Furthermore, ASA experienced challenges in certifying several non-standardised construction-related products and systems projects due to limited technical expertise to:

- Review and develop performance criteria
- Evaluate and assess products and systems for certification
- Participate in technical committee for review and approval of certificates.

Unfavourable economic conditions in the built environment sector had a negative impact and inadequate accredited laboratories to test prototype products and systems. This, to an extent, is because of the sustained impact of COVID-19, which continues to affect the construction sector, as well as inadequate project execution and reconciliations.

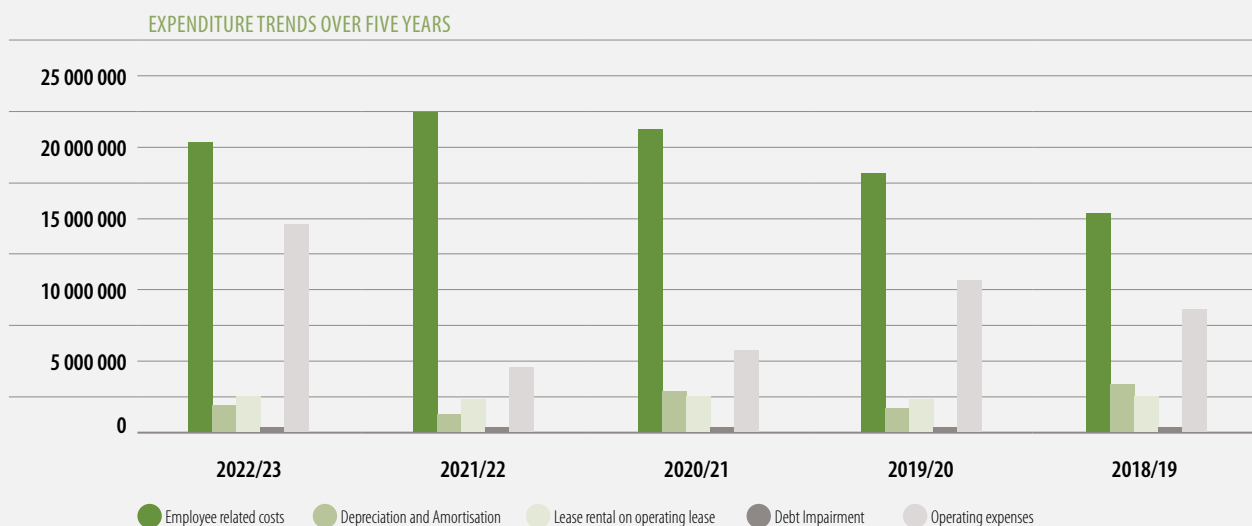


Figure 2: Depicts spending trends over five years

DISCONTINUED KEY ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

During the period under review, there were no discontinued activities, and ASA does not intend to discontinue any activities.

NEW OR PROPOSED KEY ACTIVITIES

Partnerships with specifiers of innovative non-standardised construction-related products and systems.

Participation in the Bid Specification Committee of the specifiers to promote the introduction and use of non-standardised construction related products or systems.

- Conduct market analysis to determine the usage and impact of Agrément certified products and systems.
- Review of Agrément South Africa Act, Number 11 of 2015, to compel all innovative products and systems to be certified by ASA to minimise the risk as per the Act.
- Inclusion of eco-labelling (ecoASA and green building rating tool schemes) to promote sustainable development.

REQUESTS FOR ROLL OVER OF FUNDS

Due to procurement challenges, some projects could only be finalised after the end of the financial year; hence, a surplus of approximately R19,481,552 must be rolled over. For this surplus to be rolled over, an application needs to be submitted and approved before any roll over. The projects such as digital automation, including digital certificates, eco-labelling, and office relocation, could only be finalised after the end of the financial year.

SUPPLY CHAIN MANAGEMENT

The Procurement Officer currently manages supply chain management reporting to Chief Financial Officer. During the period under review, an Intern was appointed to augment the section in service delivery. During the period under review, Supply Chain Management Policies and Procedures were reviewed to be in line with the procurement framework and approved by our existing governance structures.

ALL CONCLUDED UNSOLICITED BID PROPOSALS FOR THE YEAR UNDER REVIEW

There were no unsolicited bids during the year under review.

WHETHER SUPPLY CHANGE MANAGEMENT (SCM) PROCESSES AND SYSTEMS ARE IN PLACE

ASA has implemented a quality management system and has been certified for ISO 9001:2015. This intervention ensures that ASA's operations are efficient enough to respond to needs. It assesses and evaluates existing processes, standard operating procedures, policies, frameworks, and other regulatory requirements in the wake to ensure that business needs are met continuously. SCM's processes and systems are continually monitored to comply with this requirement. Where deficiencies are identified, non-conformances are raised.





CHALLENGES EXPERIENCED AND HOW RESOLVED

During the period under review, ASA experienced procurement challenges that led to an inability to finalise some key projects before the end of the financial year due to capacity constraints. SCM policies and procedures were reviewed in accordance with the procurement framework, and workshopped, but challenges persist, especially around capacity on committees and compliance. Due to limited technical expertise to:

- Review and development of performance criteria
- Evaluation and assessment of products and systems for certification
- Participation in technical committee for review and approval of certificates.

The entity is building a database of experts by inviting them to register on our database and empowering upcoming engineers through collaborations with sister public entities. Project management and execution have been a significant problem over the past few years, the entity is currently exploring ways and means of resolving this. ASA will continue with the gains achieved in the current year to improve on efficient project management, which will increase the number of certificates to be issued within a defined turnaround time.

AUDIT REPORT MATTERS IN THE PREVIOUS YEAR AND HOW WOULD BE ADDRESSED

Overall, ASA had 12 audit issues of which 10 were fully addressed. The remaining recommendations relates to irregular expenditure which will be finalised in the new financial year. ASA remains committed to resolve all audit findings raised by external auditors.

OUTLOOK/ PLANS TO ADDRESS FINANCIAL CHALLENGES

ASA continues reviewing its business processes to improve efficiencies and ensure financial sustainability. The implementation of eco-labelling projects could add an additional revenue stream that will reduce overreliance on grants and ease budget constraints over medium to long-term.

Implementing strategies to improve the efficiency and effectiveness of business processes is underway. Reviewing criteria to address current challenges and validity reviews, which will add credence to the database is ongoing. A plan to Conduct certificate holder workshops to improve stakeholder engagements and experience. A plan exists to explore and enter strategic partnerships with critical stakeholders to achieve synergies and exposure. There is a need to explore strategies to support and introduce innovative non-standardised construction-related products and systems to women, youth, and people with disabilities.

EVENTS AFTER THE REPORTING DATE

There were no reportable events after reporting date.

ECONOMIC VIABILITY

ASA was established under the enabling Act of Parliament, Act Number 11 of 2015. Its main object is, amongst others:

- **Conduct assessment and confirmation of fitness-for-purpose of non-standardised construction related products or systems.**

ASA plays a critical role in the safe introduction of fit-for-purpose innovative construction technologies for the built environment. The National Department of Human Settlements continued to rely on the technical assessments undertaken by the organisation in the selection process of non-standardised building systems and products. ASA deals with innovative construction products and systems, which are tested and certified.

- **Provide assurance to specifiers and users of the fitness-for-purpose of non-standardised construction related products or systems**

ASA will contribute to the mandate of the DPWI in addressing the issues of poverty alleviation and unemployment reduction in the country. The certificates awarded by ASA allow users to build innovative infrastructure within the country. The ASA certificates have been deemed to satisfy status within the National Building Regulations and thereby comply with the requirement of the National Building Standards. These Agrément certified products will be used to deliver social infrastructure in the country. The construction of this social infrastructure will provide those involved in the delivery of these infrastructure with employment opportunities for the duration of the implementation of the projects and thereby contribute towards poverty alleviation and unemployment reduction amongst the beneficiary communities.

- **Support policy makers to minimise the risk associated with the use of a non-standardised construction-related products or systems.**

ASA certified products and system are used in the replacement and eradication of pit toilets that are unsafe all over the country. Given the magnitude of these projects, the risks of using unsafe products and systems are significantly high. It is crucial that specifiers such as the National Department of Basic Education together with the Provincial Department of Education, Department of Water and Sanitations, Department of Human Settlements are aware to the risks of using unsafe or uncertified products and systems.

- **Green building rating tool and eco label projects**

The green building rating tool and eco-labelling of products and materials projects will further enhance revenue streams of ASA once these projects are implemented. The implementation of these projects is effective 2023/24 financial year onwards. All public sector buildings will be rated using this tool. At the same time, products and materials will be labelled in terms of waste reduction of waste, environmental impacts, water, and energy efficiency which contribute towards a green economy.

We are pleased to conclude that this project remains economically viable, especially considering the future of work and the green economy.

ACKNOWLEDGEMENT/S OR APPRECIATION

I sincerely thank the executives and staff for their dedication and commitment in delivering efficient results within the constraints of capacity, budget, and time. We have made substantial progress during the period under review, the best is yet to come. Your respective effort is truly commendable, and we appreciate your contribution towards the performance of ASA.

ASA acknowledge and appreciate the support and the close working relationship from the Shareholder and Executive Authority, the Minister of the DPWI as well as the Accounting Authority, the Board, for the oversight work done during the year which enabled the organisation to achieve its mandate.



Mr. Richard Somanje
Chief Executive Officer
Agrément South Africa
31 July 2023

6. Statement of Responsibility

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by Rain Chartered Accountants Inc.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal controls that have been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.

Yours faithfully



Mr. Richard Somanje
Chief Executive Officer
31 July 2023



Prof. Jeffery Mahachi
Acting Chairperson of the Board
31 July 2023

7. Strategic Overview

6.1. VISION

To be the leading regulator on non-standardised construction products and systems in South Africa.

6.2. MISSION

To enhance ASA's position as an impartial and internationally acknowledged South African centre of excellence to:

- Provide assurance to specifiers and users of the fitness-for-purpose of non-standardised construction related products or systems.
- Support and promote integrated socio-economic development in the Republic as it relates to the construction industry.
- Support and promote the introduction and use of certified non-standardised construction related products or systems in the local or international market; and
- Support policymakers to minimise the risk associated with using non-standardised construction related products or systems.

6.3. VALUES

ASA's values are aligned with the values espoused in the Constitution. The core values that underpin the culture of ASA are:

- **People** – Respect people for who they are, their knowledge, skills and experience as individuals and team members.
- **Reputation** – Upholding ASA's brand through excellence, integrity, and quality.
- **Innovation** – Inspire the introduction of sustainable, innovative solutions.
- **Diversity** – Embracing a dynamic and multi-cultural environment that respects the individual.
- **Accountability** – Assume ownership of what happens because one's choices or actions.

8. Legislative and other Mandates

PRIMARY LEGISLATIVE MANDATE

The ASA derives its primary legislative mandate from ASA Act No. 11 of 2015 (hereafter the "Act").

ASA is an entity of the National Department of Public Works and Infrastructure (NDPWI), and its mandate is within the domain of the built environment. such, the legislation mandates that its impact on the built environment and public works guide the functioning and operations of ASA.

In undertaking its work, ASA must have regard to the critical legislation that underpins the mandate of its Executive Authority, NDPWI, and generally applicable legislation that impacts ASA's core business.

- **NDPWI White Paper:** Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry, 1999. The White Paper (1999) sets out Government's policy objectives for the construction industry and focuses on the need to enhance delivery, achieve more excellent stability, improve industry performance, create value for money and facilitate the growth of the emerging construction sector.
- **Construction Sector Transformation Charter, 2006.** The Charter 2006 aims to:
 - provide the construction sector with the first quantitative method of monitoring and evaluating the progress of an enterprise towards achieving Broad-Based Black Economic Empowerment targets, thereby contributing to ending the malpractice of fronting.
 - expand the employment potential and absorption capacity of the sector by using labour-intensive approaches where economically feasible and possible; and
 - address skills development in a manner that accelerates the advancement of black people, women, and designated groups, emphasising learner-ships and technical and management training.
- **Property Sector Transformation Charter, 2017.** The Charter 2017 aims to promote the objectives contained in Section 2 of the B-BBEE Act, 2003 (Act No. 53 of 2003) as these relate to the Property Sector, to:
 - promote economic transformation in the Property Sector to enable meaningful participation of black people and women.
 - unlock obstacles to property ownership and black people's participation in the property market.
 - promote property development and investment in under-resourced areas, which enhances basic infrastructure, encourages investment, and supports micro and small enterprises; and
 - facilitate the accessibility of finance for property ownership and property development.
- **Green Building Policy, 2013.** This Framework outlines the NDPWI's commitments to address critical elements in the New Growth Path and the Industrial Policy Action Plan by promoting sustainable development, reducing greenhouse gas emissions, promoting energy efficiency, stimulating new green industries, etc.



There are several pieces of legislation which deal with, or have an impact upon, certification of innovative and non-standard construction products for infrastructure development. The relevant legalisation and regulations are as follows:

- Committee of Land Transport Officials (COLTO). The Committee of Land Transport Officials recommends using ASA-certificated products for the products without national standards.
- Environmental Conservation Act of 1989 (Act No. 73 of 1989). It provides for the protection and controlled utilisation of the environment.
- National Building Regulations and Building Standards (Act No. 103 of 1977). National Building Regulations and Building Standards Act No. 103 of 1977 promote uniformity in the law relating to the erection of buildings in the areas of jurisdiction of local authorities and the prescribing of building standards.
- Occupational Health and Safety (Act No. 85 of 1993). The Occupational Health and Safety Act No. 85 of 1993 provides for the health and safety of persons at work and the health and safety of persons in connection with the use of plant and machinery and the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work.
- Preferential Procurement Policy Framework Act (Act No. 5 of 2000). The Preferential Procurement Policy Framework Act, among other things, seeks to promote socio-economic transformation, small enterprises, cooperatives, rural and township enterprises development and local industrial development.
- Prevention and Combating of Corrupt Activities Act (Act No. 12 of 2004). Provides for the strengthening of measures to prevent and combat corruption and corrupt activities and to place a duty on certain persons holding positions of authority to report certain corrupt activities.
- Promotion of Administrative Justice (Act No. 3 of 2000). ASA is required to ensure that any administrative process conducted or decision taken in terms of the ASA Act is by the Promotion of Administrative Justice Act No. 3 of 2000.
 - Provides for the establishment of a legislative framework for the promotion of black economic empowerment.
 - Empowers the Minister to issue codes of good practice and to publish transformation charters; and
 - Establishes the Black Economic Empowerment Advisory Council.
- The B-BBEE Act (Act No. 53 of 2003). The fundamental objective of the Act is to advance economic transformation and enhance the economic participation of black people in the South African economy.
- The Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) provides for establishment of the Construction Industry Development Board; to implement an integrated strategy for the reconstruction, growth, and development of the construction industry and to provide for matters connected therewith.
- The Council for the Built Environment Act, 2000 (Act No. 43 of 2000) makes provision for the establishment of a juristic person known as the Council for the Built Environment, the composition, functions, powers, assets, rights, duties, and financing of that Council and for matters connected thereto.
- The Employment Equity Act (Act No. 55 of 1998). Aims to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through eliminating unfair discrimination and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups.
- The Labour Relations Act (Act No. 66 of 1995). It aims to promote economic development, social justice, labour peace and democracy in the workplace. It applies to all employers, workers, trade unions and employers' organisations
- The National Regulator for Compulsory Specifications (Act No. 5 of 2008). It enables the National Regulator for Compulsory Specifications (NCRS) to issue compulsory specifications (technical regulations) that require conformity of a product or service to health, safety, or environmental protection requirements of a standard or specific provisions of a standard. No person may import, sell, or supply a commodity, product, or service to which a compulsory specification applies unless such commodity, product or service complies with and has been manufactured per such specification and, if applicable, marked in the prescribed manner with a distinctive mark, which constitutes a declaration of conformity to requirements.
- The National Treasury Regulations. The regulations institute good financial governance, including ensuring that government departments and State-Owned Entities (SOEs) efficiently and effectively manage public resources and prevent and detect corruption.
- The Promotion of Access to Information Act (Act No. 2 of 2000). Gives effect to the constitutional right of access to any information held by the State, and any information contained by private bodies that are required to exercise and protect any rights.
- The Public Finance Management Act (Act No. 1 of 1999) promotes the objective of sound financial management to maximise service delivery through the proficient use of limited resources.

9. Organisational Structure



ASA is managed by the Executive Committee which is a top structure responsible for overseeing overall strategic and operational matters within the organisation. The committee comprises of Mr. Richard Somanje, the Chief Executive Officer and the chairperson, Ms. Lebogang Madumo: Chief Financial Officer and Ms. Refilwe Selesho, Executive Manager: Corporate Services.

The table below reflects the total number of staff members as per approved organisational structure at the end of the reporting period.

| POSITION | FILLED | VACANT | TOTAL |
|---|-----------|----------|-----------|
| CEO'S OFFICE | | | |
| Chief Executive Officer | 1 | 0 | 1 |
| Board Secretary | 1 | 0 | 1 |
| Group Assistant | 1 | 0 | 1 |
| Monitoring & Evaluation Manager | 0 | 1 | 1 |
| Stakeholder Relations Manager | 0 | 1 | 1 |
| Quality Management System Coordinator | 1 | 0 | 1 |
| CEO's Office Totals | 4 | 2 | 6 |
| FINANCE | | | |
| Chief Financial Officer | 1 | 0 | 1 |
| Financial Accountant | 1 | 0 | 1 |
| Procurement Officer | 1 | 0 | 1 |
| Finance Totals | 3 | 0 | 3 |
| CORPORATE SERVICES | | | |
| Executive Manager: Corporate Services | 1 | 0 | 1 |
| Marketing and Communications Practitioner | 1 | 0 | 1 |
| Human Resources Business Partner | 1 | 0 | 1 |
| Information and Communication Technology Technical Support Specialist | 1 | 0 | 1 |
| Corporate Services Totals | 4 | 0 | 4 |
| TECHNICAL SERVICES | | | |
| Executive Manager: Technical Services | 0 | 1 | 1 |
| Administrative and Technical Officer | 1 | 0 | 1 |
| Technical Group Leader: Assessments | 1 | 0 | 1 |
| Senior Technical Assessor | 2 | 0 | 2 |
| Technical Assessors | 6 | 0 | 6 |
| Draughtsperson | 1 | 0 | 1 |
| Eco-labelling Manager | 0 | 1 | 1 |
| Technical Group Leader: Quality Assurance | 1 | 0 | 1 |
| Quality Assurance Specialist | 1 | 1 | 2 |
| Quality Assurance Officers | 2 | 0 | 2 |
| Technical Group Leader: Research & Development | 1 | 0 | 1 |
| Technical Research & Development Specialists | 2 | 0 | 2 |
| Technical Services Totals | 18 | 3 | 21 |
| Total | 29 | 5 | 34 |

10. Members of the **Board**



PROF. JEFFREY MAHACHI
ACTING CHAIRPERSON



MR. MFUNDO XULU KA-DLAMINI
BOARD MEMBER



DR. VUYELWA NHLAPO
BOARD MEMBER



ADV. LUFUNO TOKYO NEVONDWE
BOARD MEMBER



MR. DENZIL FREDERICKS
BOARD MEMBER



MR. XOLISA MNYANI
BOARD MEMBER



DR. NTEBO NGOBO
BOARD MEMBER



MRS. MARIANA MARNEWECK
BOARD MEMBER



MR. VIREN MAGAN
INDEPENDENT AUDIT & RISK COMMITTEE CHAIRPERSON

11. Executive **Committee**



MR. RICHARD SOMANJE
CHIEF EXECUTIVE OFFICER



MS. LEBOGANG DIRE
CHIEF FINANCIAL OFFICER



VACANT
EXECUTIVE MANAGER: TECHNICAL SERVICES



MS. REFILWE SELESHO
EXECUTIVE MANAGER: CORPORATE SERVICES

PART B
**PERFORMANCE
INFORMATION**



1. Auditor's Report: **Predetermined Objectives**



The external auditors currently performs the necessary audit procedures on ASA's performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 60 of the Report of the Auditors Report, published as Part F: Financial Information.

2. Overview Of **Performance**

2.1. SERVICE DELIVERY ENVIRONMENT

The prevailing economic challenges, exacerbated by the effects of the COVID-19 pandemic, impacted the number of applications for certification received, resulting in reduced income for the entity. Coupled with that, the low number of accredited laboratories available to support the entity in its operations, in testing innovative building materials and products, had a significant impact on the entity's turnaround times in delivery of projects. Furthermore, as Agrément South Africa consults industry experts in discharging its mandate, to advise the Technical Committee of the Board of Agrément South Africa (TECO), on fitness-for-purpose for products and systems for which certification is sought, availability of only a few experts further affects the turnaround times in delivery of projects. These challenges require that the entity be more collaborative and find innovative ways to deliver on its approved plans and constitutional mandate.

ASA is working on building and strengthening partnerships with key stakeholders, especially in the built environment, including laboratories and industry experts. These collaborations and partnerships are aimed at ensuring that in addition to working together towards common goals, we also ensure that the entity works towards being less reliant on the grant and becomes more self-sustainable.

Refer to page 26 for performance on non-financial targets.

2.2. ORGANISATIONAL ENVIRONMENT

ASA has, during the financial year in review, had a change in leadership, following the resignations of executives in both support and core mandate. The Executive Committee has also somewhat been disrupted, with the Chief Financial Officer and Executive Manager: Corporate Services starting in July 2022 and February 2023, respectively. The Executive Manager: Technical Services, a core role has remained vacant since 24 June 2022. There has also been a relatively high staff turn over in the financial year under review, though the operations have been negatively affected.

The objective is to make sure that the entity operates with a full staff complement, to maximise delivery of service, while also operating within allocated personnel funds and the allocation from National Treasury. To this end, the existing personnel structure has been reviewed, to ensure alignment with the entity's strategy and operational efficiency.

The entity is committed to good corporate governance, accountability, and implementation of effective and best management practices. These are important elements in ensuring that the constitutional mandate is carried out in line with good corporate values and principles. We consistently improve the integrity and reliability of internal systems and processes based on lessons learnt, as well as internal and external audits.



2.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

In implementing the Act, ASA has identified legislative gaps. Consequently, ASA has, through the Legislation, Policy Development and Review Workstream of the Department of Public Works and Infrastructure, proposed the review of its Act. On 1 March 2023, the CEO of ASA and team and the DDG: Policy, Research & Regulations and team met to discuss the process to amend the Act. A Steering Committee, comprising ASA and Department of Public Works and Infrastructure staff, has been identified to coordinate and lead the process of analysing the gaps and identify areas to be strengthened in the Act.

2.4. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The strategic outcome-oriented goal of ASA is to promote the South African government's objectives of economic development, good governance and raising living standards and prosperity of the South African population. ASA identified a strategic outcome-orientated goal that defined its direct service delivery, which is to promote the introduction of innovative non-standard construction related products and systems for which there are no South African national standards. In the year under review, ASA indirectly contributed towards:

- Supporting government's objectives of socio-economic development
- Good governance and raising living standards and

prosperity in South Africa

- Encouraging and facilitating the use of innovative and non-standard construction products; and
- Providing for a certification scheme.

In support of its Executive Authority, ASA aligned to the government-wide plans identified in the seven national priorities of the government. The priorities were meant to address the current harsh economic challenges facing the country. These seven priorities aimed at fast tracking South Africa's path to prosperity. The implementation of the plans aims to enable the country to realise the vision of the National Development Plan (NDP) and Vision 2030.

In this regard, ASA contributed to the mandate of the DPWI in addressing the issues of poverty alleviation and unemployment reduction in the country. The certificates awarded by ASA granted the users with an opportunity to build infrastructure within the country. The certificates have a deemed-to-satisfy status within the National Building Regulations and thereby comply with the requirements of the National Building Standards. These Agrément certified products were used to deliver social infrastructure in the country. The construction of the social infrastructures provided those involved in the delivery of the infrastructure with employment opportunities for the duration of the implementation of the projects and thereby contributed towards poverty alleviation and unemployment reduction amongst the beneficiary communities.

3. Institutional Programme

Performance Information

3.1. Programme 1: **Technical Services**

Purpose: The certificates granted promote improved methods of construction thereby contributing towards the impact of innovative non-standard construction related products and systems for which there are no South African national standards.

