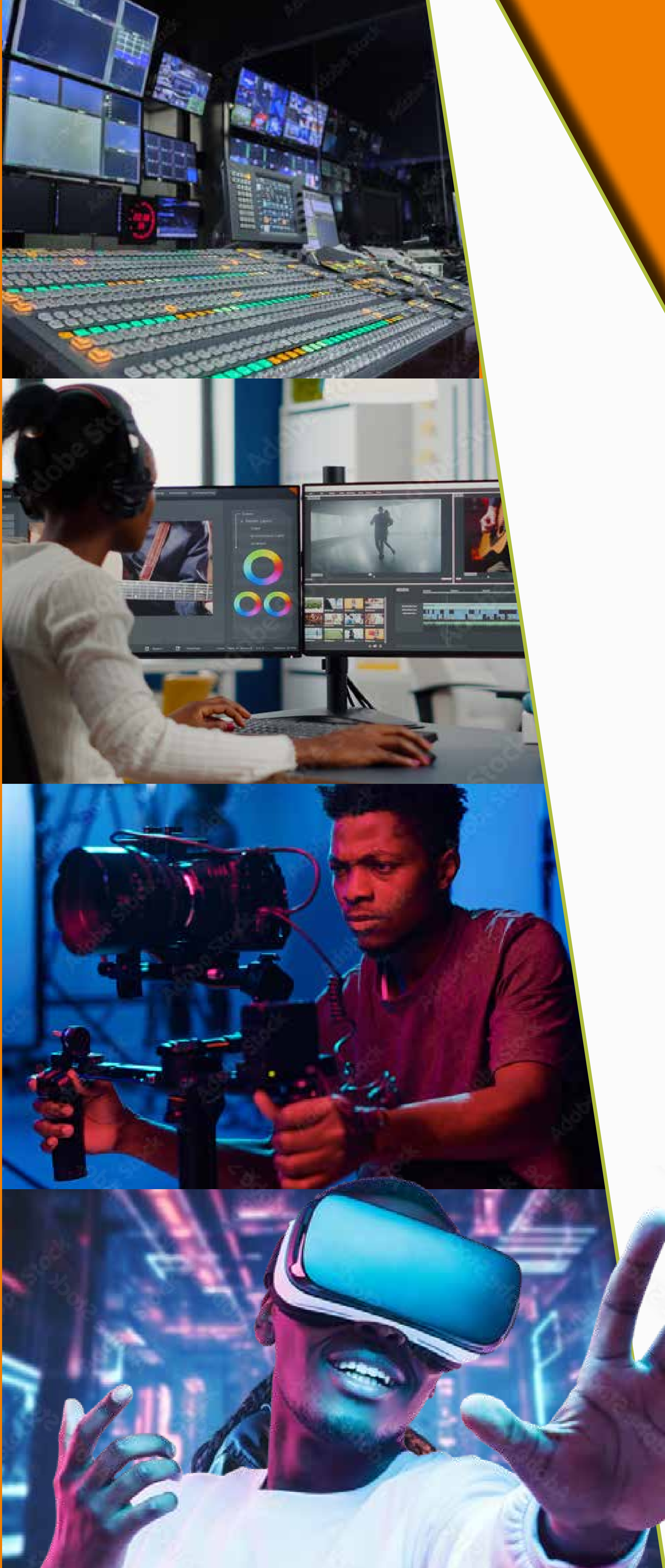

ANNUAL REPORT
2022-2023

NEMISA NPC

National Electronic Media Institute of South Africa

NEMISA ANNUAL REPORT 2022-2023

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PART A

GENERAL **INFORMATION**

GENERAL **INFORMATION**

CHAIRPERSON OF THE BOARD	Ms Molebogeng Leshabane
REGISTERED OFFICE ADDRESS	26 Canary Street, Auckland Park, Johannesburg 2006
POSTAL ADDRESS	PO Box 545, Auckland Park, 2006
TELEPHONE NUMBER	+27 11 484 0583
FAX NUMBER	+27 11 484 0615
WEBSITE ADDRESS	www.nemisa.co.za
AUDITORS	Auditor-General South Africa
BANKERS	Standard Bank
COMPANY SECRETARY	Ms Fahmida Valla

ABBREVIATIONS

AGSA	Auditor-General South Africa
AI	Artificial Intelligence
APP	Annual Performance Plan
CEO	Chief Executive Officer
DBE	Department of Basic Education
DCDT	Department of Communications and Digital Technologies
DPME	Department of Planning, Monitoring and Evaluation
Exco	Executive Committee
ICT	Information and Communication Technology
IDI	ICT Development Index
IoT	Internet of Things
M&E	Monitoring and Evaluation
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NEMISA	National Electronic Media Institute of South Africa
NT	National Treasury
OTT	Over-The-Top
PFMA	Public Finance Management Act
Q	Quarter
SA	South Africa
SCM	Supply Chain Management
SDG	Sustainable Development Goal
SMART	Specific, Measurable, Achievable, Realistic and Time-bound
SMME	Small, Medium and Micro Enterprise
SOC	State-Owned Company
SOE	State-Owned Enterprise
SONA	State of the Nation Address
SOP	Standard Operating Procedure
UN	United Nations
UNDP	United Nations Development Programme
USAASA	Universal Service Agency of South Africa
WEF	World Economic Forum
WSIS	World Summit of Information Society

FOREWORD BY THE CHAIRPERSON

MS MOLEBOGENG LESHABANE

The 2022/23 financial year presented NEMISA with an opportunity to further implement its plans to expand the scale of its offerings, improving the learning content, expanding partnerships and implementing the strategy on organisational transformation. The expansion of the training programmes is encapsulated in the 2022/23 Annual Performance Plan (APP); which, for example, increased the target for creative media short courses from 150 people to be trained in the 2022/23 period to 500 people. New targets for the training of SMMEs in Digital Entrepreneurship and Technician training in areas such as cell phone repairs were also introduced in the year. This was in recognition that NEMISA should be positioned to increase its reach across South Africa, given economic challenges that the country faces, especially on youth unemployment.