SUB-PROGRAMME 1: TECHNICAL ASSESSMENT (PRODUCT/SYSTEM CERTIFICATION)

The purpose of the sub-programme is to promote the introduction and use of innovative and non-standardised construction related products and systems through technical assessment of fitness-for purpose and subsequent certification.

SUB-PROGRAMME 2: QUALITY AUDIT

The purpose is to ensure that good quality materials and satisfactory standards of design, manufacture and where appropriate, erection, installation or application of all ASA's certificate holders and licensees' systems or products are consistently maintained within defined ASA parameters.

SUB-PROGRAMME 3: RESEARCH AND DEVELOPMENT

The purpose is to encourage and support business activities of ASA, in partnership with other sector stakeholders, as well as encourage development of non-standardised construction related products and systems.

Programme 1 of the organisation aims to contribute towards the achievement of the NDPWI outcome of Optimised job opportunities, dignified client experience and productive investment infrastructure. The following outputs were set for 2022/2023:

- Implementation of Eco Label Scheme.
- Agrément certification projects managed and finalized within timeframes.
- Agrément certificates issued.
- Analysis of usage of Agrément certified products and systems
- Promotion of the introduction and use of non-standardised construction related products or systems.
- Quality Assurance on all certificates in use.

PROGRAMME 1: TECHNICAL SERVICES

| OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2020/2021 | AUDITED ACTUAL PERFORMANCE 2021/2022 | PLANNED ANNUAL TARGET 2022/2023 | ACTUAL ACHIEVEMENT 2022/2023 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023 | REASONS FOR DEVIATIONS |
|--|---|--|---|---|--|---|--|
| OUTCOME - OPTIMISED USE OF NON- STANDARDISED CONSTRUCTION RELATED PRODUCTS AND SYSTEMS. (NDPWI OUTCOME – OPTIMISED JOB OPPORTUNITIES, DIGNIFIED CLIENT EXPERIENCE AND PRODUCTIVE INVESTMENT INFRASTRUCTURE) | | | | | | | |
| Implementation of Eco Label Scheme. | Number of Eco Label Scheme specification approved by the Board. | 2 Eco Label Scheme specification approved by the Board. | Achieved 3 specifications approved by TECO of 14 December 2021 (wall and ceiling panels, building insulation and adhesives, fillers, and sealants) | 6 Eco Label Scheme specification approved by the Board. | Achieved. 6 Eco Labels specifications approved by the Board. | Not applicable | Not applicable |
| Agrément certification projects managed and finalised within timeframes. | Percentage of Agrément certification projects managed and finalised within timeframes. | 33.3% (4 out of 12) projects assessed and completed as per project timeframes. | Not achieved 59.3% Total number of projects managed and finalised within timeframes are 16, out of a possible 27 (i.e. 59.3%); 15 certificates issued and 01 certificate not approved. | 87% of projects assessed and completed as per the project timeframes. | Not Achieved. 58.8% (10 out of 17) of projects were approved as per the project timelines. | 28.2% | Three projects were deferred to seek more information from the applicants. Two projects had outstanding expert reports. One project was cancelled in the last quarter of the year. One project depended on an international site visit. |
| Agrément certificates issued | Number of Agrément certificates issued | 17 Agrément certificates issued. | Not achieved 15 certificates issued | 20 Agrément certificates issued | Not Achieved. 50% (10 of 20) of certificates issued. | 10 certificates | Certificates were not approved due to delays in submitting test reports by the clients and pending site visits. |
| Analysis of usage of Agrément certified products and systems | Number of market and usage analysis reports | New indicator | New indicator | 4 Agrément certified products and systems market and usage reports issued | Achieved. 4 Agrément certified products and systems, market and usage reports issued. | Not applicable | Not applicable |
| Promotion of the introduction and use of non-standardised construction related products or systems | Number of agreements signed with specifiers to specify Agrément certified products and systems in their bid specifications. | New indicator | New indicator | 2 Agreements signed with specifiers | Achieved. 2 signed agreements Signed MoU between ASA and NHBRC. Signed letter of agreement/ intent to sign from Infrastructure South Africa (ISA). | Not applicable | Not applicable |
| Quality Assurance on all certificates in use. | Percentage of quality and compliance inspections conducted for certificates in use. | 92% achieved. 196 out of 213 inspections were conducted. | Not achieved 63% (178 out of 284) quality and compliance inspections conducted for certificates in use). | Quality and compliance audits conducted for 90% of certificates in use. | Not Achieved. 85% (187 out of 219) of quality and compliance inspections were performed for certificates in use. | 5% | 19 certificates in use with no response and refused to be inspected. 10 certificates in use to be audited in the 2023/2024 financial year. Three certificates in use pending cancellation, no production letter & inactivation |

TECHNICAL ASSESSMENT

The main objective of the department, as the core department of the organisation, is to certify non-standardised construction products and systems through technical assessment as being fit-for-purpose. The department supports and promotes the process of integrated socio-economic development in South Africa, as it relates to the construction industry, by facilitating the introduction, application and utilisation of satisfactory innovation and technology development.

During the 2022 -2023 financial year, 10 certificates were issued. Products and systems where certificates were issued include, building systems, sanitation systems, and paint. The details project highlights and information are contained in Annexure A of the report.

QUALITY AUDIT

ASA provides assurance of fitness-for-purpose of innovative, non-standardised construction products with ongoing quality assurance. The purpose is to ensure good-quality materials and satisfactory standards of design, manufacture, installation, application, assembling, and erections are consistently maintained within defined parameters. Key focus areas are:

- Approval of the certificate holder's quality management system based on inspection of the quality management system manual and the implementation thereof; and
- Annual quality and compliance inspections of materials, design standards, manufacture, and where applicable erection/installation/application/assembling of the subject.

The annual quality and compliance inspections are conducted by ASA to monitor the implementation of the quality management systems for certificate holders. The quality inspections are based on the Guidelines for the Preparation of a Quality Management System for Agrément South Africa certificate holders which is based on ISO 9001:2015 and related standards. ASA requires certificate holders to continuously implement and maintain a quality management system as approved by ASA in the technical assessment of the subject. Through the annual quality and compliance inspections, certificates are recommended for suspensions. The current statistics show that 85% of the total annual quality and compliance inspections was achieved up to 31 March 2023 with a deviation of 5% from the target.

RESEARCH AND DEVELOPMENT

The Research and Development department's purpose is to support business activities of ASA through forming partnerships with other sector stakeholders, as well as encourage development of non-standardised construction related products and systems.

In support of the DPWI Green Building Policy, ASA, through the R&D department, developed a feasibility study for the development and implementation of a DPWI Green Building Rating Tool (GBRT) to rate the use of innovation, Alternative Building Technologies (ABT) and Socio-Economic development imperatives. A Business Plan outlining sustainability opportunity of the proposed tool is currently being developed. In addition to the GBRT, the organization successfully launched the Eco-ASA scheme. ASA has approved 6 specifications during the 2022/2023 financial year. Overall, the organization has approved 11 ecoASA specifications that will enable ASA to issue ecoASA labels on all these categories to promote sustainable development.

During the period under review, the department introduced performance in-use assessments. These assessments were aimed at establishing the acceptability to users, health & safety, institutional requirements, costs and sustainability of ASA certified products and systems. Building Systems, Roads Products, Sanitation systems, Waterproofing, Bridge-Deck Joints, Wall coating, and Insulation products were assessed in all nine provinces.

The department led the efforts to collaborate with relevant stakeholders to include ASA in their bid specification committees to ensure that certification criteria are specified in projects that could benefit from construction innovative technologies.

3.2. Programme 2: **Administration**

Purpose: To provide strategic leadership to ASA to ensure the successful implementation of its legislative mandate through flexible, efficient, and sustainable resource solutions and supporting services.

The following sub-programmes fall under Administration.

Sub-programme 1: Financial Services - Provides overall financial and supply chain management, strategic leadership, operational efficiency, and service excellence and provide organisational support services to operate and function as an organisation with a track record of quality, effective delivery, and professional service.

Sub-programme 2: Corporate Services - Provides overall strategic leadership, operational efficiency, and service excellence and organisational support services to operate and function as an organisation.

Overall, Programme 2 contributes toward Priority 6: Resilient, ethical, and capable entity. Over the MTSF period, ASA aims to be a compliant entity and work towards achieving a clean audit opinion from the external auditors. It also aims to empower its employees through various trainings to be able to deliver on the mandate of the organisation effectively and efficiently.

The following outputs were set for the 2022/2023:

- To ensure effective implementation of corporate governance across the board.
- To monitor compliance with the prescript of supply chain to ensure approved invoices are paid within 30 days.
- To monitor compliance with the prescript of supply chain to ensure zero irregular expenditure in implementing the budget.
- To monitor compliance with the prescript of supply chain to ensure zero percent of fruitless and wasteful expenditure of the approved budget.
- Empowered human capital.

The targets and achievements against the targets for Sub-Programme 1: Financial Services are as follows:

| PROGRAMME 2: ADMINISTRATION | | | | | | | |
|---|---|--|--|--|---|---|--|
| SUB-PROGRAMME 1: FINANCIAL SERVICES | | | | | | | |
| OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2020/2021 | AUDITED ACTUAL PERFORMANCE 2021/2022 | PLANNED ANNUAL TARGET 2022/2023 | ACTUAL ACHIEVEMENT 2022/2023 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023 | REASONS FOR DEVIATIONS |
| OUTCOME - RESILIENT, ETHICAL AND CAPABLE ENTITY | | | | | | | |
| To ensure effective implementation of corporate governance across the board. | Clean external audit report without compliance issues. | Not achieved Unqualified external audit report, with Emphasis of matter. | Not achieved Unqualified external audit report with compliance matters Not achieved. 88.9% (8 out of 9) external audit recommendations have been implemented. | Clean external audit report without compliance issues. | Not achieved 2022 Audit: Actual achievement is 83% (10 out of 12) against the planned 100% during the period ended 31 March 2023. | Two findings not resolved as at 31 March 2023. | Two findings related to irregular expenditure are in the process of being reviewed by internal audit before submission to the governance committees and National Treasury. |
| To monitor compliance with the prescript of supply chain to ensure approved invoices are paid within 30 days. | Approved expenditure spent against approved budget. | 98.0% (R34.0m of annual budget of 34.7m) of revised approved expenditure spent. | Not achieved. 61.20% (R29.6m of annual budget of 48.4m) of approved expenditure spent of the approved budget | 96% of approved expenditure spent of the approved budget. | Not Achieved 69% (R41.1 million of the adjusted budget of R59.7 million) of the annual approved expenditure budget spent. | 27% deviation | The non-achievement is due vacancies within the organisation and delays in finalising procurement projects. |
| | All Payments made within 30 days. | A cumulative number of 7 invoices in Q1 to Q4 amounting to R59 837 paid after 30 days. | Not achieved. A total expenditure of R45,519.24 was paid outside 30 days. | All Payments made within 30 days. | Not Achieved One (1) invoice amounting to R78,494 was paid after 30 days. | 1 out of 579 invoices not paid within 30 days. | The invoice was paid after 30 days due to a delay in submitting the invoice to finance. |
| To monitor compliance with the prescript of supply chain to ensure zero irregular expenditure in implementing the budget. | Zero percent of irregular expenditure incurred of the approved budget. | 98% of approved expenditure spent of the approved budget with R113,120 irregular expenditure incurred. | Not achieved 61.20% (R29.6m of annual budget of R48.4m) of approved expenditure spent of the approved budget with an amount of R274,242 incurred on irregular expenditure. | Approved budget spent with four percent or less of irregular expenditure. | Not achieved 5.4% (22 transactions) of irregular expenditure was identified during the period under review (R3.23 million of R59.7 million) | 1.4% variance. | Non-compliance with supply chain management prescripts. |
| To monitor compliance with the prescript of supply chain to ensure zero percent of fruitless and wasteful incurred of the approved budget. | Zero percent of fruitless and wasteful incurred of the approved budget. | 98% of approved expenditure spent of the approved budget with fruitless and wasteful expenditure amounting to R7 102.75. | Achieved. 61.20% (R29.6m of annual budget of R48.4m) of approved expenditure spent of the approved budget with zero fruitless and wasteful expenditure. | Approved budget spent with four percent or less of fruitless and wasteful expenditure. | Achieved No fruitless and wasteful expenditure was incurred during the period under review. | Not applicable | Not applicable |

| OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2020/2021 | AUDITED ACTUAL PERFORMANCE 2021/2022 | PLANNED ANNUAL TARGET 2022/2023 | ACTUAL ACHIEVEMENT 2022/2023 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023 | REASONS FOR DEVIATIONS |
|---|--|--------------------------------------|--------------------------------------|--|--|---|------------------------|
| OUTCOME - ECONOMIC RECONSTRUCTION AND RECOVER PROGRAMME | | | | | | | |
| Industrialization/ growing the productive economy | Number of held training sessions training small- medium enterprises on procurement and certification requirements. | New indicator | New Indicator | Four training sessions held training small-medium enterprises on procurement and certification requirements. | Achieved Four training sessions were held (14 September 2022 at NHBRC Eric Molobi centre, Limpopo on 20 and 21 October 2022; Free state on 25 November 2022) to train SMMEs on procurement and certification requirements. | Not applicable | Not applicable |
| Strengthen local procurement as a tool for localisation. | Percentage of procurement spend on designated Groups. | New indicator | New indicator | 30% of ASA procurement spend directed to designated groups. | Achieved 41% (R6.6 million of R15.9 million) of ASA procurement spent directed to designated groups. | Not applicable | Not applicable |

SUB-PROGRAMME 2: CORPORATE SERVICES.

Purpose: To provide overall strategic leadership, operational efficiency and service excellence and providing organisational support services to operate and function as an organisation with a track record of quality, effective delivery, and professional service.

The targets and achievements against the targets for Sub-Programme 2: Corporate Services are as follows:

| PROGRAMME 2: ADMINISTRATION | | | | | | | |
|--|---|---|---|--|--|---|--|
| SUB-PROGRAMME 2: CORPORATE SERVICES | | | | | | | |
| OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2020/2021 | AUDITED ACTUAL PERFORMANCE 2021/2022 | PLANNED ANNUAL TARGET 2022/2023 | ACTUAL ACHIEVEMENT 2022/2023 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023 | REASONS FOR DEVIATIONS |
| OUTCOME - RESILIENT, ETHICAL AND CAPABLE ENTITY | | | | | | | |
| Empowered Human Capital. | Percentage of training implemented in line with the approved training plans and budget. | Q1: 100% Q2: 100% Q3: 80% Q4: 50% (5 of the 10 plans were processed) | Achieved. 100% implementation of planned training in line with the Annual Training Plan approved by EXCO. | 100% implementation of planned training in line with the approved training plans and budget. | Not achieved. 62% implementation of planned training per the approved training plans and budget. | -38% | 13 Targeted 4 implemented. Two employees resigned. 2 cancelled training. Five trainings in progress. |

FINANCIAL SERVICES

The financial management of ASA is the responsibility of the Finance division under the management of the Chief Financial Officer (CFO). To achieve its strategic objectives and to contribute towards the organisational goals and objectives of ASA, the division's strategic outputs have been formulated to ensure the effective and efficient use of financial resources. Sound financial management is imperative in sustaining ASA.

Through monthly monitoring of ASA's budget and the compilation of quarterly reports, the Finance division was able to advise the Board on an on-going basis on the financial health of ASA. This enabled ASA to re-evaluate its financial position and resource availability on a regular basis and to shift its focus to pressure areas and to reprioritise its spending and the implementation of projects to stay within its financial means and still achieve its strategic objectives.

Through sound financial discipline and the implementation of cost and efficiency savings in conjunction with other units, the Finance division ensured that ASA obtained value for money from its suppliers. The Finance division ensures that payments are only made to suppliers after confirmation of the correct quantity and quality of goods and services rendered to ASA. Payments will accordingly only be processed on sign-off by the relevant Executive Manager confirming the above.

Through the updating of the policies and standing operating procedures within the Finance division, ASA was able to operate within a sound control environment that has reduced the risk of financial loss to ASA and the risks of internal and/or the external auditors identifying control deficiencies.

The SCM division is also the responsibility of the CFO. The division, through the implementation of sound internal controls, ensures that all transactions entered by ASA are in line with the National Treasury prescripts and the approved ASA Supply Chain Management policy.

In response to the President's to pursue an infrastructure-led economic reconstruction and recovery with investment in infrastructure that will stimulate the various sectors of the economy, ASA introduced two new indicators to its planned activities. ASA is pleased to report that it has achieved those targets and will continue with these efforts in the next financial year.

CORPORATE SERVICES

Corporate Services division incorporates the departments of the Human Resources, Facilities Management, Communications and Marketing, and Information and Communication Technology.

HUMAN RESOURCES

The Human Resources department aims to ensure that the "right people are in the right place at the right time" to successfully execute the ASA strategy. HR department provides the advice, collaborative solutions and support required to ensure that ASA has the appropriate people and management systems and practices in place to meet its organisational needs and to fulfil its mandate. ASA had 14.3% vacancy rate for the 2022/23 financial year. Competency development has been harnessed through training interventions as personal development plans including formal studies were implemented. Although not all trainings in the approved training plan could be implemented, various trainings for individuals and EXCO members were completed. A new HR system is currently being sourced through the procurement processes. The system will assist in accurate and effective people management in relation to leave management, performance management, job management, recruitment, employee self-service, manager self-service and HR administration.

COMMUNICATION AND MARKETING

The Communication and Marketing division drives the marketing and communication strategy of ASA. It implements various communication and marketing initiatives that assist ASA in being visible to key stakeholders and delivering key messages about the activities of ASA.

During the 2022/2023 financial year, ASA intensified its communication and marketing activities. ASA was able to place billboards on major highways in the country. Live reads and interviews were conducted on various local and national radio stations. Marketing initiatives also took the form of TV adverts and inserts in widely read magazines. To ensure that ASA extends its reach, the division continued to upload content and has increased the number of followers on all social media platforms. In collaboration with the technical services division, the department put up the exhibitions at the following events:

- The Big 5 Construction Southern Africa
- Eastern Cape Career Expo – Umtata
- Consulting Engineers South Africa (CESA) Infrastructure Indaba Information and Communication Technology

The ICT department is responsible for providing ASA with systems and services which will enable business processes to operate in an efficient and effective manner, as well as facilitate electronic access to ASA resources for all authorised stakeholders (internal and external) in a fast and secure manner from any geographic location. To augment the capacity within the department and associated risks emerged during the period under review, ASA has outsourced some of the activities of the department to ensure that the department is able to support ASA staff and therefore be able to deliver on the organisational mandate.

To meet the organisational goals, the ICT department managed the key business applications during the period, which are used enterprise-wide and are intended to ensure that ASA users have the electronic tools to meet their business needs. These include the mail exchange server, SharePoint system, and the Finance and Payroll systems.

FACILITIES MANAGEMENT

The Facilities Management department is responsible for ensuring that ASA staff is supported by ensuring the functionality, comfort, safety, sustainability, and efficiency of the working environment. ASA vacated their administrative offices on 31 March 2023.

SUMMARY OF FINANCIAL INFORMATION

ASA receives its funding from National Treasury through the DPWI for its operations and to carry out its mandate. The budget allocation covers the operational costs and activities under the core business, i.e. Technical Services. These entail the employee costs, audit fees, office accommodation costs and other consulting costs. ASA also generates its own revenue in the form of assessment fees. During the 2022/2023 financial year, ASA was able to generate R1.6 million.

LINKING PERFORMANCE WITH BUDGETS

Overall, expenditure was contained within the allocated budgets. The underspending on the budget can be attributed to vacancies within the organisation and delays in finalising various projects.

The vacancies must be filled, so that there is capacity to perform and meet organisational objectives. Strategic partnerships must be formed, to grow the pool of experts whom the entity heavily relies on, for successful and timeous completion of projects.

| EXPENDITURE | 2022/2023 | | | 2021/2022 | | |
|---------------------------------|-----------------|--------------------------------|--------------------------------------|-----------------|--------------------------------|--------------------------------------|
| | BUDGET R'000 | ACTUAL EXPENDITURE R'000 | (OVER)/UNDER EXPENDITURE R'000 | BUDGET R'000 | ACTUAL EXPENDITURE R'000 | (OVER)/UNDER EXPENDITURE R'000 |
| Compensation of Employees | 26,720 | 20,932 | 5,788 | 30,839 | 23,283 | 7,556 |
| Operating expenses | 22,251 | 15,038 | 7,216 | 17,689 | 4,990 | 12,699 |
| Lease rental on operating lease | 2,811 | 2,848 | -37 | 3,315 | 2,662 | 653 |
| Debt impairment | | 176 | -176 | | 46 | -46 |
| Depreciation | 1,453 | 2,219 | -753 | 1,379 | 1,386 | -7 |
| Total | 53,235 | 41,213 | 12,038 | 53,222 | 32,367 | 20,855 |

4. Revenue Collection

| SOURCES OF REVENUE | 2022/2023 | | | 2021/2022 | | |
|--|-------------------|-------------------------------------|-------------------------------------|-------------------|-------------------------------------|-------------------------------------|
| | ESTIMATE R'000 | ACTUAL AMOUNT COLLECTED R'000 | (OVER)/UNDER COLLECTION R'000 | ESTIMATE R'000 | ACTUAL AMOUNT COLLECTED R'000 | (OVER)/UNDER COLLECTION R'000 |
| Grant income and retained surpluses | 56,888 | 33,951 | 22,937 | 50,320 | 33,078 | 17,242 |
| Assessment fees | 1,801 | 1,588 | 213 | 2,904 | 3,560 | -656 |
| Interest received | 1,019 | 1,724 | -705 | 1,416 | 1,168 | 248 |
| Recoveries | - | 324 | -324 | - | 155 | -155 |
| Total | 59,708 | 37,587 | 22,121 | 54,640 | 37,962 | 16,678 |

ASA's revenue for the 2022/23 financial year comprised of grant income from DPWI, assessment fees, interest received and recoveries. The total revenue collected during the 2022/2023 year was R374 000 lower than the prior year.

The grant income, amounting to R33.9 million, is from the Department was received as per the annual budget. ASA received approval to retain the cash surplus of R22,9 million from the 2021/2022 financial year.

The assessment fees comprise of project fees, annual fees, and licensee fees. The actual amount received was lower than budgeted. This is mainly attributed to the decrease in applications received during the financial year. ASA is

dependent on clients voluntarily submitting applications for technical assessments of their innovative construction related products and systems.

As a result of the increase in interest rates and the retained cash surplus from the prior year, ASA was able to realise higher than budgeted interest income for the year.

ASA has utilised the revenue to complete the certification projects, conduct quality reviews and conduct the required research to complete the eco-labelling specifications. The revenue was also used to complete the additional operational requirements and support staff to the core function of technical services.

5. Capital Investment

ASA does not have infrastructure projects and, as such, does not have a Capital Investment Plan. It does, however, have property, plant, equipment, and intangible assets that are accounted for in a detailed asset register. The assessment of the entity's useful lives and the residual values of the assets is conducted annually.

The general condition of the assets is good and, by its nature, the cost of maintaining these assets is very low, while there is no backlog in any maintenance programmes. The movement of the ASA's property, plant, equipment, and intangible assets during the 2022/2023 financial year is summarised in Table below.

| ASSET CATEGORY | OPENING BALANCE R'000 | ADDITIONS R'000 | DISPOSALS R'000 | DEPRECIATION/ AMORTISATION R'000 | CLOSING BALANCED R'000 |
|-------------------------------|--------------------------|--------------------|--------------------|--|---------------------------|
| Furniture and fittings | 879,307 | - | - | -144,382 | 734,925 |
| Office equipment | 294,009 | 241,542 | - | -59,143 | 476,408 |
| Computer equipment | 417,265 | 464,950 | -7,310 | -306,950 | 567,955 |
| Cell phones | 654,906 | - | - | -341,690 | 313,216 |
| Laboratory equipment | 396,406 | - | -189,585 | -206,821 | 0 |
| Trademarks | 49,574 | 51,097 | - | -1,501 | 99,170 |
| Total | 2,691,467 | 757,589 | -196,895 | -1,060,487 | 2,191,644 |

The expenditure on capital assets (including intangible assets) amounted to R757,589. The expenditure was incurred to upgrade the current hardware to ensure that staff can work effectively and efficiently. Furthermore, ASA has also incurred expenditure to register the Eco-ASA trademark. Refer to Notes 5 and 6 in the Annual Financial Statements.



PART C
GOVERNANCE

1. INTRODUCTION

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

Parliament, the Executive, and the Accounting Authority of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEE ON PUBLIC WORKS AND INFRASTRUCTURE

The Parliamentary Portfolio Committee (PPC) of the National Assembly exercises oversight over the work of the ASA as an entity of DPWI. During the 2022/23 financial year, ASA presented the following to the PPC:

| DATE | PURPOSE | RESOLUTION | ACTION TAKEN BY ASA |
|------------|--|--|------------------------------------|
| 04/05/2022 | ASA strategic plan and Annual Performance Plan for 2022/23 | The annual performance plan was approved. | No action required. |
| 29/03/2023 | ASA strategic plan and Annual Performance Plan for 2023/24 | The annual performance plan was approved but a report must be submitted. | Action plan still being addressed. |



3. EXECUTIVE AUTHORITY

The Minister of the DPWI is the Executive Authority of ASA and plays a pivotal oversight role in ensuring that ASA operates within its legislative mandate. The Minister has the power to appoint and dismiss the Board of ASA. On an on-going basis, the Minister monitors and evaluates the performance of ASA through reports and interactions. During the year under review, ASA submitted the following reports in compliance with the PFMA and Framework for Managing Performance Information.

| DATE OF SUBMISSION | REPORTS SUBMITTED |
|--------------------|--|
| 07/05/2022 | Presenting Quarterly Report to Deputy Minister |
| 29/07/2022 | First Quarter Performance Report |
| 20/09/2022 | Presenting Quarterly Report to Deputy Minister |
| 31/10/2022 | Second Quarter Performance Report |
| 30/11/2022 | Mid-Term Review Report |
| 31/01/2023 | Third Quarter Performance Report |
| 28/04/2023 | Fourth Quarter Performance Report |

4. THE ACCOUNTING AUTHORITY / BOARD

INTRODUCTION

The Board consists of ten members including the CEO who is an ex-officio member of the Board. In accordance with clause 11 of the Act, the appointed members of the Board hold office for a period not exceeding three years, but members continue in office until the new members of the Board take office. The Minister of the DPWI is responsible to appoint the Board at an interval of three years.

The Board provides strategic direction to ASA, and monitors annual performance, determines policy processes to ensure the integrity of risk management and internal controls and ensures compliance with applicable laws, regulations, and government policy.

The role of the Board is as follows:

The Board is the Accounting Authority in terms of the PFMA and is obliged to comply with the fiduciary duties as set out in the PFMA. The Board has a collective responsibility to provide effective corporate governance and strategic direction that involves adhering to the principle of good governance, risk management and internal controls as stipulated in the PFMA and Treasury Regulations. The role of the Board is as follows:

- Exercise leadership, integrity and judgment in directing ASA to achieve continuing prosperity and to act in the best interests of ASA while respecting the principles of transparency and accountability;
- Determine ASA's values and the strategy designed to achieve ASA's purpose;
- Retain full and effective control of the Board and monitoring ASA in implementing Board plans and strategies;
- Monitor and evaluate the implementation of strategies, policies, procedures, processes, management performance criteria and business plans;
- Formulate, monitor and review corporate strategy, major plans of action, financial and risk management and internal control policies, appropriate procurement and provisioning systems, communications policy, annual budgets and business plans;

- Ensure that ASA complies with all relevant laws, regulations, government policies and codes of best business practice and communication with its shareholders and relevant stakeholders openly, transparently and promptly with substance prevailing over form;
- Identify the key risk areas and key performance indicators of ASA, based on both financial and non-financial aspects such as the socio-political and politico-economic expectations of the shareholder;
- Ensure that technology and systems used in ASA are adequate for the proper functioning of ASA through the most efficient and cost-effective use of its assets, processes and human resources;
- Ensure that the shareholder's performance objectives are achieved and can be measured in terms of performance of ASA;
- Develop a clear definition of the levels of materiality or sensitivity to determine the scope and delegation of authority and ensure that the Board reserves specific powers and authority for itself. All delegated authority shall be in writing and be regularly evaluated;
- Ensure that Board members are granted unrestricted access to accurate, relevant and timely information on the Board and acting on a fully informed basis, in the utmost good faith, with care, skill, diligence and in the best interests of ASA, while taking the interests of the shareholders and other stakeholders into account;
- Manage potential conflicts of interest between the CEO, Board Members and the Shareholders and ensure that any such conflicts of interest, or of independence, are regularly and expeditiously dealt with and resolved; and
- Maintain the highest standards of probity, integrity, responsibility and accountability and ensuring that a fair balance is found between conforming to corporate governance principles and the performance of ASA.

BOARD CHARTER

A Board Charter has been developed and is adhered to by the Board. The Charter is reviewed annually.

COMPOSITION OF THE BOARD

| NAME | DESIGNATION | DATE APPOINTED | QUALIFICATIONS | AREA OF EXPERTISE | OTHER COMMITTEES | NO. OF MEETINGS ATTENDED |
|---------------------------------------|--|----------------|--|--|--|--------------------------|
| Prof. Jeffrey Mahachi | Acting Board Chairperson | 06/09/2010 | PhD Structural Engineering, MSc Structural Engineering, Masters in information technology, BSc Civil Engineering Honours. | Structural Engineering. | Board | 8 |
| | | | | | Human Resources & Remuneration Committee Technical | 7 |
| | | | | | Industry Advisory Committee | 3 |
| Mr. Denzil Fredericks | Board member | 06/09/2010 | ISO Management Systems Lead Auditor, ISO 45001, ISO 22000, OHSAS 18001 | Quality Management. | Board | 6 |
| | | | | | Human Resources & Remuneration Technical | 7 |
| | | | | | Industry Advisory Committee | 3 |
| | | | | | | |
| Mrs. Mariana Marneweck | Board member | 06/09/2010 | M Phil in Futures studies, BSc Biochemistry, Microbiology, BSc Hons Biochemistry, National certificate: Project Management. | Biochemistry, Microbiology, Futures studies, Standardisation and governance. | Board | 8 |
| | | | | | Audit and Risk Committee | 11 |
| | | | | | Technical Committee | 8 |
| Dr. Ntebo Ngcobo | Board member Human Resources and Remuneration Committee Chairperson | 06/09/2010 | B Tech Civil Engineering, National Dip Civil Engineering, PhD Civil Engineering | Civil Engineering | Board | 8 |
| | | | | | Human Resources & Remuneration | 7 |
| | | | | | Technical Committee | 7 |
| | | | | | Industry Advisory Committee | 3 |
| Dr. Vuyelwa Nhlapo | Board member | 30/04/2019 | PhD Public Affairs, Master of Arts, Bachelor of Arts, National Dip HR Management. | Management of Public Affairs, Human Resources Management. | Board | 8 |
| | | | | | Audit and Risk Committee | 9 |
| | | | | | Human Resources & Remuneration. | 7 |
| Mr. Xolisa Mnyani | Board member Technical Committee Chairperson | 30/04/2019 | Professional Construction Project Manager (Pr. CPM), MSc Construction Project Management, BSc (Hons) in Construction Management. | Project, Engineering and Construction Management. | Board | 8 |
| | | | | | Audit and Risk Committee | 9 |
| | | | | | Technical Committee. | 8 |
| Advocate Lufuno Tokyo Nevondwe | Board member Special Board Task Team Chairperson. | 30/04/2019 | Master of Laws (LLM), Bachelor of Laws (LLB). | Law | Board | 8 |
| | | | | | Technical Committee | 7 |
| | | | | | Industry Advisory Committee | 2 |
| Mr. Mfundo Xulu Dlamini | Board member Industry Advisory Committee Chairperson | 30/04/2019 | Master of Management of Technology & Innovation, Programme in Project Management, National Dip: Real Estate. | Management of Technology and Innovation, Project Management, Real Estate. | Board | 4 |
| | | | | | Industry Advisory Committee | 3 |
| | | | | | | |
| Mr. Viren Magan | Independent Chairperson of the Audit and Risk Committee. | 18/10/2021 | Certified Internal Auditor, Masters in Business Leadership, Chartered Accountant, B (Compt), Hons CTA | Audit, Financial Management, Risk Management, Corporate Governance. | Audit and risk Committee | 11 |
| | | | | | Board | 8 |

| NAME | DESIGNATION | DATE APPOINTED | QUALIFICATIONS | AREA OF EXPERTISE | OTHER COMMITTEES | NO. OF MEETINGS ATTENDED |
|----------------------------|----------------------------|----------------|--------------------------------------|-------------------------|--------------------------------|--------------------------|
| Mr. Richard Somanje | CEO (<i>Ex Officio</i>) | 1/4/2022 | BCom Accounting, Economics | Financial Management | Board | 8 |
| | | | BCom Honours Economics | Financial Accounting | Audit and Risk Committee | 11 |
| | | | BCom Honours Accounting | Supply Chain Management | Human Resources & Remuneration | 7 |
| | | | Senior Leaders Development Programme | Risk Management | Technical Committee | 8 |
| | | | | Project Management | Industry Advisory Committee | 3 |
| | | | | Economics | | |
| | | | | Financial systems | | |
| | Human Resources Management | | | | | |

COMMITTEES

The Board established sub-committees it required and delegated its power to those committees to assist with the fulfilment of its responsibilities in accordance with the provisions of the ASA's Board Charter. The following governance committees were in place during the period:

- Technical committee
- Human Resources and Remuneration committee
- Audit and Risk committee
- Industry Advisory Committee

TECHNICAL COMMITTEE

The purpose of the committee is to assist the Board of Agrément South Africa in discharging its duties, in relation to the:

- Review and approval of evaluation programmes,
- Review and approval of draft certificates,
- Review and, where deemed appropriate, recommendation of ratification of certificates to the Board

| NAME OF MEMBERS | CAPACITY | NUMBER OF MEETINGS ATTENDED |
|--------------------------------|------------------------|-----------------------------|
| Mr. Xolisa Mnyani | Chairperson | 8 |
| Advocate Tokyo Nevondwe | Member | 7 |
| Mr. Denzil Fredericks. | Member | 4 |
| Prof. Jeffrey Mahachi | Member | 8 |
| Mr. Richard Somanje | (<i>Ex- officio</i>) | 8 |
| Mrs. Mariana Marneweck | Member | 8 |
| Dr. Ntebo Ngcobo | Member | 7 |

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The primary responsibility of the Committee is to ensure that executive and staff members perform their responsibilities in line with the policies recommended by the Committee and that staff with requisite skills and experience are attracted, retained, developed, motivated and rewarded for individual performance and contribution to the performance of ASA.

The Committee, at a minimum, reviews and approves ASA policies with regards to remuneration of the CEO and staff members considering questions such as:

- Where in respect of executive remuneration does ASA aim to stand in relation to similar institutions or organisations in terms of executive salary benchmarking.
- What relationship does ASA wish to see between the remuneration of its staff members and that of other employees by conducting salary benchmarking.
- How executives with scarce skills should be remunerated and retained to ensure their commitment?
- Recommend the remuneration of the CEO and executive members for Board approval.
- Satisfy themselves of the appropriateness of the remuneration of other staff members of ASA.
- Review human capital development policies regularly to ensure that innovative practices are instituted in order to

attract and retain the services of highly skilled employees at ASA.

- Review and approve all aspects of human capital development practice and human capital management.
- Investigate and benchmark human capital development practices for hearing and deciding on proposals made on remuneration practices for ASA.
- Review the broad terms and conditions of all staff to ensure that they are fair and competitive, and approve overall remuneration increases for staff and the cost thereof.
- Approve the limits to which executive management may authorise remuneration for staff
- Approve overall talent management, development and the executive succession planning process
- Obtain for ASA whatever remuneration-related information the Committee may need from time to time
- Report back to the Board at each meeting and at such intervals as may be required by the Board, or more frequently if the Committee deems it necessary.

| NAME OF MEMBERS | CAPACITY | NUMBER OF MEETINGS ATTENDED |
|------------------------------|---------------------|-----------------------------|
| Dr. Ntebo Ngcobo | Chairperson | 7 |
| Mr. Denzil Fredericks | Member | 7 |
| Dr. Vuyelwa Nhlapo | Member | 7 |
| Dr. Jeffrey Mahachi | Member | 7 |
| Mr. Richard Somanje | <i>(Ex-officio)</i> | 7 |

AUDIT AND RISK COMMITTEE

The role of the Audit and Risk Committee is discussed on page 44 to 46, and the Audit and Risk Committee Report can be viewed on page 47 to 48.

INDUSTRY ADVISORY COMMITTEE (AIAC)

The purpose of Industry Advisory Committee (AIAC) is to provide the Board of ASA with information, advise and recommendations from a cross-section of industries and stakeholders on contemporary issues affecting the technical assessments, utilisation, and post- quality monitoring of innovative construction technologies. The terms define the requirements of the Committee's composition, procedures for meetings, delegation of authority, performance monitoring and related matters.

The role of the AIAC is advisory and not directive or decision making in nature. The Board of ASA has delegated the Committee to provide informed advice regarding:

- The certification of non-standardised construction related products or systems, and the assurance provided to specifiers and users of Agrément certificates;
- The process of integrated socio-economic development in the Republic as it relates to the construction industry;
- The introduction and use of certified non-standardised construction related products or systems in the local or international market;
- The risks associated with the use of non-standardised construction related products or systems;
- The impartiality and recognition of ASA as an internationally acknowledged centre for the assessment and confirmation of fitness-for-purpose of non- standardised construction related products or systems.

| NAME OF MEMBERS | CAPACITY | NUMBER OF MEETINGS ATTENDED |
|-----------------------------------|-------------------|-----------------------------|
| Mr. Mfundo Xulu Ka Dlamini | Chairperson | 3 |
| Mr. Denzil Fredericks | Member | 3 |
| Dr. Jeffrey Mahachi | Member | 3 |
| Mr. Richard Somanje | <i>Ex Officio</i> | 3 |
| Dr. Ntebo Ngcobo | Member | 3 |
| Advocate Tokyo Nevondwe | Member | 2 |

REMUNERATION OF BOARD MEMBERS

The Board members are remunerated in terms of the National Treasury prescripts.

2022-2023 FINANCIAL YEAR

| NAME | REMUNERATION | OTHER ALLOWANCE | OTHER RE-IMBURSEMENTS | TOTAL |
|--------------------------|------------------|-----------------|-----------------------|------------------|
| Prof. Jeffrey Mahachi | 233,237 | 6,000 | 9,843 | 249,080 |
| Mr. Denzil Fredericks | 121,733 | 6,000 | 1,899 | 129,632 |
| Mrs. Mariana Marneweck | 139,101 | 6,000 | 1,798 | 146,899 |
| Dr. Ntebo Ngcobo | 182,776 | 6,000 | 7,727 | 196,503 |
| Mr. Xolisa Mnyani | 168,747 | 6,000 | 8,974 | 183,721 |
| Mr. Mfundo Xulu Dlamini | Nil | Nil | Nil | Nil |
| Advocate Lufuno Nevondwe | 109,540 | 6,000 | 16,449 | 131,989 |
| Dr. Vuyelwa Nhlapo | 128,019 | 6,000 | 1,282 | 135,301 |
| Mr. Viren Magan | 164,049 | 6,000 | 9,448 | 179,497 |
| Total | 1,247,202 | 48,000 | 57,419 | 1,352,621 |

2021-2022 FINANCIAL YEAR

| NAME | REMUNERATION | OTHER ALLOWANCE | OTHER RE-IMBURSEMENTS | TOTAL |
|---|----------------|-----------------|-----------------------|------------------|
| Prof. Jeffrey Mahachi | 91 160 | 75 036 | 20 198 | 186 393 |
| Mr. Denzil Fredericks | 72 699 | 27 981 | 18 275 | 118 954 |
| Mrs. Mariana Marneweck | 101 266 | 17 430 | 18 000 | 136 695 |
| Dr. Ntebo Ngcobo | 93 096 | 86 778 | 20 747 | 200 621 |
| Dr. Vuyelwa Nhlapo | 90 540 | 47 474 | 18 183 | 156 196 |
| Mr. Xolisa Mnyani | 114 005 | 24 768 | 18 550 | 157 322 |
| Advocate Lufuno Tokyo Nevondwe | 61 332 | 29 530 | 20 473 | 111 335 |
| Mr. Mfundo Xulu Dlamini | Nil | Nil | Nil | Nil |
| Mr. Michael Mamotheti (Audit & Risk Committee Chair), Resigned 30 September 2021. | 76 026 | 10 254 | 10 000 | 96 280 |
| Mr. Viren Magan (Audit & Risk Committee Chair), Appointed 18 October 2021. | 40 212 | 15 381 | 9 100 | 64 693 |
| Total | 740 333 | 334 631 | 153 526 | 1 228 489 |

5. Risk Management

Agrément South Africa has a Risk Management process in place, where the overall oversight responsibility for the implementation of risk management lies with the Accounting Authority. The Accounting Authority has delegated its responsibility to the Audit and Risk Committee. The Risk Management Committee of ASA, comprises of the Executive Committee and other middle management managers.

Effective risk management entails continuous and proactive identification and assessment of risk factors affecting the mandate. ASA has in place an approved Risk Management Framework, Policy, and Strategy. ASA used a participative approach to risk management which ensured that there was an all-inclusive risk management process.

Risk identification and assessment for financial year 2022/23 was conducted. Risks were identified, measured, and allocated to the

departments and individuals responsible for mitigation thereof. As of 31 March 2023, ASA had six (6) strategic risks on the Risk register. Progress against risk action plans is monitored and reported on a quarterly basis to the Audit and Risk Committee (ARC) and the Board. During the period, risks associated with ICT received attention and were prioritised.

The emphasis for the 2023/24 financial year is to manage the top significant risks and fast track corrective action, commencing with an unequivocal ethical tone from the top. This will set standards of ethical conduct and facilitate a return to effective controls, thereby enabling risk- and opportunity-based decision-making.

Further risk-based audits were performed by the internal audit department to evaluate the effectiveness of internal controls put in place to mitigate risk.

6. Internal **Control Unit**



ASA provides a stringent and focused approach to ensuring effective internal controls. Under the leadership of the ARC and Board, the CEO and Executive Managers are responsible for ensuring that internal controls are implemented, maintained and monitored by the respective departments. To ensure that internal controls are effectively implemented and monitored, written policies and procedures were developed and approved for implementation. Compliance with these policies and procedures is monitored continuously. These policies and procedures will be reviewed and revised from time to time to ensure the continuous strengthening of internal controls as and when deficiencies are identified, and to ensure continued effectiveness and efficiency within a controlled environment.

7. Internal Audit and **Audit Committees**

The role of Internal Audit is to provide independent, objective assurance and consulting activity which is designed to add value and improve the organisation's operations and the achievement of organisational objectives. Following the resignation of the CAE, it was resolved that the internal audit function of ASA be fully outsourced to an external service provider.

The Internal Audit Department is part of the combined assurance plan of the Board to provide assurance to stakeholders on the integrity of information provided, governance of the organisation and the effectiveness of the internal control systems within the organisation.

The Audit and Risk Committee is mandated to monitor the performance of the Internal Audit Department, including reports submitted, budget proposed, and overall audit scope proposed

for the year. Internal Audit through the leadership of the Chief Audit Executive, has evaluated the organisation's governance, risk management and internal control processes and provided adequate assurance on the effectiveness of internal control processes. These include:

- To incorporate a risk-based internal audit approach in the 3-year rolling plan and annual plan;
- To provide adequate assurance on the effectiveness of governance, risk management and internal control environment; and
- To provide written assessment on the effectiveness of the organisation's internal control processes.

The internal audit department has completed the audit projects as approved in their internal audit annual plan and reported to the Audit and Risk Committee.

During the reporting period, Internal Audit conducted the following audits and reviews:

| FOLLOW-UP AUDIT REVIEWS | ONGOING AUDITS AND CONTINUOUS MONITORING | RISK-BASED AND STATUTORY AUDITS | QUALITY ASSURANCE PROCESS REVIEW |
|---|---|---------------------------------|----------------------------------|
| External Audit Queries Follow-up | Quarter 1 – Quarter 3 Performance | Financial Discipline Review | Quarterly Compliance Reviews |
| 2021/2022 Audits Follow-up | Mid-term Financial Statements Review | Technical Review | |
| Audits Followed-up: | 2021/2022 Annual Financial Statements Review | Adhoc requests | |
| - Technical services Certificates Database | Unauthorised, Irregular, Fruitless and Wasteful Expenditure Quarterly Reviews | | |
| - Business Continuity Management | | | |
| - Document and Records Management | | | |
| - Communications and Marketing | | | |

AUDIT AND RISK COMMITTEE

The primary function of the Audit and Risk Committee is to provide advice with respect to the ASA's financial matters, internal control environment and to assist the Board in fulfilling its oversight responsibilities regarding good governance, internal control and finance, accounting and legal compliance. Consistent with this function, the Committee endeavours to encourage continuous improvement of, and foster adherence to, the ASA's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the ASA's financial reporting process and internal control system.
- Review and appraise the audit efforts of the ASA's external auditors and internal audit department.
- Evaluate the ASA's quarterly financial performance as well as its compliance with laws and regulations.
- Oversee management's establishment and enforcement of financial policies and business practices.
- Provide an open avenue of communication among the external auditors, financial and senior management, the internal audit department, and the Board.
- Oversee information communication technology risks, as they relate to financial reporting and the risk of cybercrime.
- Oversee the appropriateness of the governance structures relating to information and communication technology, in its support of the business to execute the business strategy and day-to-day operations.

| NAME | QUALIFICATIONS | INTERNAL OR EXTERNAL | IF INTERNAL, POSITION IN THE PUBLIC ENTITY | DATE APPOINTED | DATE RESIGNED | NO. OF MEETINGS ATTENDED |
|--|--|----------------------|--|----------------|----------------|--------------------------|
| Mr. Viren Magan (Audit & Risk Committee Chair) | Certified Internal Auditor Master's in business leadership Chartered Accountant B.(Compt) Hons CTA | External | Not applicable | 18/10/2021 | Not applicable | 11 |
| Mrs. Mariana Marneweck | BSc Biochemistry, Microbiology, BSc Hons Biochemistry, M Phil Futures studies | External | Not applicable | 06/09/2010 | Not applicable | 11 |
| Dr. Vuyelwa Nhlapo | PhD Public Affairs Master of Arts Bachelor of Arts National Dip HR Management | External | Not applicable | 25/07/2019 | Not applicable | 9 |
| Mr. Xolisa Mnyani | Professional Construction Project Manager (Pr. CPM). MSc Construction Project Management. BSc (Hons) in Construction Management. | External | Not applicable | 31/10/2019 | Not applicable | 9 |

8. COMPLIANCE WITH LAWS AND REGULATIONS

ASA does not have dedicated compliance functions; however, systems, processes and policies are in place to provide the Board with assurance that all laws are being complied with. ASA reviews its regulatory environment on a regular basis and has incorporated all applicable laws, regulations, and policies into its compliance checklists. Compliance checklists are completed by the relevant policy owners and reports generated quarterly for Audit and Risk Committee meetings as well as the Board meetings. These reports are reviewed by the internal auditor. Additionally, reviews are being performed by the internal and external auditors. The findings are reflected in the specific audit reports and issued at completion of audit assignments.

9. FRAUD AND CORRUPTION

ASA has a fraud and corruption management policy. ASA holds a zero-tolerance attitude to fraud and corruption.

The following documents have been reviewed by the Audit and Risk Committee, all which have been approved by the Board:

- Fraud and Corruption Policy;
- Fraud Prevention Strategy and Plan; and
- Risk Management Framework Policy and Strategy.

ASA has processes in place to determine whether any of the Board members or staff have any vested interests in matters dealt with by ASA or in the procurement, governance and operational aspects of ASA. Annually, Board members and staff declare their specific current interests, whether financial or otherwise, which may result in a conflict of interest.

10. MINIMISING CONFLICT OF INTEREST

A conflict of interest occurs when an individual or an organisation is involved in multiple interests and where there is potential to possibly corrupt the motivation to act in one's or another's interests. Board members and staff are required to declare all their financial, economic, and other interests upon appointment. Board members and staff are required to, at each meeting declare any interest in matters on the meeting agenda.

ASA has adopted a strict compliance policy in relations to the supply chain management. In the year under review Agrément South Africa has not identified any conflict of interest.

11. CODE OF CONDUCT

ASA is committed to the highest possible standards of honesty, integrity and accountability to ensure that business practices are conducted in a manner that is beyond reproach. ASA continuously ensures that employees abide by the Code of Ethics and organisational values are encapsulated in the organisational strategic documents. ASA requires employees and stakeholders, who have knowledge of allegations of fraud, corruption and maladministration to report the fraud by calling the telephone hotline on +27 12 841 2219 or sending an email to asafraudhotline@Agrément.co.za. The whistle-blowing policy that makes it clear that employees and stakeholders will not be victimised, discriminated or disadvantaged in any way.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The organisation regards the health and safety of its employees to be of vital importance. The Occupational Safety and Health Administration (OHSA) provides for the health and safety of persons at work and of those in connection with the use of plants and machinery, as well as the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work.

13. Audit Committee Report

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

AUDIT COMMITTEE RESPONSIBILITY

The Audit and Risk Committee is a committee of the Board. It has discharged its responsibilities accordingly in terms of Section 51 (1) a (ii) of the and 27.1.8 of the Treasury Regulations. The Audit and Risk Committee adopted a formal terms of reference, which also act as its Charter. The Audit and Risk Committee acknowledges the attendance and participation of senior management in the audit committee meetings. During the 2022-2023 financial year, the Audit and Risk Committee met 11 to discharge its duties. The Audit and Risk Committee commended the management for maintaining a financially unqualified audit outcome and no material findings on performance information.

EFFECTIVENESS OF INTERNAL CONTROLS

From the various reports and assessments of internal audit, it can be concluded that the internal control environment is partially adequate and partially effective. We have reviewed the Implementation Plan for audit issues raised in the prior year, and we express our concern that only 34% of the internal audit findings had been adequately resolved. We encouraged management to address these remedial actions at the soonest available time.

Furthermore, a forensic investigation was concluded in September 2022, and to date, the internal control deficiencies and other matters still need to be addressed.

The Audit and Risk Committee also expresses concern over the current Information and Communication Technology (ICT) environment, which remains unresolved to date.

INTERNAL AUDIT

The Audit and Risk Committee has oversight responsibility for the Internal Audit Function. As delegated by the Board, Internal Audit Charter is reviewed and approved annually. The Internal Audit function is responsible for reviewing and providing assurance on the adequacy of internal controls. It, therefore, plays an integral role in sound corporate governance. The Audit and Risk Committee reviewed the activities of the Internal Audit Function, including its annual work programme. Furthermore, the Audit and Risk Committee, in coordination with the external auditors, reviewed the audit reports' findings and the management responses raised therein.

The Audit and Risk Committee is satisfied that the Internal Audit Function has adequately discharged its functions and responsibilities during the year under review. The Audit and Risk Committee is satisfied that the Internal Audit Function operates effectively and has addressed the pertinent risks.

The following internal audit work, amongst others, was completed during the year under review:

- Follow-up review of the status of Internal and External Audit Findings and Implementation
- Quarterly review of Performance Information
- Mid-term review of Financial Statements
- Supply Chain Management review
- Review of Irregular, Fruitless and Wasteful expenditure
- Asset Management
- ICT-General Control Review

RISK MANAGEMENT AND GOVERNANCE

The Board has assigned the oversight of the risk management function to the Audit and Risk Committee. A Risk Management Framework and Policy was approved and has been adopted. A Risk Management Process was implemented by Management wherein risk assessments are conducted quarterly and updated

“The Audit and Risk Committee is satisfied that the Internal Audit Function has adequately discharged its functions and responsibilities during the year under review. The Audit and Risk Committee is satisfied that the Internal Audit Function operates effectively and has addressed the pertinent risks.”

annually by the Internal Audit Function on both Strategic and Operation Risk levels. The Audit and Risk Committee has reviewed the Risk Register as well as the Reports from Management’s Risk Committee, which the Board noted.

THE QUALITY OF IN-YEAR MANAGEMENT AND MONTHLY REPORTS/ QUARTERLY REPORTS SUBMITTED REGARDING THE PFMA

The Audit and Risk Committee has noted that Management has submitted quarterly Financial Reports prepared during the year under review in compliance with the Statutory Reporting Framework.

The Audit and Risk Committee reviewed all quarterly Financial reports prepared by Management during the year under review and is satisfied with the content and quality of reports which are in compliance with the Statutory Reporting Framework.

EVALUATION OF AUDITED ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

The Audit and Risk Committee has reviewed the audited annual financial statements for the year ended 31 March 2023 followed by discussions with Management and the external auditors.

The Audit and Risk Committee reviewed the external auditor’s management report and response. The Audit and Risk Committee has directed Management to develop a comprehensive action plan to address all issues raised by external auditors. The Audit and Risk Committee will review the action plan and monitor the implementation thereof during the quarterly audit committee meetings.

The Audit and Risk Committee reviewed compliance with legal and regulatory provisions during its quarterly meetings, and Management has been directed to implement remedial measures where non-compliance was noted.

The Audit and Risk Committee has reviewed the information on predetermined objectives to be included in the Annual Report as part of reviewing the audited financial statements.

The Audit and Risk Committee has reviewed significant adjustments resulting from the audit as part of reviewing the audited financial statements.

The Audit and Risk Committee, as a result, indicates its concurrence with the external auditors’ conclusion on the annual financial statements as well as the unqualified audit opinion of the external auditors.

The Audit and Risk Committee noted the independence of the external auditors.

We congratulate management on obtaining an unqualified opinion and thank everyone for their cooperation.

On behalf of the Audit and Risk Committee



Mr. V G Magan

Chairperson of the Audit and Risk Committee

14. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

| HAS THE DEPARTMENT / PUBLIC ENTITY APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 – 8) WITH REGARDS TO THE FOLLOWING: | | |
|--|-------------------|---|
| CRITERIA | RESPONSE YES / NO | DISCUSSION |
| Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law? | Yes. | ASA derives its mandate from Agrément South Africa Act No 11 of 2015. ASA is not mandated to issue licences, concessions or other authorisations in respect of economic activity. |
| Developing and implementing a preferential procurement policy? | Yes. | The ASA Supply chain management policy includes the application of the Preferential Procurement requirements. |
| Determining qualification criteria for the sale of state-owned enterprises? | No. | Not applicable. |
| Developing criteria for entering into partnerships with the private sector? | No. | Not applicable. |
| Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE. | No. | Not applicable. |



PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

Agrément South Africa's Human Resources unit resides within the Corporate Services Department. The unit is responsible for the implementation of the full human resources value chain ranging from attraction, development, engagement to retention of staff by ensuring that the organisation is capacitated and resourced to achieve the mandate. The unit strives to inculcate the culture of inclusion where organisational values drive management and employee behaviour and the manner in which business is conducted at ASA. In managing and improving staff morale, Team Engagement plan was developed in consultation with the staff members and implemented.

As part of the developmental programme, the 360-degree assessment was conducted for all staff members on senior management and executive level to identify their strength and developmental areas and to enhance their management skills.

ASA managed to reduce the vacancy rate by filling most of the positions at executive management level. Several policies were developed, reviewed, and approved by the Board to strengthen HR governance within the organisation. The

approved policies were workshopped to all staff members to create awareness and improve compliance within the organisation. In cultivating a culture of healthy living style in the workplace as well as in the personal space of ASA employees, two employee wellness days were hosted during the year.

Set priorities for the Human Resources department is to finalise the salary benchmarking and job evaluation process to ensure that ASA pay market related salaries to attract and retain the skilled workforce. The performance Management System will be enhanced with clear targets implemented to acknowledge performing employees within the organisation. Continuous awareness and workshops on organisational policies and procedures to ensure full compliance will be prioritised in the next financial year. The organisation will also prioritise the filling of all vacant and critical positions to ensure the achievement of organisational mandate.

Challenges faced by the public entity was a high staff turnover and an increased mandate with limited capacity due to budget constraints which resulted in non-achievement of the set targets.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 PERSONNEL RELATED EXPENDITURE

PERSONNEL COST BY PROGRAMME/ ACTIVITY/ OBJECTIVE

| PROGRAMME/ACTIVITY/OBJECTIVE | TOTAL EXPENDITURE FOR THE ENTITY (R'000) | PERSONNEL EXPENDITURE (R'000) | PERSONNEL EXP. AS A % OF TOTAL EXP. (R'000) | NO. OF EMPLOYEES | AVERAGE PERSONNEL COST PER EMPLOYEE (R'000) |
|------------------------------|--|-------------------------------|---|------------------|---|
| Technical Services | 11,387 | 11,116 | 96% | 19 | 585 |
| Administration | 29,827 | 8,965 | 30% | 18 | 498 |

PERSONNEL COST BY SALARY BAND

| LEVEL | PERSONNEL EXPENDITURE (R'000) | % OF PERSONNEL EXP. TO TOTAL PERSONNEL COST (R'000) | NO. OF EMPLOYEES | AVERAGE PERSONNEL COST PER EMPLOYEE (R'000) |
|------------------------|-------------------------------|---|------------------|---|
| Top Management | 3,969 | 20% | 4 | 992 |
| Senior Management | 2,317 | 12% | 3 | 772 |
| Professional Qualified | 12,805 | 64% | 27 | 474 |
| Skilled | 939 | 5% | 2 | 470 |
| Semi-skilled | 51 | 0% | 1 | 51 |
| Unskilled | 0 | 0% | 0 | 0 |
| TOTAL | 20,081 | 100% | 37 | 543 |

* Note: This information pertains only to permanent and contract employees as at 31 March 2023. Interns, who join the entity through the one-year Internship Programme are excluded from the information provided above.

PERFORMANCE REWARDS

| PROGRAMME//ACTIVITY/OBJECTIVE | PERFORMANCE REWARDS | PERSONNEL EXPENDITURE (R'000) | % OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R'000) |
|-------------------------------|---------------------|-------------------------------|--|
| Top Management | 0 | 0 | 0 |
| Senior Management | 0 | 0 | 0 |
| Professional Qualified | 0 | 0 | 0 |
| Skilled | 0 | 0 | 0 |
| Semi-skilled | 0 | 0 | 0 |
| Unskilled | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 |

TRAINING COSTS

| PROGRAMME//ACTIVITY/OBJECTIVE | PERSONNEL EXPENDITURE (R'000) | TRAINING EXPENDITURE (R'000) | TRAINING EXPENDITURE AS A % OF PERSONNEL COST. | NO. OF EMPLOYEES TRAINED | AVG TRAINING COST PER EMPLOYEE |
|-------------------------------|-------------------------------|------------------------------|--|--------------------------|--------------------------------|
| Technical Services | 11,116 | 257 | 2% | 18 | 14 |
| Administration | 8,965 | 168 | 2% | 29 | 6 |

* Note: This information pertains only to permanent and contract employees as at 31 March 2023. Interns, who join the entity through the one-year Internship Programme are excluded from the information provided above.

EMPLOYMENT AND VACANCIES

As at 31 March 2023, the organisational structure was revised to a total of 34 positions. The vacancy rate based on the revised organisational structure was at 15% (5 out of 34) as reflected below. This was due to the three newly created positions at senior management level that could not be filled due to the pending job evaluation process.

| PROGRAMME//ACTIVITY/OBJECTIVE | 2021/2022 | 2022/2023 | 2022/2023 | 2022/2023 | % OF VACANCIES |
|-------------------------------|------------------|----------------|------------------|-----------|----------------|
| | NO. OF EMPLOYEES | APPROVED POSTS | NO. OF EMPLOYEES | VACANCIES | |
| Technical Services | 19 | 21 | 18 | 3 | 14% |
| Administration | 16 | 13 | 11 | 2 | 15% |

One position at Top Management was vacant at the end of the reporting period, and the recruitment process for filling the positions has already commenced.

| PROGRAMME//ACTIVITY/OBJECTIVE | 2021/2022 | 2022/2023 | 2022/2023 | 2022/2023 | % OF VACANCIES |
|-------------------------------|------------------|----------------|------------------|-----------|----------------|
| | NO. OF EMPLOYEES | APPROVED POSTS | NO. OF EMPLOYEES | VACANCIES | |
| Top Management | 4 | 4 | 3 | 1 | 25% |
| Senior Management | 3 | 6 | 3 | 3 | 50% |
| Professional Qualified | 25 | 22 | 21 | 1 | 5% |
| Skilled | 2 | 2 | 2 | 0 | 0% |
| Semi-skilled | 1 | 0 | 0 | 0 | 0% |
| Unskilled | 0 | 0 | 0 | 0 | 0% |
| TOTAL | 35 | 34 | 29 | 5 | 15% |

* Note: This information pertains only to permanent and contract employees as at 31 March 2023. Interns, who join the entity through the one-year Internship Programme are excluded from the information provided above.

EMPLOYMENT CHANGES

ASA experienced high staff turnover due to pursuit career growth opportunities offered outside the organisation. Filling of the vacated positions was expedited to ensure the achievement of organisational mandate.

| SALARY BAND | EMPLOYMENT AT BEGINNING OF PERIOD | | | EMPLOYMENT AT END OF THE PERIOD | |
|-------------------------------|-----------------------------------|--------------|--------------|---------------------------------|--------------|
| | EMPLOYMENT | APPOINTMENTS | TERMINATIONS | EMPLOYMENT | TERMINATIONS |
| Top Management | 4 | 2 | 3 | 3 | |
| Senior Management | 3 | 0 | 1 | 2 | |
| Professional Qualified | 25 | 4 | 7 | 22 | |
| Skilled | 2 | 2 | 2 | 2 | |
| Semi-skilled | 1 | 0 | 1 | 0 | |
| Unskilled | 0 | 0 | 0 | 0 | |
| TOTAL | 35 | 8 | 14 | 29 | |

* Note: This information pertains only to permanent and contract employees as at 31 March 2023. Interns, who join the entity through the one-year Internship Programme are excluded from the information provided above.

REASONS FOR STAFF LEAVING

Resignation was the main reason most staff members left the organisation as they were offered better career opportunities. ASA will put more focus on the review of the organisational structure to ensure that the most critical talent is retained within the organisation.

| REASON | NUMBER | % OF TOTAL NO. OF STAFF LEAVING |
|--------------------|-----------|---------------------------------|
| Death | 0 | 0% |
| Resignation | 14 | 100% |
| Dismissal | 0 | 0% |
| Retirement | 0 | 0% |
| Ill health | 0 | 0% |
| Expiry of contract | 0 | 0% |
| Other | 0 | 0% |
| Total | 14 | 100% |

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

| NATURE OF DISCIPLINARY ACTION | NUMBER |
|-------------------------------|--------|
| Verbal Warning | 0 |
| Written Warning | 0 |
| Final Written warning | 0 |
| Dismissal | 0 |

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

The Employment Equity profile of ASA as at 31 March 2023 with the targeted groups is reflected below with the proportion of African males at 54% and the proportion of African females at 43%. The proportion of Indian females was at 3%. In ensuring alignment with the economically active population, ASA will focus on the recruitment of underrepresented demographic categories.

| LEVELS | MALE | | | | | | | |
|------------------------|-----------|----------|----------|----------|----------|----------|----------|----------|
| | AFRICAN | | COLOURED | | INDIAN | | WHITE | |
| | CURRENT | TARGET | CURRENT | TARGET | CURRENT | TARGET | CURRENT | TARGET |
| Top Management | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Senior Management | 0 | 2 | 0 | 1 | 0 | 1 | 0 | 0 |
| Professional Qualified | 14 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Skilled | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Semi-skilled | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unskilled | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 15 | 4 | 0 | 1 | 0 | 1 | 0 | 1 |

| LEVELS | FEMALE | | | | | | | |
|------------------------|-----------|----------|----------|----------|----------|----------|----------|----------|
| | AFRICAN | | COLOURED | | INDIAN | | WHITE | |
| | CURRENT | TARGET | CURRENT | TARGET | CURRENT | TARGET | CURRENT | TARGET |
| Top Management | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional Qualified | 7 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| Skilled | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Semi-skilled | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unskilled | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 13 | 1 | 0 | 0 | 1 | 0 | 0 | 0 |

| LEVELS | DISABLED STAFF | | | |
|------------------------|----------------|----------|----------|----------|
| | MALE | | FEMALE | |
| | CURRENT | TARGET | CURRENT | TARGET |
| Top Management | 0 | 0 | 0 | 0 |
| Senior Management | 0 | 0 | 0 | 0 |
| Professional Qualified | 0 | 0 | 0 | 0 |
| Skilled | 0 | 0 | 0 | 0 |
| Semi-skilled | 0 | 0 | 0 | 0 |
| Unskilled | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |



PART E
**PFMA
COMPLIANCE
REPORT**

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. IRREGULAR EXPENDITURE

A) RECONCILIATION OF IRREGULAR EXPENDITURE

| DESCRIPTION | 2022/2023 R'000 | 2021/2022 R'000 |
|--|--------------------|--------------------|
| Opening balance | 2,241 | 113 |
| Add: Irregular expenditure confirmed | 3,154 | 2,346 |
| Less: Irregular expenditure condoned | - | - |
| Less: Irregular expenditure not condoned and removed | - | -218 |
| Closing balance | 5,395 | 2,241 |

RECONCILING NOTES

| DESCRIPTION | 2022/2023 R'000 | 2021/2022 R'000 |
|---|--------------------|--------------------|
| Irregular expenditure that relates to 2021/22 and identified in 2022/23 | - | 2,072 |
| Irregular expenditure for the current year | 3,154 | 274 |
| Total | 3,154 | 2,346 |

B) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

| DESCRIPTION | 2022/2023 R'000 | 2021/2022 R'000 |
|---|--------------------|--------------------|
| Irregular expenditure under determination | 3,154 | 2,346 |
| Total | 3,154 | 2,346 |

C) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE REMOVED - (NOT CONDONED)

| DESCRIPTION | 2022/2023 R'000 | 2021/2022 R'000 |
|--|--------------------|--------------------|
| Irregular expenditure NOT condoned and removed | - | -218 |
| Total | | -218 |

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

| DESCRIPTION | NUMBER OF INVOICES | CONSOLIDATED VALUE |
|---|--------------------|--------------------|
| | | R'000 |
| Valid invoices received | 579 | 15,942 |
| Invoices paid within 30 days or agreed period | 578 | 15,864 |
| Invoices paid after 30 days or agreed period | 1 | 78 |
| Invoices older than 30 days or agreed period (unpaid and without dispute) | 0 | 0 |
| Invoices older than 30 days or agreed period (unpaid and in dispute) | 1 | 142 |

During the 2022/23 financial year, one (1) invoice was settled after 30 days due to the late submission of the invoice to the finance division.

There is one (1) invoice that is older than 30 days, unpaid and in dispute as a result of the service providers not delivering services in line with the signed contract.

3. SUPPLY CHAIN MANAGEMENT

3.1. PROCUREMENT BY OTHER MEANS

| PROJECT DESCRIPTION | NAME OF SUPPLIER | TYPE OF PROCUREMENT BY OTHER MEANS | CONTRACT NUMBER | VALUE OF CONTRACT R'000 |
|---------------------|------------------|------------------------------------|-----------------|-------------------------|
| Not applicable | | | | |

| PROJECT DESCRIPTION | NAME OF SUPPLIER | CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION) | CONTRACT NUMBER | ORIGINAL CONTRACT VALUE | VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE) | VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION |
|---|-----------------------------|---|-----------------|-------------------------|---|--|
| Provision of Travel Management Services to Agrément South Africa | Travel with Flair | Expansion | ASA CON 001 | Rate based | N/A | Rate based |
| Appointment of a Service Provider for the Provision of Azure AD Premium Ps and Backup & site recovery annual license including monitoring and support | Intellitech Systems | Expansion | ASA CON 016 | 110 | N/A | 17 |
| ASA Asset insurance | African Dawn Risk Solutions | Expansion | ASA/CON 041 | 268 | N/A | 58 |
| Total | | | | 378 | | 75 |



PART F
**FINANCIAL
INFORMATION**

Report of the Independent auditor



INDEPENDENT AUDITOR'S REPORT TO THE PARLIAMENT OF SOUTH AFRICA ON AGRÉMENT SOUTH AFRICA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. We have audited the financial statements of the Agrément South Africa set out on pages 66 to 106, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of Agrément South Africa as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practise (GRAP) and the requirements of the Public Finance Management Act (Act1 of 1999).

BASIS FOR OPINION

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

OTHER MATTER

5. We draw attention to the matters below:

NATIONAL TREASURY INSTRUCTION NOTE NO. 4 OF 2022-23: PFMA COMPLIANCE AND REPORTING FRAMEWORK

6. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure, and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in either the annual report or the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 27 to the financial statements. Furthermore, the movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Agrément South Africa. The disclosure of these movements (e.g., condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now included as part of other information in the annual report of Agrément South Africa. We do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

ACHIEVEMENT OF PLANNED TARGETS

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

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 GRAP and the requirements of the Public Finance Management Act (Act 1 of 1999) 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 accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

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

| PROGRAMME | PAGE NUMBERS | OBJECTIVE |
|---|--------------|---|
| Programme 1 - Technical services | 26 | The main objective of the department, as the core department of the organisation, is to certify non-standardised construction products and systems through technical assessment as being fit-for-purpose. The department supports and promotes the process of integrated socio-economic development in South Africa, as it relates to the construction industry, by facilitating the introduction, application and utilisation of satisfactory innovation and technology development. |

14. We evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
15. We performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements.
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents.
 - the reported performance information is presented in the prescribed manner.
 - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
16. We performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion / conclusion.
17. We did not identify any material findings on the reported performance information of Programme 1: Technical Services.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

18. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
19. We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.
20. Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the 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.
21. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

EXPENDITURE MANAGEMENT

22. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 27 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by contracts being extended without approval. Irregular expenditure amounting to R5,3 million was incurred on the CSIR rental contract.

OTHER INFORMATION

23. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported on in this auditor's report.
24. Our opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.
25. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

INTERNAL CONTROL DEFICIENCIES

27. We considered internal controls relevant to our audit of the financial statements, annual performance report and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.
28. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
29. Lack of sufficient controls to ensure compliance with relevant supply chain management regulations, which resulted in irregular expenditure being incurred.

AUDITOR TENURE

30. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that RAIN Chartered Accountants has been the auditor of Agrément South Africa for three years.



RAIN Chartered Accountants Incorporated
Chartered Accountants (SA)
Registered Auditor
Per: I.E. Pierce
Johannesburg
31 July 2023

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

FINANCIAL STATEMENTS

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

1. THE SELECTED LEGISLATIVE REQUIREMENTS ARE AS FOLLOWS:

| LEGISLATION | SECTIONS OR REGULATIONS |
|--|---|
| Public Finance Management Act No.1 of 1999 (PFMA) | Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 55(1)(a); 55(1)(b); 55(1)(c)(i); Section 56(1); 56(2); Section 57(b); Section 66(3)(c'); 66(5) |
| Preferential Procurement Policy Framework Act 5 of 2000 and regulations and instructions issued in terms of the act. | Section 2.1(a); 2.1(b); 2.1(f) |
| Practice note 7 of 2009/10 | Paragraph 4.1.2 |
| Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR) | Regulation 8.2.1; 8.2.2 Regulation 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(b); 16A 6.3(c); 16A6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A8.2 (1) and (2); 16A 8.3; 16A8.3(d); 16A 8.4; 16A9; 16A9.1 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A9.2; 16A 9.2(a)(ii); 16A9.2(a)(ii) Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Regulation 31.1.2(c); 31.2.5; 31.2.7(a) Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c) Regulation 33.1.1; 33.1.3 |
| PPR 2017 | Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 11.2 Paragraph 12.1 and 12.2 |
| PPR 2022 | Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4 |
| National Treasury Instruction No.1 of 2015/16 | Paragraph 3.1; 4.1; 4.2 |
| NT instruction note 4 of 2015/16 | Paragraph 3.4 |
| NT SCM Instruction Note 11 2020/21 | Paragraph 3.1; 3.4(b); 3.9 |
| Second amendment of NTI 05 of 2020/21 | Paragraph 4.8; 4.9 ; 5.1 ; 5.3 |
| NT SCM Instruction Note 03 2021/22 | Paragraph 4.3; 4.4 (a); 4.4(c); 4.4(d) Paragraph 5.4 |
| NT SCM Instruction note 2 of 2021/22 | Paragraph 3.2.1; 3.2.4(a); 3.3.1 |
| NT instruction note 1 of 2021/22 | Paragraph 4.1 |
| Erratum NTI 5 of 2020/21 | Paragraph 1 Paragraph 2 |
| Public service regulation | Public service regulation 18; 18 (1) and (2); |
| PRECCA | Section 34(1) |
| CIDB Act | Section 18(1) |
| CIDB Regulations | CIDB regulation 17 & 25(7A) |

Accounting Authority's Responsibilities and Approval

The Board 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 Board to ensure that the annual financial statements fairly present the state of affairs of ASA 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 was 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 Board acknowledge that it is ultimately responsible for the system of internal financial control established by ASA and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the accounting authority (Board) 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 ASA and all employees are required to maintain the highest ethical standards in ensuring ASA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in ASA is on identifying, assessing, managing and monitoring all known forms of risk across ASA. While operating risk cannot be fully eliminated, ASA endeavours to minimise

it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board 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 Board has reviewed the ASA's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, is satisfied that ASA has or has access to adequate resources to continue in operational existence for the foreseeable future. ASA is dependent on the DPWI for continued funding of operations. The annual financial statements are prepared on the basis that ASA is a going concern and that the DPWI has neither the intention nor the need to liquidate or curtail materially the scale of ASA.

Although the Board is primarily responsible for the financial affairs of ASA, they are supported by the ASA's external auditors.

The external auditors are responsible for independently reviewing and reporting on the ASA's annual financial statements. The annual financial statements have been examined by the ASA's external auditors and their report is presented on page 60.

The annual financial statements set out on page 66 to 106, which have been prepared on the going concern basis, were approved by the Board on 31 May 2023 and were signed on its behalf by:



Prof. Jeffrey Mahachi

Acting Chairperson of the Board

Statement of Financial Position

AS AT 31 MARCH 2023

| FIGURES IN RAND | Note(s) | 2023 R | 2022 Restated* R |
|--|---------|-------------------|------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Receivables from exchange transactions | 3 | 2,519,754 | 477,298 |
| Cash and cash equivalents | 4 | 25,496,586 | 27,902,891 |
| | | 28,016,340 | 28,380,189 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 2,092,504 | 2,641,895 |
| Intangible assets | 6 | 99,170 | 49,574 |
| Receivables from exchange transactions | 3 | - | 326,292 |
| Receivables from non-exchange transactions | 7 | - | 2,783 |
| | | 2,191,674 | 3,020,544 |
| Total Assets | | 30,208,014 | 31,400,733 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Green building rating tool | 8 | 36,580 | 496,580 |
| Finance lease obligation | 9 | 325,921 | 330,978 |
| Payables from exchange transactions | 10 | 7,614,102 | 4,849,768 |
| | | 7,976,603 | 5,677,326 |
| NON-CURRENT LIABILITIES | | | |
| Finance lease obligation | 9 | - | 325,921 |
| Non-current liabilities | | - | 325,921 |
| Total liabilities | | 7,976,603 | 6,003,247 |
| Net Assets | | 22,231,411 | 25,397,486 |
| RESERVES | | | |
| Revaluation reserve | 11 | - | 1,450,804 |
| Other NDR | 12 | 446,748 | 2,976,037 |
| Accumulated surplus | | 21,784,667 | 20,970,647 |
| Total Net Assets | | 22,231,415 | 25,397,488 |

Statement of Financial Performance

FOR THE YEAR ENDED 31 MARCH 2023

| FIGURES IN RAND | Note(s) | 2023 R | 2022 Restated* R |
|---|-----------|---------------------|------------------------|
| REVENUE | | | |
| REVENUE FROM EXCHANGE TRANSACTIONS | | | |
| Rendering of services | | 1,588,128 | 3,560,339 |
| Recoveries | | 316,903 | 155,471 |
| Proceeds from insurance | | 8,127 | - |
| Interest received - investment | | 1,723,999 | 1,168,020 |
| Total revenue from exchange transactions | | 3,637,157 | 4,883,830 |
| REVENUE FROM NON-EXCHANGE TRANSACTIONS | | | |
| TRANSFER REVENUE | | | |
| Government grants & subsidies | 13 | 34,411,000 | 33,078,000 |
| Total revenue | 14 | 38,048,157 | 37,961,830 |
| EXPENDITURE | | | |
| Employee related costs | 15 | (20,931,927) | (23,282,658) |
| Depreciation and amortisation | 16 | (2,219,368) | (1,385,761) |
| Finance costs | 17 | (38,044) | (4,271) |
| Lease rentals on operating lease | 18 | (2,848,123) | (2,661,797) |
| Debt Impairment | 19 | (176,063) | (45,600) |
| Operating Expenses | 20 | (15,000,703) | (4,986,526) |
| Total expenditure | | (41,214,228) | (32,366,613) |
| (Deficit) surplus for the year | | (3,166,071) | 5,595,217 |

Statement of Changes in Net Assets

FOR THE YEAR ENDED 31 MARCH 2023

| FIGURES IN RAND | Revaluation reserve R | Other NDR R | Total reserves R | Accumulated surplus / deficit R | Total net assets R |
|--|-----------------------------|--------------------|---------------------|--|--------------------------|
| Balance at 01 April 2021 | 1,450,804 | 2,976,037 | 4,426,841 | 15,375,430 | 19,802,271 |
| <i>Changes in net assets</i> | | | | | |
| Surplus for the year | - | - | - | 5,595,217 | 5,595,217 |
| Total changes | - | - | - | 5,595,217 | 5,595,217 |
| Opening balance as previously reported | 1,450,804 | 2,976,037 | 4,426,841 | 20,927,595 | 25,354,436 |
| Adjustments Correction of errors | - | - | - | 43,050 | 43,050 |
| Restated* Balance at 01 April 2022 as restated* | 1,450,804 | 2,976,037 | 4,426,841 | 20,970,645 | 25,397,486 |
| <i>Changes in net assets</i> | | | | | |
| Disposal of revalued assets | (1,450,804) | (2,529,289) | (3,980,093) | 3,980,093 | - |
| Net income (losses) recognised directly in net assets | (1,450,804) | (2,529,289) | (3,980,093) | 3,980,093 | - |
| Surplus for the year | - | - | - | (3,166,071) | (3,166,071) |
| Total recognised income and expenses for the year | (1,450,804) | (2,529,289) | (3,980,093) | 814,022 | (3,166,071) |
| Total changes | (1,450,804) | (2,529,289) | (3,980,093) | 814,022 | (3,166,071) |
| Balance at 31 March 2023 | - | 446,748 | 446,748 | 21,784,667 | 22,231,415 |
| Note(s) | 11 | 12 | | | |

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2023

| FIGURES IN RAND | Note(s) | 2023 R | 2022 Restated* R |
|---|---------|---------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| RECEIPTS | | | |
| Sale of goods and services | | 1,237,003 | 1,507,848 |
| Grants and subsidies | | 33,951,000 | 33,078,000 |
| Interest income | | 1,724,114 | 1,168,260 |
| Proceeds from insurance | | 8,127 | - |
| Bad debts recovered | | 43,320 | 141,360 |
| Refund | | - | 7,000 |
| | | 36,963,564 | 35,902,468 |
| PAYMENTS | | | |
| Employee costs | | (20,448,996) | (23,098,242) |
| Suppliers | | (16,658,439) | (7,470,678) |
| | | (37,107,435) | (30,568,920) |
| Net cash flows from operating activities | 22 | (143,871) | 5,333,548 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (726,442) | (352,097) |
| Purchase of other intangible assets | | (1,136,218) | (40,566) |
| Net cash flows from investing activities | | (1,862,660) | (392,663) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Finance lease payments | | (399,774) | - |
| Net cash flows from financing activities | | (399,774) | - |
| Net increase/(decrease) in cash and cash equivalents | | (2,406,305) | 4,940,885 |
| Cash and cash equivalents at the beginning of the year | | 27,902,891 | 23,576,825 |
| Cash and cash equivalents at the end of the year | 4 | 25,496,586 | 27,902,891 |

Statement of Comparison of Budget and Actual Amounts

FOR THE YEAR ENDED 31 MARCH 2023

| FIGURES IN RAND | Approved budget R | Adjustments R | Final Budget R | Actual amounts on comparable basis R | Difference between final budget and actuals R | Reference |
|--|----------------------|---------------------|---------------------|---|--|-----------|
| STATEMENT OF FINANCIAL PERFORMANCE | | | | | | |
| REVENUE | | | | | | |
| REVENUE FROM EXCHANGE TRANSACTIONS | | | | | | |
| Rendering of services | 1,801,000 | - | 1,801,000 | 1,588,128 | (212,872) | 32.1 |
| Recoveries | - | - | - | 316,903 | 316,903 | 32.2 |
| Proceeds from insurance | - | - | - | 8,127 | 8,127 | |
| Interest received - investment | 1,019,000 | - | 1,019,000 | 1,723,999 | 704,999 | 32.3 |
| Total revenue from exchange transactions | 2,820,000 | - | 2,820,000 | 3,637,157 | 817,157 | |
| REVENUE FROM NON-EXCHANGE TRANSACTIONS | | | | | | |
| TRANSFER REVENUE | | | | | | |
| Government grants & subsidies | 33,951,000 | - | 33,951,000 | 34,411,000 | 460,000 | 32.4 |
| Roll-over | - | 22,937,053 | 22,937,053 | - | (22,937,053) | 32.5 |
| Total revenue from non- exchange transactions | 33,951,000 | 22,937,053 | 56,888,053 | 34,411,000 | (22,477,053) | |
| Total revenue | 36,771,000 | 22,937,053 | 59,708,053 | 38,048,157 | (21,659,896) | |
| EXPENDITURE | | | | | | |
| Employee related costs | (25,025,000) | (1,695,167) | (26,720,167) | (20,931,927) | 5,788,240 | 32.6 |
| Depreciation and amortisation | (1,453,500) | - | (1,453,500) | (2,219,368) | (765,868) | 32.7 |
| Finance costs | - | - | - | (38,044) | (38,044) | |
| Lease rentals on operating lease | (2,811,120) | - | (2,811,120) | (2,848,123) | (37,003) | |
| Debt Impairment | - | - | - | (176,063) | (176,063) | 32.8 |
| Operating Expenses | (7,481,380) | (14,770,101) | (22,251,481) | (15,000,703) | 7,250,778 | 32.9 |
| Total expenditure | (36,771,000) | (16,465,268) | (53,236,268) | (41,214,228) | 12,022,040 | |
| Deficit before taxation | - | 6,471,785 | 6,471,785 | (3,166,071) | (9,637,856) | |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | - | 6,471,785 | 6,471,785 | (3,166,071) | (9,637,856) | |

Accounting Policies

1. SIGNIFICANT ACCOUNTING POLICES

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

1.1 BASIS OF PREPARATIONS

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

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

These accounting policies are consistent with the previous period.

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared based on the expectation that ASA will continue to operate as a going concern for at least the next 12 months. As at 31 March 2023, ASA had an accumulated surplus and the total assets exceeds the total liabilities.

1.4 MATERIALITY

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

Assessing whether an omission or misstatement could influence decisions of users, and be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The annual financial statements have been prepared taking into account the materiality principles as outlined in the approved materiality and significance policy.

The amount determined for materiality purposes is according to the approved materiality and significance policy. This amount was determined to be 0.5% of the prior year total expenditure (which excludes capital expenditure) and which amounts to R162,048 for this financial year.

1.5 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:

1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

IMPAIRMENT TESTING

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

EFFECTIVE INTEREST RATE

The entity used the prime interest rate to discount future cash flows.

ALLOWANCE FOR DOUBTFUL DEBTS

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

IMPAIRMENT OF STATUTORY RECEIVABLES

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, ASA measures and impairment loss. The impairment loss is measured 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, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, ASA considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, ASA discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are 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.

PROPERTY, PLANT AND EQUIPMENT

In determining the useful life of each category of property, plant and equipment, management took into consideration the nature and use of each asset. In determining the useful lives of items of plant and equipment, consideration is given to the physical condition and the likelihood of obtaining funding to replace individual assets. In re-assessing useful lives, the depreciation charge in the statement of financial performance is adjusted

INTANGIBLE ASSETS

In determining the useful life of computer software, management took into consideration that the software will have to be upgraded from time to time. The residual value of computer software is regarded as zero due to the fact that computer software is not resalable.

1.6 PROPERTY, PLANT AND EQUIPMENT

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to ASA; and
- the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

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

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

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

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 impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for major laboratory equipment which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

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

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

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

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

1.6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

| ITEM | DEPRECIATION METHOD | AVERAGE USEFUL LIFE |
|------------------------|---------------------|---------------------|
| Furniture and fixtures | Straight-line | 6 - 10 years |
| Office equipment | Straight-line | 8 - 12 Years |
| Computer equipment | Straight-line | 3 - 5 Years |
| Cell phones | Straight-line | Period of lease |
| Laboratory equipment | Straight-line | 5 - 15 Years |

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

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by ASA. 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.

ASA assesses at each reporting date whether there is any indication that ASA expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, ASA 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.

ASA separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 5).

1.7 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 ASA or from other rights and obligations.

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

An intangible asset is recognised when:

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

1.7 INTANGIBLE ASSETS (CONTINUED)

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

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

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

| ITEM | DEPRECIATION METHOD | AVERAGE USEFUL LIFE |
|-------------------|---------------------|---------------------|
| Trademarks | Straight-line | 10 Years |
| Computer software | Straight-line | 3 Years |

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.

1.8 TRANSFER OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

Agrément South Africa was established by a Ministerial delegation of Authority in 1969. Since its inception, it was administered by and housed at the Council for Scientific and Industrial Research (CSIR). The National Department of Public Works and Infrastructure (NDPWI) has effectively managed the process of creating Agrément South Africa as a juristic person. The Agrément South Africa Bill was tabled before the National Council of Provinces and the National Assembly in Parliament and passed. The Agrément South Africa Act was accented to by the Honourable President of the Republic of South Africa as Act No 11 of 2015.

Giving effect to the South African Agrément Act No. 11 of 2015 and the decision of the National Department of Public Works and Infrastructure (NDPWI) that the role and functions fulfilled by the CSIR's Built Environment's function known as 'Agrément' be transferred and incorporated in its entirety to the public entity known as 'Agrément South Africa', the Parties reached agreement upon the manner and timing of the transfer of the Business from the CSIR to Agrément South Africa and wished to facilitate a seamless transfer of such Business as a going concern, notwithstanding the date of operation.

An acquirer is the entity that obtains control of the acquiree or transferor. acquirer. Agrément South Africa is therefore seen as the acquirer.

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

1.8 TRANSFER OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL (CONTINUED)

Control is the power to govern the financial and operating policies of another entity so as to benefit from its activities.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential.

Transfer date is the date on which the acquirer obtains control of the function and the transferor loses control of that function i.e 31 Marc 2018.

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another entity.

A transferor is the entity that relinquishes control of a function. n. The CSIR is therefore the transferor.

Common control - For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity. CSIR and Agrément South Africa are organisations under national government

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential. A function consists of inputs and processes applied to those inputs that have the ability to create outputs. A function can either be a part or a portion of an entity or can consist of the whole entity. Although functions may have outputs, outputs are not required to qualify as a function. The three elements of a function are defined as follows:

- Input: Any resource that creates, or has the ability to create, outputs when one or more processes are applied to it.
- Process: Any system, standard, protocol, convention or rule that when applied to an input or inputs, creates or has the ability to create outputs.
- Output: The result of inputs and processes applied to achieve and improve efficiency. This may be in the form of achieving service delivery objectives, or the delivery of goods and/or services.

IDENTIFYING THE ACQUIRER AND TRANSFEROR

For each transfer of functions between entities under common control an acquirer and transferor are identified. All relevant facts and circumstances are considered in identifying the acquirer and transferor.

The terms and conditions of a transfer of functions undertaken between entities under common control are set out in a binding arrangement. The binding arrangement governing the terms and conditions of a transfer of functions may identify which entity to the transaction or event is the transferor(s) and which entity is the acquirer. Where the binding arrangement does not clearly identify the acquirer or the transferor, the behaviour or actions of the entities may indicate which entity is the acquirer and which entity is the transferor. The binding arrangement, a Memorandum of Agreement (MOA) was signed between the CSIR and Agrément South Africa on 18 March 2018, governing the terms and conditions of a transfer of functions which identifies which entity to the transaction or event is the transferor and which entity is the acquirer.

Determining the acquirer includes a consideration of, amongst other things, which of the entities involved in the transfer of functions initiated the transaction or event, the relative size of the entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

DETERMINING THE TRANSFER DATE

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.

1.8 TRANSFER OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL (CONTINUED)

ASSETS ACQUIRED LIABILITIES ASSUMED

The recognition of assets and liabilities, is subject to the following conditions:

The assets acquired and the liabilities assumed are part of what had been agreed in terms of the binding arrangement (if applicable), rather than the result of separate transactions.

DETERMINING WHAT IS PART OF THE TRANSFER OF FUNCTIONS TRANSACTION

Where the entity and the transferor have a pre-existing relationship before or when negotiations for a transfer of functions began, or where a binding arrangement is entered into during the negotiations that are separate from a transfer of functions, any amounts that are not part of what were transferred in a transfer of functions are identified. This policy only applies to the consideration transferred and the assets acquired and liabilities assumed in a transfer of functions as governed by the terms and conditions of the binding arrangement.

The following factors are considered, which are neither mutually exclusive nor individually conclusive, to determine whether a transaction is part of a transfer or function or whether the transaction is separate:

- the reasons for the transaction
- the timing of the transaction

Effective settlement of a pre-existing relationship between the entity (as acquirer) and transferor in a transfer of functions

A pre-existing relationship between the entity (as acquirer) and the transferor may be contractual or non-contractual. If a transfer of functions in effect settles a pre-existing relationship, the entity (as acquirer) recognises a gain or loss, measured as follows:

- for a pre-existing non-contractual relationship, fair value.
- for a pre-existing contractual relationship, the lesser of the following:
 - the amount by which the binding arrangement is favourable or unfavourable from the perspective of the entity (as acquirer) when compared with terms for current market transactions for the same or similar items.
 - the amount of any stated settlement provisions in the binding arrangement available to the counterparty to whom the contract is unfavourable.

If the latter is less, the difference is included as part of a transfer of functions accounting. The amount of gain or loss recognised may depend in part on whether the entity (as acquirer) had previously recognised a related asset or liability, and the reported gain or loss therefore may differ from the amount calculated by applying the above requirements.

ACCOUNTING BY THE ENTITY AS ACQUIRER

INITIAL RECOGNITION AND MEASUREMENT

As of the transfer date, the entity recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed are measured at their carrying amounts.

If, prior to the transfer of functions, the transferor was not applying the accrual basis of accounting, the transferor changes its basis of accounting to the accrual basis of accounting prior to the transfer.

The consideration paid by the entity can be in the form of cash, cash equivalents or other assets. If the consideration paid is in the form of other assets, the entity de-recognises such assets on the transfer date at their carrying amounts.

The difference between the carrying amounts of the assets acquired, the liabilities assumed and the consideration paid to the transferor, is recognised in accumulated surplus or deficit.

1.8 TRANSFER OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL (CONTINUED)*MEASUREMENT PERIOD*

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the entity reports in its annual financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the entity retrospectively adjusts the provisional amounts recognised at the transfer date to reflect new information obtained about facts and circumstances that existed as of the transfer date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed as of the transfer date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the transfer date.

The entity considers all relevant factors in determining whether information obtained after the transfer date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the transfer date.

The entity recognises an increase (decrease) in the provisional amount recognised for an asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid over the carrying amount of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit. However, new information obtained during the measurement period may sometimes result in an adjustment to the provisional amount of more than one asset or liability.

During the measurement period, the entity recognises adjustments to the provisional amounts as if the accounting for the transfer of functions had been completed at the transfer date. Thus, the entity revises comparative information for prior periods presented in annual financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the entity revises the accounting for a transfer of functions only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

ACQUISITION-RELATED COSTS

Acquisition-related costs are costs that the entity incurs to affect the transfer of functions. These costs include advisory, legal, accounting and other professional or consulting fees, general administrative costs, and costs of registering and issuing debt and equity securities. The entity accounts for acquisition-related costs as expenses in the period in which the costs are incurred and the services are received, with the exception of the costs incurred to issue debt or equity securities, which are recognised in accordance with the Standard of GRAP on Financial Instruments.

SUBSEQUENT MEASUREMENT

The entity subsequently measures any assets acquired and any liabilities assumed in a transfer of functions in accordance with the applicable Standards of GRAP.

At the transfer date, the entity classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The entity makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date. An exception is that the entity classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the transfer date):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and
- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

1.9 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of ASA and a financial liability or a residual interest of another entity. ASA has cash and cash equivalents, receivables from exchange transactions and payables from exchange transactions which are financial instruments.

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

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

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

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to ASA.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to ASA

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

1.9 FINANCIAL INSTRUMENTS (CONTINUED)**CLASSIFICATION**

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

| CLASS | CATEGORY |
|--|--|
| Receivables from exchange transactions | Financial asset measured at fair value |
| Cash and cash equivalents | Financial asset measured at fair value |

ASA 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 |
|-------------------------------------|--|
| Finance Lease liability | Financial liability measured at amortised cost |
| Payables from exchange transactions | Financial liability measured at fair value |

DERECOGNITION*FINANCIAL ASSETS*

ASA derecognises financial assets using trade date accounting, and this is only when:

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

ASA removes a financial liability (or part of a financial liability) from its Statement of Financial Position when it is extinguished - i.e., when the obligation specified in the contract is discharged, canceled, expires, or is waived.

PRESENTATION

Interest relating to a financial instrument or a component that is a financial liability is recognised as other income or expense in surplus or deficit

Losses and gains relating to a financial instrument or a component that is a financial liability are recognised as revenue or expense in surplus or deficit

1.10 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.

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

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.10 STATUTORY RECEIVABLES IDENTIFICATION (CONTINUED)

RECOGNITION

ASA 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.

INITIAL MEASUREMENT

ASA initially measures statutory receivables at their transaction amount.

SUBSEQUENT MEASUREMENT

ASA 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.

IMPAIRMENT LOSSES

ASA 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, ASA 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 ASA 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.

In estimating the future cash flows, ASA considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

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.

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.

1.10 STATUTORY RECEIVABLES IDENTIFICATION (CONTINUED)**DERECOGNITION**

ASA derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- ASA transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- ASA, 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.

1.11 CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits. Cash and cash equivalents for ASA comprises of short-term bank deposits and petty cash.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

1.12 IMPAIRMENT OF CASH-GENERATING ASSETS

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

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

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

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

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

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

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

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

Useful life is the period of time over which an asset is expected to be used by the entity.

1.12 IMPAIRMENT OF CASH-GENERATING ASSETS (CONTINUED)

DESIGNATION

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

ASA designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether ASA expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, ASA designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

IDENTIFICATION

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

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

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

VALUE IN USE

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

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

RECOGNITION AND MEASUREMENT (INDIVIDUAL ASSET)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

CASH-GENERATING UNITS

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

1.12 IMPAIRMENT OF CASH-GENERATING ASSETS (CONTINUED)

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

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

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

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

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

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

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

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

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

REVERSAL OF IMPAIRMENT LOSS

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

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

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

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

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

1.12 IMPAIRMENT OF CASH-GENERATING ASSETS (CONTINUED)

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

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

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

1.13 EMPLOYEE BENEFITS

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

SHORT-TERM EMPLOYEE BENEFITS

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

Short-term employee benefits include items such as:

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

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

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

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

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

POST-EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLANS

Defined contribution plans are post-employment benefit plans under which ASA pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered a service to ASA during a reporting period, ASA recognises the contribution payable to a defined contribution plan in exchange for that service:

1.13 EMPLOYEE BENEFITS (CONTINUED)

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, ASA recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

1.14 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.

FINANCE LEASES - LESSEE

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

The discount rate used in calculating the present value of the minimum lease payments is the entity's incremental borrowing rate.

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

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

OPERATING LEASES - 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.

1.15 CONTINGENCIES

Contingent liabilities are not recognised. Contingencies are disclosed in note 24.

1.16 COMMITMENTS

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

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; and
- Contracts should relate to something other than the routine, steady, state business of the entity.

For each class of property, plant and equipment recognised, the amount of the of contractual commitments for the acquisition of property, plant and equipment will be disclosed. The amount of contractual commitments for the acquisition of intangible assets are will be disclosed.

ASA has elected to disclose commitments relating to operating expenses. The total outstanding contract or purchase order value will be disclosed as a commitment in the financial statements.

1.17 REVENUE FROM EXCHANGE TRANSACTIONS

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

1.17 REVENUE FROM EXCHANGE TRANSACTIONS (CONTINUED)

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

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

MEASUREMENT

Revenue is measured at the fair value of the consideration received or receivable.

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

INTEREST, ROYALTIES AND DIVIDENDS

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

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

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

1.18 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners. ASA receives a transfer from the Department of Public Works and Infrastructure to enable ASA to carry out its mandate.

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

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

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

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

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

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

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

RECOGNITION

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

MEASUREMENT

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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.

SERVICES IN-KIND

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

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

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines.

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.

1.20 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- a. this Act
- b. the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act
- c. any provincial legislation providing for procurement procedures in that provincial government

National Treasury Instruction No. 4 of 2022/2023 PFMA Compliance and reporting framework defines how irregular expenditure should be disclosed.

1.21 BUDGET INFORMATION

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.22 RELATED PARTIES

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

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

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 entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

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

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

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.23 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.24 RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research is recognised as an expense when it is incurred. An asset arising from development 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.

1.25 EVENTS AFTER REPORTING DATE

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

ASA 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

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|--|--|--|
| • GRAP 25 (as revised): Employee Benefits | 01 April 2023 | Unlikely there will be a material impact |
| • Guideline: Guideline on the Application of Materiality to Financial Statements | Not yet determined | Unlikely there will be a material impact |
| • GRAP 104 (as revised): Financial Instruments | 01 April 2025 | Unlikely there will be a material impact |
| • iGRAP 21: The Effect of Past Decisions on Materiality | 01 April 2023 | Unlikely there will be a material impact |
| - GRAP 2020: Improvements to the standards of GRAP 2020 | 01 April 2023 | Unlikely there will be a material impact |
| - GRAP 1 (amended): Presentation of Financial Statements | 01 April 2023 | Unlikely there will be a material impact |

FIGURES IN RAND

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

| | 2023 R | 2022 R |
|--------------------------|------------------|----------------|
| Trade debtors | 94,350 | - |
| Deposits | 326,292 | 326,292 |
| Prepaid expenses | 681,768 | 477,298 |
| Staff Debtors | 1,050 | - |
| Deposit to Trust Account | 1,416,294 | - |
| | 2,519,754 | 803,590 |
| Non-current assets | - | 326,292 |
| Current assets | 2,519,754 | 477,298 |
| | 2,519,754 | 803,590 |

A deposit of R326 292 was paid to the landlord for the office accommodation occupied by ASA, in line with the lease agreement.

The prepayments are based on contractual obligations with suppliers of goods and services and includes the upfront payment for insurance services. The prepaid expenses amount also includes the portion of the annual licenses paid during the current financial year but relates to the next financial year.

A deposit of R1,416,294 has been paid into the attorney's trust account. This amount relates to the on-going litigation with a former employee. Refer to the contingent liability note.(Note 24)

The deposit into the Trust account has been pledged as a security for the contingent liability. No other trade and other receivables from non-exchange transactions have been pledged as security.

FIGURES IN RAND

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

| | | |
|--|-------------|-------------|
| | 2023 | 2022 |
| | R | R |

TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2023 94,350 were past due but not impaired.

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

| | | |
|------------------|--------|---|
| 1 month past due | 94,350 | - |
|------------------|--------|---|

TRADE AND OTHER RECEIVABLES IMPAIRED

As of 31 March 2023, trade and other receivables of R 525,560 (2022: R392,817) were impaired and provided for.

The ageing of these loans is as follows:

| | | |
|---------------|---------|---------|
| 4 to 6 months | 49,020 | 392,817 |
| Over 6 months | 476,540 | - |

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

| | | |
|--------------------------|----------------|----------------|
| Opening balance | 392,817 | 488,197 |
| Provision for impairment | 176,063 | 45,600 |
| Unused amounts reversed | (43,320) | (140,980) |
| | 525,560 | 392,817 |

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

| | | |
|---------------------|-------------------|-------------------|
| Cash on hand | 579 | 1,661 |
| Bank balances | 6,345,402 | 4,218,830 |
| Short-term deposits | 19,150,605 | 23,682,400 |
| | 25,496,586 | 27,902,891 |

The cash and cash equivalents held by ASA may only be used in accordance with its mandate. No restrictions have been placed on the use of cash and cash equivalents for the operations of ASA.

5. PROPERTY, PLANT AND EQUIPMENT

| | 2023 | | | 2022 | | |
|------------------------|------------------|---|------------------|-------------------|---|------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| | | | | | | |
| Leasehold property | - | - | - | 3,173,092 | (3,173,092) | - |
| Furniture and fixtures | 1,190,971 | (456,046) | 734,925 | 1,190,971 | (311,663) | 879,308 |
| Office equipment | 687,836 | (211,428) | 476,408 | 580,726 | (286,716) | 294,010 |
| Computer equipment | 1,205,620 | (637,665) | 567,955 | 1,589,901 | (1,172,636) | 417,265 |
| Cell phones | 683,380 | (370,164) | 313,216 | 683,380 | (28,474) | 654,906 |
| Laboratory equipment | 3,496,415 | (3,496,415) | - | 3,496,415 | (3,100,009) | 396,406 |
| Total | 7,264,222 | (5,171,718) | 2,092,504 | 10,714,485 | (8,072,590) | 2,641,895 |

FIGURES IN RAND

5. PROPERTY, PLANT AND EQUIPMENT)CONTINUED)

| RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2023 | Opening balance R | Additions R | Disposals R | Depreciation R | Total R |
|---|----------------------|----------------|------------------|--------------------|------------------|
| Furniture and fixtures | 879,307 | - | - | (144,382) | 734,925 |
| Office equipment | 294,009 | 241,542 | - | (59,143) | 476,408 |
| Computer equipment | 417,265 | 464,950 | (7,310) | (306,950) | 567,955 |
| Cell phones | 654,906 | - | - | (341,690) | 313,216 |
| Laboratory equipment | 396,406 | - | (189,585) | (206,821) | - |
| | 2,641,893 | 706,492 | (196,895) | (1,058,986) | 2,092,504 |

| RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2022 | Opening balance R | Additions R | Depreciation R | Total R |
|---|----------------------|----------------|--------------------|------------------|
| Furniture and fixtures | 1,023,691 | - | (144,383) | 879,308 |
| Office equipment | 326,351 | 16,000 | (48,341) | 294,010 |
| Computer equipment | 368,927 | 336,097 | (287,759) | 417,265 |
| Cell phones | 683,380 | - | (28,474) | 654,906 |
| Laboratory equipment | 987,230 | - | (590,824) | 396,406 |
| | 3,389,579 | 352,097 | (1,099,781) | 2,641,895 |

The laboratory equipment has been assessed as obsolete as no future economic benefit or service potential will be obtained from the assets. The laboratory equipment has therefore been written off.

During the prior year, the cell phones were expensed instead of being capitalised. This effects of the error have been disclosed in the prior year adjustment note. Refer to note 30.

PLEGGED AS SECURITY

None of ASA's property, plant and equipment have been pledged as security:

| ASSETS SUBJECT TO FINANCE LEASE (NET CARRYING AMOUNT) | 2023 R | 2022 R |
|---|-----------|-----------|
| Cell phones | 313,216 | 654,906 |

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

| | | |
|---|----|---------|
| Repairs and Maintenance - ASA Test site | 54 | 146,984 |
|---|----|---------|

DEEMED COST

| | | |
|--|-------------|-----------|
| Aggregate of items valued using deemed cost | 2,976,037 | 2,976,037 |
| Aggregate adjustment to the carrying amounts previously reported | (2,529,289) | - |

In accordance with the transitional provisions as per Directive 2 of the GRAP Reporting Framework, as disclosed in the note, certain property, plant and equipment were recognised at provisional amounts due to the Transfer of Functions. All assets were inspected to confirm the assets' condition and location. The assets were then compared to the assets register received from the CSIR. Any cost allocated to assets were brought into the new asset register. For all assets without a cost allocated to it, Directive 7 was followed and a deemed value established as per current trade availability in respect to the assets in an arms length transaction.

FIGURES IN RAND

6. INTANGIBLE ASSETS

| | 2023 | | | 2022 | | |
|------------|------------------|---|----------------|------------------|---|----------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| | R | R | R | R | R | R |
| Trademarks | 106,677 | (7,507) | 99,170 | 55,580 | (6,006) | 49,574 |

| RECONCILIATION OF INTANGIBLE ASSETS - 2023 | Opening balance | Additions | Depreciation | Total |
|--|-----------------|-----------|--------------|--------|
| | R | R | R | R |
| Trademarks | 49,574 | 51,097 | (1,501) | 99,170 |

| RECONCILIATION OF INTANGIBLE ASSETS - 2022 | Opening balance | Additions | Depreciation | Total |
|--|-----------------|-----------|--------------|--------|
| | R | R | R | R |
| Trademarks | 10,510 | 40,566 | (1,502) | 49,574 |

PLEGGED AS SECURITY

None of the intangible assets have been pledged as security.

7. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| | 2023 | 2022 |
|--|------|-------|
| | R | R |
| Receivables from non-exchange transactions | - | 2,783 |

8. GREEN BUILDING RATING TOOL LIABILITY

AT AMORTISED COST

| | 2023 | 2022 |
|--------------------------|--------|---------|
| | R | R |
| Green Building liability | 36,580 | 496,580 |

The grant was received from DPWI to fund the Green Building Rating Tool feasibility study and business plan. The revenue will be recognised on completion of the project.

CURRENT LIABILITIES

| | 2023 | 2022 |
|-------------------|--------|---------|
| | R | R |
| At amortised cost | 36,580 | 496,580 |

9. FINANCE LEASE OBLIGATION

MINIMUM LEASE PAYMENTS DUE

| | | |
|--|----------------|----------------|
| - within one year | 338,270 | 369,022 |
| - in second to fifth year inclusive | - | 338,270 |
| | 338,270 | 707,292 |
| less: future finance charges | (12,349) | (50,393) |
| Present value of minimum lease payments | 325,921 | 656,899 |

FIGURES IN RAND

9. FINANCE LEASE OBLIGATION (CONTINUED)

| | 2023 | 2022 |
|--|----------------|----------------|
| | R | R |
| PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE | | |
| - within one year | 325,921 | 330,978 |
| - in second to fifth year inclusive | - | 325,921 |
| | 325,921 | 656,899 |
| Non-current liabilities | - | 325,921 |
| Current liabilities | 325,921 | 330,978 |
| | 325,921 | 656,899 |

It is entity policy to lease cell phones under finance leases.

The lease term is 2 years and the average effective borrowing rate was 7.5%. There are no restrictions placed on the lease and there are no escalation clauses.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note .

10. PAYABLES FROM EXCHANGE TRANSACTIONS

| | | |
|--|------------------|------------------|
| Trade payables | 2,865,508 | 292,232 |
| Payments received in advance - contract in process | 2,197,316 | 2,623,579 |
| Accrued leave pay | 1,157,460 | 1,419,809 |
| Other accruals | 1,393,818 | 514,148 |
| | 7,614,102 | 4,849,768 |

11. REVALUATION RESERVE

| | | |
|------------------------|-------------|------------------|
| Opening balance | 1,450,804 | 1,450,804 |
| Change during the year | (1,450,804) | - |
| | - | 1,450,804 |

Revaluation reserve arose as a result of revaluing laboratory equipment on 20 March 2020.

REVALUATION SURPLUS RELATING TO PROPERTY, PLANT AND EQUIPMENT

| | | |
|---|-------------|------------------|
| Revaluation surplus beginning of period | 1,450,804 | 1,450,804 |
| Movements in the reserve for the year | (1,450,804) | - |
| | - | 1,450,804 |

FIGURES IN RAND

12. OTHER NDR

| | 2023 R | 2022 R |
|--|-----------|-----------|
|--|-----------|-----------|

The NDR arose as a result of assets transferred from CSIR to ASA. Directive 7 was followed to determine the cost of assets without a cost allocated to them at the time of the transfer. The movement in the reserve is due to the disposal of the laboratory equipment that formed part of the transferred assets. The remaining balance is attributed to the assets that were part of the transferred assets and are still being used by ASA.

| | | |
|---|----------------|------------------|
| Transfer of functions between entities under common control | 2,976,037 | 2,976,037 |
| Movement in reserve during the year | (2,529,289) | - |
| | 446,748 | 2,976,037 |

13. GOVERNMENT GRANTS & SUBSIDIES

OPERATING GRANTS

| | | |
|----------------------------|-------------------|-------------------|
| Government grant | 33,951,000 | 33,078,000 |
| Green Building Rating Tool | 460,000 | - |
| | 34,411,000 | 33,078,000 |

GREEN BUILDING RATING TOOL

| | | |
|---|---------------|----------------|
| Balance unspent at beginning of year | 496,580 | 496,580 |
| Conditions met - transferred to revenue | (460,000) | - |
| | 36,580 | 496,580 |

Conditions still to be met - remain liabilities (see note 8).

The grant was received from DPWI to fund the Green Building Rating Tool feasibility study and business plan.

14. REVENUE

| | | |
|--------------------------------|-------------------|-------------------|
| Rendering of services | 1,588,128 | 3,560,339 |
| Recoveries | 316,903 | 155,471 |
| Proceeds from insurance | 8,127 | - |
| Interest received - investment | 1,723,999 | 1,168,020 |
| Government grants & subsidies | 34,411,000 | 33,078,000 |
| | 38,048,157 | 37,961,830 |

THE AMOUNT INCLUDED IN REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES ARE AS FOLLOWS:

| | | |
|--------------------------------|------------------|------------------|
| Rendering of services | 1,588,128 | 3,560,339 |
| Recoveries | 316,903 | 155,471 |
| Proceeds from insurance | 8,127 | - |
| Interest received - investment | 1,723,999 | 1,168,020 |
| | 3,637,157 | 4,883,830 |

THE AMOUNT INCLUDED IN REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES ARE AS FOLLOWS:

TRANSFER REVENUE

| | | |
|-------------------------------|------------|------------|
| Government grants & subsidies | 34,411,000 | 33,078,000 |
|-------------------------------|------------|------------|

FIGURES IN RAND

| | 2023 R | 2022 R |
|---|-------------------|-------------------|
| 15. EMPLOYEE RELATED COSTS | | |
| Basic | 20,931,927 | 22,787,351 |
| Data allowances | - | 495,307 |
| | 20,931,927 | 23,282,658 |
| 16. DEPRECIATION AND AMORTISATION | | |
| Property, plant and equipment | 1,058,986 | 1,099,781 |
| Intangible assets | 1,160,382 | 285,980 |
| | 2,219,368 | 1,385,761 |
| 17. FINANCE COSTS | | |
| Finance leases | 38,044 | 4,271 |
| 18. LEASE RENTALS ON OPERATING LEASE | | |
| PREMISES | | |
| Contractual amounts | 2,848,123 | 2,661,797 |
| 19. DEBT IMPAIRMENT | | |
| Debt impairment | 176,063 | 45,600 |

FIGURES IN RAND

20. OPERATING EXPENSES

| | 2023 R | 2022 R |
|--|-------------------|------------------|
| Advertising (refer to note 20.1) | 1,444,066 | 680,264 |
| Assets expensed | 28,150 | 4,400 |
| Assets written off | 196,896 | - |
| Auditors remuneration | 379,737 | 356,500 |
| Bank charges | 31,560 | 24,314 |
| Board remuneration | 1,464,625 | 1,389,446 |
| Cleaning | 2,406 | 3,779 |
| Computer expenses | 17,893 | 362,545 |
| Conferences and seminars | 721,465 | 23,261 |
| Consulting and professional fees | 1,259,794 | 927,088 |
| Consumables | 35,988 | - |
| Gifts | 3,760 | - |
| Green Building rating tool | 460,000 | - |
| Insurance | 176,713 | 78,275 |
| Internal audit (refer to note 20.2) | 2,024,026 | - |
| IT expenses | 47,610 | 103,493 |
| Legal fees | - | 32,374 |
| Meetings | 150,675 | 12,396 |
| Office relocation | 115,863 | - |
| Postage and courier | 3,417 | 13,235 |
| Printing and stationery | 302,932 | 32,030 |
| Repairs and maintenance | 54 | 146,984 |
| Research and development costs | 40,148 | 51,580 |
| Specification Development (refer to note 20.3) | 3,432,232 | - |
| Staff welfare | 99,015 | 115,403 |
| Strategic planning | 262,836 | - |
| Subscriptions and membership fees | 42,789 | 187,922 |
| Telephone and fax | 298,275 | 152,173 |
| Training | 688,147 | 225,108 |
| Travel - local (refer to note 20.4) | 1,059,203 | 63,956 |
| Travel - overseas | 210,428 | - |
| | 15,000,703 | 4,986,526 |

20.1 This expense item is higher mainly due to an increase in advertising and marketing activities undertaken during the financial year.

20.2 This expense relates mainly to the internal audit costs. During the financial year, ASA outsourced the CAE function and also had a co-sourced internal audit function to execute the audits in accordance with the audit plan.

20.3 This expense relates to the development of specifications for the eco-ASA project. The project was finalised during the 2022-2023 financial year.

20.4 The increase in travel costs is mainly attributed to the lifting of the Covid-19 travel restrictions. The quality inspection teams reverted to conducting physical audits and therefore travelled to the clients locations.

21. AUDITORS' REMUNERATION

| | | |
|------|---------|---------|
| Fees | 379,737 | 356,500 |
|------|---------|---------|

FIGURES IN RAND

22. CASH (USED IN) GENERATED FROM OPERATIONS

| | 2023 R | 2022 R |
|--|-------------------|-------------------|
| (Deficit) surplus | (3,166,071) | 5,595,217 |
| Adjustments for: | | |
| Depreciation and amortisation | 2,219,368 | 1,385,761 |
| Finance costs - Finance leases | 38,044 | 4,271 |
| Debt impairment | 176,063 | 45,600 |
| Asset written off | 196,896 | - |
| Changes in working capital: | | |
| Receivables from exchange transactions | (1,702,373) | (55,911) |
| Payables from exchange transactions | 2,094,202 | (1,580,669) |
| Movements in provisions | - | (60,721) |
| | (143,871) | 5,333,548 |

23. COMMITMENTS

AUTHORISED CAPITAL EXPENDITURE

ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR

| | | |
|-------------------------------|----------------|----------------|
| Property, plant and equipment | 36,713 | 33,030 |
| Investment property | - | 6,219 |
| Systems | - | 664,920 |
| Intangible assets | 909,640 | - |
| | 946,353 | 704,169 |

TOTAL CAPITAL COMMITMENTS

| | | |
|---|---------|---------|
| Already contracted for but not provided for | 946,353 | 704,169 |
|---|---------|---------|

AUTHORISED OPERATIONAL EXPENDITURE

ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR

| | | |
|-----------------------------|------------------|------------------|
| Outstanding purchase orders | - | 117,007 |
| Internal audit services | - | 1,655,982 |
| Communication and Marketing | 826,850 | 218,021 |
| Training | 202,730 | 12,000 |
| Cell phone | 513,530 | 1,026,660 |
| Insurance services | - | 134,186 |
| Payroll expenses | - | 5,195,167 |
| External audit services | 387,629 | 767,366 |
| B-BBEE audit | 65,852 | - |
| Printing services | 87,302 | 153,826 |
| Website hosting | 18,429 | - |
| TECO Experts | 55,992 | 6,999 |
| Legal Fees | 311,208 | - |
| Travel and accommodation | 107,606 | - |
| Organisational Design | 267,729 | - |
| | 2,844,857 | 9,287,214 |

FIGURES IN RAND

| | 2023 R | 2022 R |
|---|------------------|-------------------|
| 23. COMMITMENTS (CONTINUED) | | |
| TOTAL OPERATIONAL COMMITMENTS | | |
| Already contracted for but not provided for | 2,844,857 | 9,287,214 |
| TOTAL COMMITMENTS | | |
| TOTAL COMMITMENTS | | |
| Authorised capital expenditure | 946,353 | 4,349,651 |
| Authorised operational expenditure | 2,844,857 | 9,287,214 |
| | 3,791,210 | 13,636,865 |

This committed expenditure relates to capital and operational expenditure and will be financed by available bank facilities, retained surpluses, and existing cash resources.

OPERATING LEASES - AS LESSEE (EXPENSE)

During the 2022-2023 financial year, the office accommodation lease contract was on a month-to-month basis. A new service provider has been appointed to provide the office accommodation service. The new lease contract will be concluded during the 2023-2024 financial year.

24. CONTINGENCIES**CERTIFICATE HOLDER CASE**

There is a case that is currently under investigation between an ASA certificate holder and its licensee. Depending on the outcome of the matter, ASA will comply with the court order that arises from this matter. The financial implications, if any, cannot be determined as at the date of reporting.

RETENTION OF SURPLUS FUNDS

In terms of section 53(3) of the PFMA, ASA may not retain cash surpluses that were realised in the previous financial year without prior written approval of National Treasury. According to Instruction Note 12 of 2020/21, a surplus is based on cash and cash equivalents, plus receivables less current liabilities at the end of the financial year. National Treasury approved the utilisation of the surplus funds for the 2021/22 financial year. It is anticipated that National Treasury will approve the current year surplus funds for retention, and accordingly the surplus amount has been disclosed as a contingent liability rather than a liability. As at 31 March 2023, ASA had an adjusted cash surplus of R20,039,737 (2022:R22,934,271).

LABOUR RELATED CASE

Litigation is in the process against a former employee relating to a labour related dispute whereby the employee is seeking damages of R1,416,294.24 -. ASA is seeking to set aside the award against the former employee. Should the action be successful, ASA will be liable to settle the total amount of the damages claimed. The entity's lawyers and management consider the likelihood of the action against the entity being successful as unlikely, and the case should be resolved within the next two years.

FIGURES IN RAND

25. RELATED PARTIES

RELATIONSHIPS

| | |
|---|--|
| Members | Refer to members' report note |
| Ultimate controlling entity | National Department of Public Works and Infrastructure (DPWI) |
| Public entities under common control | <ul style="list-style-type: none"> Construction Industry Development Board (CIDB) Council for the Built Environment (CBE) Independent Development Trust (IDT) |
| Members of key management | Key Management remuneration |

RELATED PARTY TRANSACTIONS

GOVERNMENT GRANT

| | | |
|------|------------|------------|
| DPWI | 33,951,000 | 33,078,000 |
|------|------------|------------|

KEY MANAGEMENT INFORMATION

| CLASS | DESCRIPTION | NUMBER |
|---|---|--------|
| Non-executive board members | Board members | 8 |
| Audit and Risk Committee | Audit and Risk Committee members | 4 |
| Human Resource and Remuneration Committee | Human Resource and Remuneration Committee members | 4 |
| Technical Committee | Technical Committee members | 4 |
| Industry Advisory Committee | Industry Advisory Committee members | 4 |
| Executive Committee | Executive Committee members | 4 |

REMUNERATION OF MANAGEMENT

MANAGEMENT CLASS: BOARD MEMBERS: 2023

| | Member's fees R | Committee fees R | Attendance for other meetings R | Other benefits received R | Total R |
|---|--------------------|---------------------|---------------------------------------|---------------------------------|------------------|
| Prof Jeffrey Mahachi (Acting Chairperson of the Board) | 40,696 | 86,619 | 105,923 | 15,843 | 249,081 |
| Mr Denzil Fredericks | 21,744 | 60,166 | 39,824 | 7,899 | 129,633 |
| Mrs Mariana Marneweck | 32,134 | 88,421 | 18,547 | 7,798 | 146,900 |
| Dr Ntebo Ngcobo (HR&REMCO Chairperson) | 26,939 | 88,870 | 66,968 | 13,727 | 196,504 |
| Mr Xolisa Mnyani (TECO Chairperson) | 32,134 | 102,517 | 34,097 | 14,974 | 183,722 |
| Dr. Vuyelwa Nhlapo | 31,716 | 66,744 | 29,559 | 7,282 | 135,301 |
| Adv Tokyo Nevondwe | 32,134 | 34,615 | 42,792 | 22,449 | 131,990 |
| Mr Viren Magan (Independent ARC Chairperson) | 37,820 | 71,525 | 54,704 | 15,448 | 179,497 |
| Mr Mfundo Xulu Ka Dlamini* (AIAC Chairperson) | - | - | - | - | - |
| | 255,317 | 599,477 | 392,414 | 105,420 | 1,352,628 |

*Mr Mfundo Xulu Ka Dlamini is a non-remunerated representative from the Department of Public Works and Infrastructure.

FIGURES IN RAND

25. RELATED PARTIES (CONTINUED)

| | Member's fees | Committee fees | Attendance for other meetings | Other benefits received | Total |
|--|----------------|----------------|-------------------------------|-------------------------|------------------|
| | R | R | R | R | R |
| MANAGEMENT CLASS: BOARD MEMBERS: 2022 | | | | | |
| Prof. Jeffrey Mahachi (Acting Chairperson of the Board) | 37,863 | 53,297 | 75,036 | 20,198 | 186,394 |
| Mr Denzil Fredericks | 32,308 | 40,391 | 27,981 | 18,275 | 118,955 |
| Mrs Mriaqna Marneweck | 30,965 | 70,301 | 17,430 | 18,000 | 136,696 |
| Dr. Ntebo Ngcobo (HR&REMCO Chairperson) | 30,276 | 62,820 | 86,778 | 20,747 | 200,621 |
| Mr Xolisa Mnyani (TECO Chairperson) | 30,965 | 83,040 | 24,768 | 18,550 | 157,323 |
| Adv Tokyo Nevondwe | 25,230 | 36,102 | 29,530 | 20,473 | 111,335 |
| Dr. Vuyelwa Nhlapo | 30,965 | 59,575 | 47,474 | 18,183 | 156,197 |
| Mr Michael Mamotheti (Independent ARC Chairperson) Resigned 30 September 2021 | - | - | 10,000 | - | - |
| Mr Viren Magan (Independent ARC Chairperson) Appointed 01 October 2021 | 18,891 | 21,321 | 15,381 | 9,100 | 64,693 |
| Mr Mfundo Xulu Ka Dlamini* (IAC Chairperson) | - | - | - | - | - |
| | 264,913 | 475,423 | 334,632 | 153,526 | 1,228,494 |

*Mr Mfundo Xulu Ka Dlamini is a non-remunerated representative from the Department of Public Works and Infrastructure.

| | Basic salary | Cell phone Allowance | Total |
|---|------------------|----------------------|------------------|
| | R | R | R |
| MANAGEMENT CLASS: EXECUTIVE MANAGEMENT: 2023 | | | |
| Richard Somanje (CEO) | 1,744,871 | 13,200 | 1,758,071 |
| Lawrence Molepo (Acting CFO - Resigned 30 April 2022) | 7,960 | - | 7,960 |
| Lebogang Madumo (CFO - Appointed 1 July 2022) | 1,040,573 | 8,640 | 1,049,213 |
| Lerato Magalo (Executive Manager: Technical Services - Resigned 25 June 2022) | 336,547 | 2,717 | 339,264 |
| Mihloti Mahlaule (Acting Executive Manager: Technical Service - 27 June 2022 - 16 September 2022) | 38,855 | - | 38,855 |
| Refilwe Selesho (Executive Manager: Corporate Services - Appointed 1 February 2023) | 214,592 | 1,920 | 216,512 |
| Nozipho Mabasa (Acting Executive Manager: Corporate Service - 16 August 2022 - 31 January 2023) | 86,391 | - | 86,391 |
| Nontuthuzelo Dlamini (Executive Manager: Corporate Services - Resigned 15 August 2022) | 467,933 | 4,327 | 472,260 |
| | 3,937,722 | 30,804 | 3,968,526 |

| | Basic salary | *Other Allowance | Total |
|--|------------------|------------------|------------------|
| | R | R | R |
| MANAGEMENT CLASS: EXECUTIVE MANAGEMENT: 2022 | | | |
| Joseph Odhiambo (CEO) | 474,985 | 10,873 | 485,858 |
| Richard Somanje (Acting CEO) | 116,747 | - | 116,747 |
| Richard Somanje (CFO) | 1,495,780 | 31,520 | 1,527,300 |
| Lawrence Molepo (Acting CFO) | 64,601 | - | 64,601 |
| Lerato Magalo (Executive Manager: Technical Services) | 1,379,032 | 31,520 | 1,410,552 |
| Sophy Molete (Executive Manager: Corporate Services) | 140,079 | 31,592 | 171,671 |
| Musa Ngidi (Temporary Executive Manger: Corporate Services) | 623,255 | - | 623,255 |
| Nontuthuzelo Dlamini (Executive Manager: Corporate Services) | 53,925 | - | 53,925 |
| | 4,348,404 | 105,505 | 4,453,909 |

*Other allowances include Data allowances, Cell phone allowances and Car allowances.

FIGURES IN RAND

26. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

LIQUIDITY RISK

ASA is only exposed to liquidity risk regarding the payment of its payables. These payables are all due within the short-term. ASA manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available at the CPD.

| | Less than 1 year R | Between 1 and 2 years R | Between 2 and 5 years R | Over 5 years R |
|-------------------------------------|-----------------------|-------------------------------|-------------------------------|-------------------|
| <i>AT 31 MARCH 2023</i> | | | | |
| Payables from exchange transactions | 7,614,102 | - | - | - |
| <i>AT 31 MARCH 2022</i> | | | | |
| Payables from exchange transactions | 4,854,243 | - | - | - |

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and trade and other debtors. ASA holds cash and cash equivalents with an investment grade rated registered banking institution, which it regards as having an insignificant credit risk. The balance is held at the CPD, which has the same rating as the South African Reserve Bank. Funds deposited with the CPD are kept at a maximum to maximise interest earned. The interest rates on this account fluctuate in line with movements in current money market rates. Rates earned on funds deposited with the CPD are higher than those earned on funds in the short-term money market account. The credit risk for trade and other debtors is controlled through the application of approved policies.

Financial assets exposed to credit risk at 31 March 2023 end were as follows:

| <i>FINANCIAL INSTRUMENT</i> | 2023 R | 2022 R |
|---------------------------------------|------------------|------------------|
| Receivable from exchange transactions | 2,519,754 | 477,298 |
| Cash and cash equivalents | 25,496,586 | 27,902,891 |

MARKET RISK

INTEREST RATE RISK

As the ASA has no significant interest-bearing assets, the ASA's income independent of changes in market interest rates.

27. IRREGULAR EXPENDITURE

| | | |
|-----------------------|-----------|-----------|
| Irregular expenditure | 3,154,010 | 2,346,022 |
|-----------------------|-----------|-----------|

*Refer to reconciling notes in the annual report

28. GOING CONCERN

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus of R 21,784,667 and that the entity's total assets exceed its liabilities by R 22,231,415.

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. The Executive Authority continues to provide the grant funding, as indicated in the Medium-Term Expenditure Framework (MTEF) over the MTEF period, to fund the ongoing operations of the ASA.

FIGURES IN RAND

29. CHANGE IN ESTIMATE

2023
R2022
R

PROPERTY, PLANT AND EQUIPMENT

The use of reasonable estimates is an essential part of the preparation of annual financial statements. Annually these estimates are reviewed and revised where necessary. The effect of the change in an accounting estimate is recognised prospectively by including it in the surplus or deficit in the period of the change. The useful life of certain computer equipment was estimated in 2019 to be 3 years (36 months). In the current period management has revised their estimate to 4 years (48 months). The effect of this revision has decreased the depreciation charges for the current year by R29 957 and decreased the depreciation for the future periods by R29 957.

30. PRIOR-YEAR ADJUSTMENTS

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

FINANCE LEASE

In the prior year, ASA entered into a cell phone contract for a period of 24 months. The cell phones were not capitalised and a finance lease liability was not raised.

INTANGIBLE ASSETS

In the prior year, ASA commenced with the process of registering the Eco-ASA trademark. The costs incurred were expensed instead of being capitalised.

IRREGULAR EXPENDITURE

Irregular expenditure relating to office accommodation was identified and confirmed during the 2022-2023 financial year. As a result, the irregular expenditure for the 2021-2022 financial year has been restated.

| | Note | As previously reported R | Correction of error R | Restated R |
|---|------|-----------------------------|--------------------------|--------------------|
| STATEMENT OF FINANCIAL POSITION: 2022 | | | | |
| Property, plant and equipment | 5 | 1,986,989 | 654,906 | 2,641,895 |
| Intangible assets | 6 | 430,396 | (380,822) | 49,574 |
| Finance lease liability | 9 | - | (656,899) | (656,899) |
| Trade and other receivables | 3 | 55,911 | 421,387 | 477,298 |
| Payables from exchange transactions | 10 | 4,854,243 | 4,476 | 4,849,767 |
| Opening accumulated surplus | | 20,927,597 | 43,049 | 20,970,646 |
| | | 28,255,136 | 86,097 | 28,332,281 |
| STATEMENT OF FINANCIAL PERFORMANCE: 2022 | | | | |
| Depreciation and amortisation | 16 | (1,357,287) | (28,474) | (1,385,761) |
| Operating expenses | 20 | (5,062,321) | 75,794 | (4,986,527) |
| Finance cost | 17 | - | (4,271) | (4,271) |
| | | (6,419,608) | 43,049 | (6,376,559) |

FIGURES IN RAND

30. PRIOR-YEAR ADJUSTMENTS (CONTINUED)

| CASH FLOW STATEMENT: 2022 | | As previously reported | Correction of error | Restated |
|--|------|------------------------|---------------------|-------------|
| CASH FLOW FROM OPERATING ACTIVITIES | Note | R | R | R |
| Suppliers | 22 | (7,511,244) | 40,566 | (7,470,678) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Intangible assets | | (614,819) | (40,566) | (655,385) |
| DISCLOSURE NOTE: 2022 | | | | |
| Irregular Expenditure | | 274,242 | 2,089,554 | 2,363,796 |

RECLASSIFICATIONS

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of the entity. The following reclassifications adjustment occurred:

OPERATING EXPENSES

Membership fees amounting to R101,189 were classified as consulting fees instead of subscription and membership fees. An amount of R7,000 was posted to telephone expenses instead of board remuneration.

COMMITMENTS

The commitments amounting to R3,645,482 that were not yet contracted and authorised by members were reclassified for better presentation and compliance with the accounting standards.

31. SERVICE IN-KIND

ASA received the following service-in kind:

- A Board member who is an employee of DPWI and is not remunerated for the services rendered
- Legal services from officials employed by DPWI and not remunerated for rendering their services.

32. BUDGET DIFFERENCES**MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS**

Quantitative and qualitative material differences between the final budget and the comparable actual amount are disclosed in the notes below. The amount determined for materiality purposes is according to the approved materiality and significance policy. This amount was determined to be 0.5% of the prior year total expenditure expenditure (which excludes capital expenditure) and which amounts to R162,048 for thifinancial year.

- 32.1 The revenue from rendering of services is below the budgeted amount due to a delay in finalising planned projects. Project management processes will be enhanced to ensure that the planned activities are met and the related revenue is recognised
- 32.2 As at 31 March 2023, R319,903 was recognised as other income - recoveries. This relates to the recovery of bursaries from employees who have resigned from ASA, bed debts recovered and the recovery of travel costs for the quality assessment team.
- 32.3 Interest received is higher than budgeted mainly due to the surplus from 2022 that was retained and the favourable interest rates. The unused funds were invested in the CPD account.

32. BUDGET DIFFERENCES (CONTINUED)

- 32.4 The variance is due to the revenue recognition of the Green Building Rating tool funds as the conditions for the grant were met during the financial year.
- 32.5 National Treasury approved ASA's 2021-2022 retention of surplus application. Therefore, the retained funds were rolled over to the 2022-2023 financial year and included in the adjusted budget.
- 32.6 The budget was prepared on the assumption that ASA will have a full staff complement. The employee related costs have been underspent as a result of vacancies, mainly at senior levels. The recruitment processes are currently underway to fill the positions.
- 32.7 The depreciation charge reflects ASA's consumption of the benefits of the assets. The higher depreciation charge is due to the acquisition of additional assets (capitalisation of cell phones, laptops) that was finalised in the current year after budgets were finalised.
- 32.8 The amount relates to the long-outstanding debtors that have been provided for.
- 32.9 The underspending on general expenses is due to the delays in finalising procurement projects.
- 32.10 An amount of R6,4 million was budgeted for capital expenditure. The actual amount spent on capital assets during the year amounted to R2 million (Refer to notes 5 and 6). The underspending on the budget is due to the delays in finalising the procurement projects for the capital assets. The budget for these assets was rolled over from the prior year.

CHANGES FROM THE APPROVED BUDGET TO THE FINAL BUDGET

The changes between the approved and final budget are a consequence of the retention of surplus funds. National Treasury approved the retention of the surplus funds from 2021/2022 in November 2022. The 2022/2023 budget was revised to take into account the rolled-over amounts.

33. BBBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

34. EVENTS AFTER THE REPORTING DATE

There were no significant events that occurred after reporting date.



PART G
**TECHNICAL
INFORMATION**

Annexure A

Projects Highlights and Information

Agrément South Africa continues to fulfil its mandate by assessing and certifying innovative and non-standardised products and systems. During the 2022 -2023 financial year, 10 certificates were issued. Products and systems where certificates were issued include, building systems, sanitation systems, and paint. The performance of the products and systems was assessed against respective performance criteria. In contrast, the manufacture and, where applicable, installation or erection processes were assessed in terms of documented and approved quality management systems. The Technical Committee of the Board satisfied that due diligence was exercised during the assessment process. The process involved confirmation that evaluations were completed per assessment sub-programmes/contracts with favourable test results and assessments from external specialists and

testing laboratories; ensuring that an approved, documented quality system was in place and on record with Agrément South Africa; and reviewing draft certificates. The Board ratified the certificates.

Innovation in the construction industry includes improvements in processes, products, and services. It is about incorporating new ideas which generate changes that help solve societal and infrastructure needs. Innovation mostly leads to efficiency and in the context of the built environment, this means reduced construction cost and time. Innovation can act as an agent of reform in the construction industry through material beneficiation, job creation, and assist in creating a green economy. Agrément South Africa certificate holders enjoy the benefits and market advantage of having their products and systems certified.

Annexure B

Approved Certificates 2022-2023

1. 2020/613 (Amendment March 2022) Envirolite Concrete (March 2022)
2. 2022/633 Shocrete (June 2022)
3. 2022/634 Amalooloo Urine Diversion Toilet System (June 2022)
4. 2022/635 Hempcrete Block building system (June 2022)
5. 2022/636 Eldocrete Eldoo Top & Pit Structure (June 2022)
6. 2022/637 Monl Frames Solid Wall building system (December 2022)
7. 2022/638 Block Solutions (December 2022)
8. 2015/487 (Amendment December) Kwikspace Modular Building System (December 2022)
9. 2023/639 Plascon Professional Textured Acrylic Coating (March 2023)
10. 2023/640 Glasroc X Exterior Wall Cladding (March 2023)

| NO | TYPE | CERTIFICATE NUMBER | COMPANY NAME |
|----|---------------------------|---|--|
| 1 | Bathroom and Toilet Units | 2020/614: The Adaptable Toilet Pedestal and Handwash System | Integrum Design (Pty) Ltd t/a I-Design |
| 2 | Bridge Deck Joints | 2002/293: Thormajoint Bridge Deck Expansion Joint System (DS | DSC-Zendon cc |
| 3 | Bridge Deck Joints | 2004/305: Thormajoint Bridge deck Expansion Joint System | Bridge Jointing & Rehabilitation Contractors |
| 4 | Bridge Deck Joints | 2004/306: Maurer D80C (FP) Bridge Deck Expansion Joint | DSC-Zendon cc |
| 5 | Bridge Deck Joints | 2004/307: Maurer Multi-element Bridge deck expansion Joint | DSC-Zendon cc |
| 6 | Bridge Deck Joints | 2004/308: BSP 40 Bridge Deck Expansion Joint | DSC-Zendon cc |
| 7 | Bridge Deck Joints | 2004/309: BSP 80 Bridge Deck Expansion Joint | DSC-Zendon cc |
| 8 | Bridge Deck Joints | 2004/311 (Amended August 2021): Honel E80 Bridge Deck Expansion Joint | Honel Structural Products (Pty) Ltd |
| 9 | Bridge Deck Joints | 2004/312 (Amended August 2021): Honel Gam 80 à€“ 480 Series Bridge Deck Expansion Joint | Honel Structural Products (Pty) Ltd |
| 10 | Bridge Deck Joints | 2013/440: Febajoint Bridge Deck Expansion Joint | StonCor Africa (Pty) Ltd |
| 11 | Bridge Deck Joints | 2013/441: Britflex (BEJ) Bridge Deck Expansion Joint System | StonCor Africa (Pty) Ltd |
| 12 | Bridge Deck Joints | 2016/510: Tensa Finger RSFD Bridge Deck Joint | Mageba SA |
| 13 | Bridge Deck Joints | 2017/544: Aluminium Elastomeric Bridge Deck Joint BSP 65AE & BSP 80AE | DSC-Zendon cc |
| 14 | Ceilings | 2001/287: Isoboard Over Purlin Roof Insulation | Isofoam (South Africa) (Pty) Ltd |
| 15 | Ceilings | 2006/323: Isoboard Nail Up Insulated Ceilings | Isofoam (South Africa) (Pty) Ltd |
| 16 | Damp-proofing | 2020/605 Economy Double Sided Foil Under-Lay Membrane | Spunchem International (Pty) Ltd |
| 17 | Damp-proofing | 2000/283: Gundle USB 170 GB under surface-bed membrane | Gundle API (Pty) Ltd |
| 18 | Damp-proofing | 2001/284: Gundle Gunplas DPC 250 | Gundle API (Pty) Ltd |
| 19 | Damp-proofing | 2001/285: Gundle USB 170 GB damp-proof membrane | Gundle API (Pty) Ltd |
| 20 | Damp-proofing | 2014/468: Gundle Anti-Termite Damp-Proof Course and Membrane | Novara Profile Extrusions (Pty) Ltd t/a Gundle API |
| 21 | Damp-proofing | 2018/574 Polyglass Spider P & Spider P Mineral Waterproofing Membrane | Polyglass SPA |
| 22 | Insulation | 2000/276: Isoboard Cavity Wall Insulation | Isofoam (South Africa) (Pty) Ltd |
| 23 | Insulation | 2000/277: Isoboard Inverted Roof Insulation | Isofoam (South Africa) (Pty) Ltd |
| 24 | Insulation | 2010/382: IsoBoard Over Rafter and Truss Insulation | Isofoam (South Africa) (Pty) Ltd |

| NO | TYPE | CERTIFICATE NUMBER | COMPANY NAME |
|----|---------------------|--|--|
| 25 | Insulation | 2016/507 Durafoil DSD Reflective Roof Insulation Foil | Novara Profile Extrusions (Pty) Ltd t/a Gundle API |
| 26 | Insulation | 2019/591 Ecolay Undertile Membrane | Brits Bag Manufactures |
| 27 | Plumbing | 1996/241: Contactim | Contactim (Pty) Ltd |
| 28 | Plumbing | 2016/525: Pro Close Slip-Clutch Garden Bib Tap | Kielder Komponentes cc |
| 29 | Plumbing | 2017/540: Seaqual Full-Bore Drainage System | Seaqual (Pty) Ltd |
| 30 | Plumbing | 2017/541: Seaqual F-Box WetFloor Drainage System | Seaqual (Pty) Ltd |
| 31 | Products | 2009/359 JoJo Septic Tanks | JoJo Tanks (Pty) Ltd |
| 32 | Products | 2011/385: JoJo Liquid Storage Tanks | JoJo Tanks (Pty) Ltd |
| 33 | Products | 2012/415: Calcamite Water and Liquid Storage Tanks | Calcamite Sanitary Services (Pty) Ltd |
| 34 | Products | 2012/419: EcoTanks Water and Liquid Storage Tanks | Ecopolymers cc t/a EcoTanks |
| 35 | Products | 2013/433: RotoTank Water and Liquid Storage Tanks | Affirm Manufacturing Services (Pty) Ltd |
| 36 | Products | 2014/461: Yebo Water and Liquid Storage Tanks | Quick Traders 1029cc |
| 37 | Products | 2014/462: KRM Water and Liquid Storage Tanks | KRM Plastics (Pty) Ltd |
| 38 | Products | 2015/493: Makoro Water and Liquid Storage Tanks | Makoro Tank Technologies (Pty) Ltd |
| 39 | Products | 2017/542: Smink Flomac Water and Liquid Storage Tanks | Smink (Pty) Ltd |
| 40 | Products | 2017/545: Polyfibre Awning Window frames | Polyfibre (Pty) Ltd |
| 41 | Products | 2019/602: Nexus Skin Coating System | Laminin Coatings (Pty) Ltd |
| 42 | Products | 2020/617 Samac Thermal Storage Tank | Samac Engineering Solutions |
| 43 | Roofing Products | 2000/274 (Amended March 2002) : Gundle Gunplas UT 180 Undertile Membrane | Gundle API (Pty) Ltd |
| 44 | Roofing Products | 2003/296: Gundle Gunplas UT 250 Undertile Membrane | Gundle API (Pty) Ltd |
| 45 | Roofing Products | 2007/332 (Amended November 2009) Gundle UT Woven Tile Underlay | Gundle API (Pty) Ltd |
| 46 | Roofing Products | 2009/366: Spunsulation 3 Roofing Radiant Barrier | Spunbond Holdings (Pty) Ltd t/a Spunchem Interna |
| 47 | Roofing Products | 2009/367: Spunsulation 5 Roofing Radiant Barrier | Spunbond Holdings (Pty) Ltd t/a Spunchem Interna |
| 48 | Roofing Products | 2009/369: Spunsulation 5 Light Roofing Radiant Barrier | Spunbond Holdings (Pty) Ltd t/a Spunchem Interna |
| 49 | Roofing Products | 2011/384: Spunsulation Roofing Undertile Membrane | Spunbond Holdings (Pty) Ltd t/a Spunchem Interna |
| 50 | Roofing Products | 2011/387: Spunsulation 4 Contractors Choice | Spunbond Holdings (Pty) Ltd t/a Spunchem Interna |
| 51 | Roofing Products | 2012/425: Spunsulation Illumina Roofing Radiant Barrier | Spunbond Holdings (Pty) Ltd t/a Spunchem Interna |
| 52 | Roofing Products | 2014/464: Optiflash Waterproofing System | Optima Coatings (Pty) Ltd |
| 53 | Roofing Products | 2018/572: Spunsulation Contractors membrane | Spunbond Holdings (Pty) Ltd t/a Spunchem Interna |
| 54 | Roofing Products | 2018/579: Sisalation Fireshield DS Roofing Radiant Insulation Barrier | Afripack Consumer Flexibles (Pty) Ltd |
| 55 | Roofing Products | 2018/580: Sisalation Fireshield SS Roofing Radiant Insulation Barrier | Afripack Consumer Flexibles (Pty) Ltd |
| 56 | Roofing Products | 2018/585: Tereco Roof Tiles | Tereco (Pty) Ltd |
| 57 | Roofing Products | 2020/606 Heavy Industrial New Generation Foil Under-Lay Membrane | Spunbond Holdings (Pty) Ltd t/a Spunchem Interna |
| 58 | Sanitation Products | 2015/476 (Amended November 2020): High Density Polymer Envirodoor | Envirosan Sanitation Solutions |
| 59 | Sanitation Products | 2015/494: Direct Sanitation Application System | Sanitas Advanced Technology Sanitation (Pty) Ltd |
| 60 | Sanitation Products | 2018/582: Rocla Precast Lightweight Concrete Toilet Top Structure | Rocla (Pty) Ltd |
| 61 | Sanitation Products | 2018/589 (Amended November 2020): Eaziflush Sanitation Systems | Envirosan Sanitation Solutions |
| 62 | Sanitation Products | 2019/598 Propelair Toilet System | Phoenix Product Development Limited |
| 63 | Sanitation Products | 2020/611 - Khusela Dry Sanitation System | Waco Africa (Pty) Ltd t/a Abacus Space Solutions |

| NO | TYPE | CERTIFICATE NUMBER | COMPANY NAME |
|----|------------------------------|--|--|
| 64 | Sanitation Products | 2010/381: UL-M 20/10 Thin bituminous road surfacing | National Asphalt (Pty) Ltd |
| 65 | Sanitation Products | 2013/448:FrictionPave:Thin bituminous surfacing system | FrictionPave Partnership JV |
| 66 | Sanitation Products | 2016/515 Polo-Pave Thin Bituminous Road Surfacing System | Polokwane Surfacing (Pty) Ltd |
| 67 | Sanitation Products | 2017/334: NOVACHIP Thin bituminous surfacing system | Concor Infrastructure (Pty) Ltd |
| 68 | Sanitation Products | 2017/442: AquaFRICITIONCourse road surfacing system | Aqua Transport and Plant Hire (Pty) Ltd |
| 69 | Sanitation Products | 2019/593 Dura-Tech Surfacing System | At Road Construction (Pty) Ltd |
| 70 | Wall Coatings | 2005/313: Techfin System | Technical Finishes (Pty) Ltd |
| 71 | Wall Coatings | 2005/314:Glutone Wall Coating | Technical Finishes (Pty) Ltd |
| 72 | Wall Coatings | 2007/339: Top Paint Waterrepellent Latex Paint | Top Paints (Pty) Ltd |
| 73 | Wall Coatings | 2009/352(Amended August 2011): Prominent Paints Waterproofing Wall Coating | Prominent Paints (Pty) Ltd |
| 74 | Wall Coatings | 2011/399: Sheerflex Coating System | Dekro Paints (Pty) Ltd |
| 75 | Wall Coatings | 2012/420: Valamanzi Coating System | Optima Coatings (Pty) Ltd |
| 76 | Wall Coatings | 2013/435: Weber Brush Coat | Saint-Gobain Construction Products (Pty) Ltd |
| 77 | Wall Coatings | 2014/459: Africote One Coat PVA Wall Coating | Africote International (Pty) Ltd |
| 78 | Wall Coatings | 2014/472: Plascon Wallseal Coating System | Kansai Plascon (Pty) Ltd |
| 79 | Wall Coatings | 2014/473: Nucover Wall Coating | Xeracote cc t/a Olympia International Paints |
| 80 | Wall Coatings | 2015/480: Sutherland Sheen Coating System | O`Grady Coatings (Pty) Ltd |
| 81 | Wall Coatings | 2015/481: Sutherland Tex Coating System | O`Grady Coatings (Pty) Ltd |
| 82 | Wall Coatings | 2016/512: Amoriguard Wall Coating System | Amoriguard (Pty) Ltd |
| 83 | Wall Coatings | 2018/577: 5-in-1 Wall Coating System | Promac Paints (Pty) Ltd |
| 84 | Wall Coatings | 2020/615: Eco Wallchem All Paint | Greencoat CC |
| 85 | Wall Coatings | 2020/618 Strongcoat Wall Coating System | Promac Paints (Pty) Ltd |
| 86 | Wall Coatings | 2020/619: All in One and Standard Colours Paint | O`Grady Coatings (Pty) Ltd |
| 87 | Walling and Building Systems | 2018/587: Monl Frames Building System | Monl Frames Steel (Pty) Ltd |
| 88 | Walling and Building Systems | 1989/191 (Reassessment 2000): National and Overseas Factory Built Buildings | National and Overseas Modular Construction |
| 89 | Walling and Building Systems | 1989/194 (Amended 2019): KwikFrame Building System | OHM Asset Holdings (Pty) Ltd |
| 90 | Walling and Building Systems | 1990/205 FSM Building System (Amended April 2019) | Fabricated Steel Manufacturing Co (Pty) Ltd |
| 91 | Walling and Building Systems | 1993/223 (Re-activated March 2014): Neopor Building System | Khuthala Consulting (Pty) Ltd |
| 92 | Walling and Building Systems | 1996/237 ammended Oct 2020: Hydraform Building System | Hydraform Developments (Pty) Ltd |
| 93 | Walling and Building Systems | 1999/272(Amended August 2007): Robust Building System | Robust Structures (Pty) Ltd |
| 94 | Walling and Building Systems | 2001/289: Imison Building Process | Imison (Pty) Ltd |
| 95 | Walling and Building Systems | 2002/291:Aruba 2000 Series Building System | Aruba Construction CC |
| 96 | Walling and Building Systems | 2004/310: Imison Stud Column Walling System | Imison (Pty) Ltd |
| 97 | Walling and Building Systems | 2007/336:Automapolyblock Building System | Automa Building Products (Pty) Ltd |
| 98 | Walling and Building Systems | 2008/342: Imison 3 Building System | Imison (Pty) Ltd |
| 99 | Walling and Building Systems | 2008/346: Cemforce GRC Building System | Cemforce cc |

| NO | TYPE | CERTIFICATE NUMBER | COMPANY NAME |
|-----|------------------------------|---|--|
| 100 | Walling and Building Systems | 2009/354: Banbric Building System | Banbric Building cc |
| 101 | Walling and Building Systems | 2009/358: ITAS Modular Building System | I.T.A Security Co (Pty) Ltd |
| 102 | Walling and Building Systems | 2009/M56: Bright-Kid Container Conversions | Breidert Education Development cc |
| 103 | Walling and Building Systems | 2010/372 (Amended July 2015):Blast Building System | Didutex (Pty) Ltd |
| 104 | Walling and Building Systems | 2010/376: Mi Panel 1 Building System | MiBT SA Pty (Ltd) |
| 105 | Walling and Building Systems | 2011/383 Prefab Sprout Building system | Prefab Sprout |
| 106 | Walling and Building Systems | 2011/391: Amsa` s Alternative Building System | Arcelor Mittal South Africa Steel Service Centre |
| 107 | Walling and Building Systems | 2011/398 (Amended June 2021): Sandbag Building System | Avranex (Pty) Ltd Trading As Ubuhle Bakha Ubuhle (UBU) |
| 108 | Walling and Building Systems | 2011/401: Modular Home Building System | Ekhaya Jabulani Housing Projects (Pty) Ltd |
| 109 | Walling and Building Systems | 2011/403: Concretex Building System | Paveprint cc T/A Concretex |
| 110 | Walling and Building Systems | 2012/405 (Amended October 2017): Envirowall Building System | Habitat Modular Construction (Pty) Ltd |
| 111 | Walling and Building Systems | 2012/409: Amsa's Protea Building System | Arcelor Mittal South Africa Steel Service Centre (|
| 112 | Walling and Building Systems | 2012/414: Oceansafe Building System | EXELIS DEVELOPMENT (Pty) Ltd |
| 113 | Walling and Building Systems | 2012/422: SARDA Building System | Sarda Building Systems B.V |
| 114 | Walling and Building Systems | 2012/424: Tutungeni Building System | Tutungeni Precast cc |
| 115 | Walling and Building Systems | 2012/426: Khaya Readykit Building System | Khaya Readykit (Pty) Ltd |
| 116 | Walling and Building Systems | 2012/429: Cellular Concrete Building System | NRF housing (Pty) Ltd |
| 117 | Walling and Building Systems | 2013/432: Uvuyo Building System | Uvuyo Trading 109 (Pty) Ltd |
| 118 | Walling and Building Systems | 2013/434: Flex Building System | Adventure Shells (Pty) Ltd |
| 119 | Walling and Building Systems | 2013/445: UkuZwana Building System | UkuZwana Project Management Solutions (Pty) Ltd |
| 120 | Walling and Building Systems | 2014/450: Power Profile Building System | Shell Case (Pty) Ltd |
| 121 | Walling and Building Systems | 2014/453: Ezee Build Modular Building System | Ezee Build Developments cc |
| 122 | Walling and Building Systems | 2014/456: Legna Solidwall Building System | Legna Creative Enterprises cc |
| 123 | Walling and Building Systems | 2014/458: RIC Prefabricated Building System | Rodger Ian Carter Technical Servi |
| 124 | Walling and Building Systems | 2014/467: JK Structure Building System | GIB Developments (Pty) Ltd |
| 125 | Walling and Building Systems | 2014/471: Benex Masonry Building System | GARDEN CITIES NPC (RF) |

| NO | TYPE | CERTIFICATE NUMBER | COMPANY NAME |
|-----|------------------------------|---|---|
| 126 | Walling and Building Systems | 2014/474: FSM FR Polycore Building System | Fabricated Steel Manufacturing Co (Pty) Ltd |
| 127 | Walling and Building Systems | 2015/477: Green Crete Building System | Get Connected Holdings (Pty) Ltd. |
| 128 | Walling and Building Systems | 2015/478: Modular Fibre Reinforced Concrete Building System | Malopo Construction SA |
| 129 | Walling and Building Systems | 2015/482: Besta Board Building System | Fast Track Contracting Africa (Pty) Ltd |
| 130 | Walling and Building Systems | 2015/484: GeoPanel Formwork System | GeoPlast South Africa (Pty) Ltd |
| 131 | Walling and Building Systems | 2015/485: Geoplast Modulo Foundation System | GeoPlast South Africa (Pty) Ltd |
| 132 | Walling and Building Systems | 2015/486: Shouguang Prefabricated Building System | Bashoeshoe Investment and Projects |
| 133 | Walling and Building Systems | 2015/487: Kwikspace Modular Building System | Kwikspace Modular Buildings (Pty) Ltd |
| 134 | Walling and Building Systems | 2015/490: Abacus EzeeSpace Building System | Waco Africa (Pty) Ltd t/a Abacus Space Solutions |
| 135 | Walling and Building Systems | 2015/504: Selcrete Building System | HJOTT SOUTH AFRICA (PTY) LTD |
| 136 | Walling and Building Systems | 2015/505 4-Everframe Wood Plastic Composite Door Frames | BM Trading Trust |
| 137 | Walling and Building Systems | 2016 / 517: Abscon Prefabricated Building System | Absolute Containers (Pty) Ltd |
| 138 | Walling and Building Systems | 2016/506: BravoMax Building System | BravoMax (Pty) Ltd |
| 139 | Walling and Building Systems | 2016/509: Everite Hebel AAC Building System | EVERITE (Pty) Ltd |
| 140 | Walling and Building Systems | 2016/511: Afripanel Modular Building System | Aboard Group |
| 141 | Walling and Building Systems | 2016/513: Modular Housing Container Building System | Equitable Housing Group (Pty) Ltd |
| 142 | Walling and Building Systems | 2016/514: K3T WALL PANEL SYSTEM | Esttar International (Pty) Ltd |
| 143 | Walling and Building Systems | 2016/524: FORSA Aluminium Formwork System for Reinforced Concrete Buildings | FORSA SA |
| 144 | Walling and Building Systems | 2016/526: Stumelbloc Building System | Stumelbloc Exports (Pty) Ltd |
| 145 | Walling and Building Systems | 2016/529: BNBM Dry Wall Building System | Anganna Investments 70 (Pty) Ltd |
| 146 | Walling and Building Systems | 2016/530: African Modular Building System | African Modular Building Solutions cc |
| 147 | Walling and Building Systems | 2016/531: EEZI Thermal Modular Building System | EEZI Group Africa |
| 148 | Walling and Building Systems | 2016/532 (Amended 2019): : Klevabrick Building System | Astro Kretzmann Family Trust |
| 149 | Walling and Building Systems | 2016/534 Converted Containers & Modular Structu | CONTAINER WORLD (PTY) LTD |
| 150 | Walling and Building Systems | 2017/538: SANY Building System | SANY Construction Industry Development Africa (Pty) |
| 151 | Walling and Building Systems | 2017/554: EVG 3D Panel Construction System | EVG 3D Africa (Pty) Ltd |

| NO | TYPE | CERTIFICATE NUMBER | COMPANY NAME |
|-----|----------------------------------|--|--------------------------------------|
| 152 | Walling and Building Systems | 2017/555: EVERITE HEBEL AAC Block Building System | EVERITE (Pty) Ltd |
| 153 | Walling and Building Systems | 2017/558: Greenlite Concrete Jumbo Blocks Building System | Greenlite Concrete (Pty) Ltd |
| 154 | Walling and Building Systems | 2017/559: RWPA Building System (Amended June 2019) | RWPA Solutions (Pty) Ltd |
| 155 | Walling and Building Systems | 2017/561: Non-wet construction Building system | CMIG Drawin South Africa Pty Ltd |
| 156 | Walling and Building Systems | 2018/562: PolyCare Modular Building System | PolyCare Research Technology |
| 157 | Walling and Building Systems | 2018/575 Ikhaya Futurehouse Building Systems | Ikhaya Futurehouse Systems (Pty) Ltd |
| 158 | Walling and Building Systems | 2018/576: AAC Precast Modular Housing System | Century Construction Supply LLC |
| 159 | Walling and Building Systems | 2018/583: Premod Building System | Premod Systems cc |
| 160 | Walling and Building Systems | 2018/586: BioBuild Building System | BIOBUILD (Pty) Ltd |
| 161 | Walling and Building Systems | 2019/592 WBT Rocktec Panel Building System | White Hall Trading and Projects 171 |
| 162 | Walling and Building Systems | 2019/600 CITRA BUILDING SYSTEM | Citra Construction (Pty) Ltd |
| 163 | Walling and Building Systems | 2019/603 Cool Maintenance Building System | Arnott Panels (Pty) Ltd |
| 164 | Walling and Building Systems | 2019/604 Trumod Building System | Trumod (Pty) Ltd |
| 165 | Walling and Building Systems | 2020/608 A-SIP Building System | Absolute Containers (Pty) Ltd |
| 166 | Walling and Building Systems | 2020/609 Litecore Building System | Technopol SA (Pty) Ltd |
| 167 | Walling and Building Systems | 2020/613: Envirolite Blocks Building System (Amended in June 2022) | Envirolite Concrete (Pty) Ltd |
| 168 | Walling and Building Systems | OC-1/2001: Besa Building System | AgrĂ©ment South Africa |
| 169 | Walling and Building Systems | OC-2/2003: Besa 2 Building System (Schools, Day clinics & Off | AgrĂ©ment South Africa |
| 170 | Waterproofing | 1992/219 (Reappraisal 1997): Derbigum SP Waterproofing | Derbigum Manufacturing (Pty) Ltd |
| 171 | Waterproofing | 1997/261: Index Fidia `P` Roof Waterproofing | ABE Construction Chemicals (Pty) Ltd |
| 172 | Waterproofing | 1998/262: Index Testudo 20 Waterproofing | ABE Construction Chemicals (Pty) Ltd |
| 173 | Waterproofing | 2017/551: S50 Fibre Reinforced Crack Repair and Water Proofing System | Geotech Nano Chemicals (Pty) Ltd |
| 174 | Waterproofing | 2017/557: Polyglass Evolight S & Evolight S Mineral Waterproofing Membranes | Polyglass SPA |
| 175 | Non- traditional soil stabiliser | 2015/496 Ecobond: Non-Traditional Soil Stabilizer | Techneco (Pty) Ltd |
| 176 | Software | 2012/412: BSIMAC (Version 9) Building Energy Analysis Software | Alec Johannsen Consulting Engineers |
| 177 | Software | 2013/443: StarFront Software for designing compliant aluminium windows and doors | Wispeco (Pty) Ltd |
| 178 | Software | 2014/470: Crealco U-Solve Whole Window and Door | Wispeco (Pty) Ltd |
| 179 | Software | 2018/584 Designbuilder (Version 5) Building Energy Analysis Software | Greenplan Consultants (Pty) Ltd. |
| 180 | Roads Products | 2010/375: Enviro Prime | Tarspray cc |
| 181 | Roads Products | 2012/408: Pro-Phalt Infrared Road Repair System | Pro-Phalt SA (Pty) Ltd |
| 182 | Roads Products | 2013/446: Non-tacky Tack Coat (nt- cote) | Tarspray cc |

| NO | TYPE | CERTIFICATE NUMBER | COMPANY NAME |
|-----|-------------------------------------|---|--|
| 183 | Roads Products | 2016/516: THE ROAD REJUVENATOR | Tarspray cc |
| 184 | Roads Products | 2019/597 SOILTECH MK III: NON- TRADITIONAL SOIL STABILIZER | Polyroads Pavements (Pty) Ltd |
| 185 | Roads Products | 2020/610 Moyizela Instant Road Repair | Moyizela Systems Group |
| 186 | Traffic Monitoring Systems | 2015/497: Mikros Dual Stick-on Loop Traffic Monitoring System | Mikros Systems (Pty) Ltd t/a Syntell Group Company |
| 187 | Traffic Monitoring Systems | 2015/498: Permanent Dual Traffic Monitoring System with TLOOP8 | Mikros Systems (Pty) Ltd t/a Syntell Group Company |
| 188 | Traffic Monitoring Systems | 2015/499: Permanent Dual Traffic Monitoring System with TLOOP8-F | Mikros Systems (Pty) Ltd t/a Syntell Group Company |
| 189 | Traffic Monitoring Systems | 2015/500: Permanent Axle Traffic Monitoring System with AUTOPIZ08 | Mikros Systems (Pty) Ltd t/a Syntell Group Company |
| 190 | Traffic Monitoring Systems | 2015/501: Permanent Axle Traffic Monitoring System with PICOTEL8 | Mikros Systems (Pty) Ltd t/a Syntell Group Company |
| 191 | Traffic Monitoring Systems | 2015/502: Permanent Axle Traffic Monitoring System with WYPROS I PWIM | Mikros Systems (Pty) Ltd t/a Syntell Group Company |
| 192 | Traffic Monitoring Systems | 2015/503: TES Non-Intrusive Loop Traffic Monitoring System | TES Trust |
| 193 | Traffic Monitoring Systems | 2016/518: Permanent Axle Traffic Monitoring System Type A1 with PICOTEL8-SDT | Mikros Systems (Pty) Ltd t/a Syntell Group Company |
| 194 | Traffic Monitoring Systems | 2017/549: TES Infra-Red Beam Axle Sensors Traffic Monitoring System Type B1 | TES Trust |
| 195 | Traffic Monitoring Systems | 2016/519: Class I Weigh-in-Motion Monitoring System Type B1 with WYPROS II BP for CZL Bending Plate Sensors | Mikros Systems (Pty) Ltd t/a Syntell Group Company |
| 196 | Weigh-In- Motion Monitoring Systems | 2016/520: Class II Weigh-in-Motion Monitoring System Type B1 with WYPROS I Kistler WIM for Kistler Lineas Sensors | Mikros Systems (Pty) Ltd t/a Syntell Group Company |
| 197 | Weigh-In- Motion Monitoring Systems | 2016/521: Class II Weigh-in-Motion Monitoring System Type B1 with WYPROS II BP for PAT Bending Plate Sensors | Mikros Systems (Pty) Ltd t/a Syntell Group Company |
| 198 | Weigh-In- Motion Monitoring Systems | 2017/548: TES Class I Weigh-in- Motion Monitoring System Type B1 | TES Trust |
| 199 | Weigh-In- Motion Monitoring Systems | 2017/550: TES Class II Weigh-in- Motion Monitoring System Type B1 | TES Trust |
| 200 | Access Control Doors | 2015/475 (Amended November 2020): Ventilated Improved Pit and Urine Diversion Toilet System | Envirosan Sanitation Solutions |
| 201 | Access Control Doors | 2015/479 ITAS Access Control Doors | I.T.A Security Co (Pty) Ltd |
| 202 | Building Systems | 2018/567 (Amended August 2021): Housezero Building System | Housezero Commercial (Pty) Ltd |
| 203 | Access Control Doors | 2019/204 Trumod Building Systems | Trumod (Pty) Ltd |
| 204 | Products | 2020/616: NMC Precast Concrete Channels | Contru Solutions (Pty) Ltd |
| 205 | ColdMix Asphalt | 2018/588: Roadsaver Coldlay Surfacing System | Universal Blending (Pty) Ltd |
| 206 | Product | 2021/621: Water Wheelbarrow Tank | Virgin Creatives (Pty) Ltd |
| 207 | Roads Product | 2021/630 (Valid until 2023): NATPatch Å® Cold Mix Asphalt | National Asphalt (Pty) Ltd |
| 208 | Building System | 2021/628: ASLA Concrete Framed Building System | ASLA Construction (Pty) Ltd |
| 209 | Product | 2021/626: Plastic ECO Paving Brick | Dâ€™KERD ECO Manufacturer |
| 210 | Product | 2021/625: ABN// INSTAL CT FASER RD FIRE PIPE SYSTEM | Evolution Water Supply System (Pty) Ltd |
| 211 | Building System | 2021/629: GREEN CRETE SMART BLOCK | Get Connected Construction |
| 212 | Roofing Product | 2021/624: Harvey Eco Tile | Harvey Roofing Products, a division of Macsteel Service Centres SA (Pty) Ltd |
| 213 | Building System | 2020/623: Lambuilt Building System | Lambuilt (Pty) Ltd |
| 214 | Roads Products | 2018/589 (Finalised 2021): GB5 High Modulus Asphalt System | Much Asphalt (SA) |
| 215 | Wall Coatings | 2016/533: 3-in-1 Wall Coating System | Promac Paints (Pty) Ltd |
| 216 | Sanitation Product | 2021/631: Eldoloo VIP Top & Pit Structure system | ELDOFOX (PTY) LTD |

| NO | TYPE | CERTIFICATE NUMBER | COMPANY NAME |
|-----|----------------------------|--|---|
| 217 | Walling & Building System | 2017/556 Amended December 2021 Fishnet and Pet Bottle Building System and Boundary Walls | SA Samarpan Foundation |
| 218 | Software | 2012/413 (Amended December 2021): DesignBuilder 4.0 â€” Building Energy Analysis Software | Greenplan Consultants (Pty) Ltd |
| 219 | Building Systems | 2021/620: SAF Panel Building System | SAF Panels Africa (Pty) Ltd |
| 220 | Building Systems | 2014/463 (Amended March 2022): Sterling Building System | Sanjo FABTECH Sterling (Pty) Ltd |
| 221 | Building Systems | 2022/632: Living Home MgO SIP Building System | Square Foot Developments CC |
| 222 | Damp-proofing | 2018/565: ECO Damp-Proof Course and Membrane | African Global Plastics (Pty) Ltd |
| 223 | Wall Coatings | 2005/318: Kolorcote T Wall Coating System | Africote International (Pty) Ltd t/a Africote |
| 224 | Products | 2017/546: Geotex 500 and 600 Series Macro-Synthetic Fibres | Plusnet/ Geotex{a division of Carolline Investments (Pty) Ltd |
| 225 | Roads Product | 2009/357: Gundle USB Co-Extruded Surface-Bed Membrane | Gundle API (Pty) Ltd |
| 226 | Roads Product | 2019/599: Perma-Zyme Soil Stabiliser | MRT Energy(Pty) Ltd |
| 227 | Building Systems | 2019/601: Envirocrete Building system | Envirocrete (Pty) Ltd |
| 228 | Roads Product | 2014/469: Gundle UT Woven 118 RoofTile Underlay | Gundle API (Pty) Ltd |
| 229 | Traffic Monitoring Systems | 2016/522: TES Intrusive Loop Traffic Monitoring System Type C1 | TES Trust |
| 230 | Traffic Monitoring Systems | 2018/566: Mikros Manual Traffic Monitoring System Type M1 | Mikros Systems (Pty) Ltd t/a Syntell Group Company |
| 231 | Building Systems | 2013/436: Exelis Development Building System | Exelis Development (Pty) Ltd |
| 232 | Products | 2016/528: RotoTank Plynth | RotoTank™ KZN (Pty) Ltd |
| 233 | Building Systems | 2018/568: Archway Construction System | Archway Technologies Africa (Pty) Ltd |
| 234 | Building System | 2022/635: Hempcrete Block Building System | AFRIMAT Hemp (Pty) Ltd |
| 235 | Sanitation System | 2022/634: Amalooloo Urine Diversion Toilet System | Betram (Pty) Ltd |
| 236 | Sanitation System | 2022/633: Shocrete Pre-cast Concrete Toilet Top Structure | SHOCRETE (PTY) LTD |
| 237 | Sanitation System | 2022/636: Eldocrete Eldoloo Top and Pit Structures | Eldocrete (Pty) Ltd |
| 238 | Building System | 022/637: Monl Frames Solid Wall Building System | Monl Frames Steel (Pty) Ltd |
| 239 | Building System | 2022/638: Block Solutions Building System | Block Solutions Oy |
| 240 | Product | Plascon Professional Textured Acrylic Coating | Kansai Plascon (Pty) Ltd |
| 241 | Product | Glasroc X Exterior Wall Cladding System | St Gobain Construction Systems SA (Pty) Ltd |

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