In keeping up with the dynamic nature of the creative media and the information and communication technology (ICT) industries, NEMISA reviewed its existing courses in order to keep them updated. In addition, new courses such as Vlogging, including a full course in Artificial Intelligence (AI), were developed in the 2022/23 financial year. Furthermore, NEMISA continued expanding its partnerships with the belief that it is through collaborations that the Institute will leverage on to achieve its objectives. While existing partnerships with CoLabs and those with organisations such as SITA, PSETA, BANKSETA, The British High Commission, GIZ, Microsoft and Google South Africa were maintained; more focus was put on establishing partnerships with TVET colleges. NEMISA also worked closely with several district and local municipalities to expand its programmes. The highlight of the year under review was the institute's partnership with the Department of Basic Education (DBE), which enabled the training of teacher assistants in digital literacy. Through its vast network of partnerships, NEMISA is strategically positioned to shape the development of a collaborative training ecosystem that can reach as many people as possible and offer the support required by students instead of positioning itself as a competitor to existing training providers.

The analysis of the environment indicates a significant demand for the skills development programmes offered by NEMISA in South Africa. It is also recognised that there are many interested stakeholders; including but not limited to communities, government entities, industry and SMMEs. The 2022/23 financial year was a year to continue strengthening NEMISA towards building capacity to deliver on large scale programmes. It was also a year to leverage on our partners' strengths to exponentially access more beneficiaries to be trained. NEMISA is growing rapidly to ensure that the public and private sector beneficiaries are equipped with the much-needed skills to take South Africa to greater heights in all spheres of media and digital technology.

I would like to express NEMISA's gratitude to the Honorable Minister of Communications and Digital Technologies, the Deputy Minister and the entire Department of Communications and Digital Technologies (DCDT) team for the support and leadership provided to NEMISA, including the vision to expand digital skills to South Africans in a revolutionary manner. The Board, management and staff are appreciated for their outstanding contributions to NEMISA's achievements in the year under review and a special appreciation goes to the partners and learners affiliated with the institute.

Ke a leboga! Together we can!

Ms. Molebogeng Leshabane
Chairperson of the Board
Date

CHIEF EXECUTIVE OFFICER'S OVERVIEW

MR TREVOR RAMMITLWA

On behalf of NEMISA, I am pleased to present the 2022/23 Annual Report, and to report on the performance against the mandate given to the Institute, to deliver digital and creative media skills for the financial year under review. NEMISA's 2022/23 Annual Performance Plan (APP), Programme 3 in particular, aimed at substantially increasing its digital skills delivery to make headway towards the five-year targets as articulated in the 2020 - 2025 Strategic Plan.

The operating environment in the year under review demanded for NEMISA to strengthen its operational capacity and implement improvements in its operating model to enable expansion of its training programmes. NEMISA, therefore, spent time in the year to review its organisational structure and to expand its delivery model to the TVET colleges. Building from the previous year, work continued to scale up the adoption of its digital learning platforms. The increase in youth unemployment and the need for digital skills to reskill and upskill demanded the Institute to drastically scale up its digital skills delivery in support of South Africa's growth and digital transformation. NEMISA recognises that its delivery in the year under review has continued to reflect the Institute as a high performing organisation with recognition that more work still needs to be done in the journey to massively skill the youth, women, people with disabilities, unions and SMMEs in order for them to thrive in the digital economy. NEMISA successfully delivered a Data Science Datathon that produced high-quality innovations and a Research Colloquium that has produced high-quality research by the participating higher education institutions. NEMISA is grateful for such continued support.

For the year under review, NEMISA met all the governance requirements of the shareholder and risk management has also been strengthened. The Institute was able to achieve 18 out of 19 of its APP targets, which translates into a 94% achievement. NEMISA management would like to extend gratitude to the Honourable Minister, the Deputy Minister and the Department of Communications and Digital Technologies (DCDT) staff for their unwavering support during the year, NEMISA Board of Directors for the leadership and steadfast guidance, NEMISA management team and staff for their dedication and commitment to grow the Institute towards a high performing organisation. The team is even more dedicated to delivering greater results in the remaining years of the Medium-Term Strategic Framework (MTSF).

Mr. Trevor Rammitlwa
Chief Executive Officer
Date

CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

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

- All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General.
- The annual report is complete, accurate and 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 standards applicable to the public entity.

The accounting authority is responsible for preparing the annual financial statements and the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

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 entity's financial affairs for the financial year ended 31 March 2023.

Yours faithfully,

Mr. Trevor Rammitlwa
Chief Executive Officer
Date

Ms. Molebogeng Leshabane
Chairperson of the Board
Date

STRATEGIC OVERVIEW

LEGISLATIVE AND POLICY MANDATE

The National Electronic Media Institute of South Africa was established as a non-profit institute for education in terms of the Companies Act (1973) and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999). The institute's programmes are structured to enhance the market readiness of students in a wide range of broadcasting disciplines. Its mandate was expanded to include the development of South Africans' digital skills capacity, and it is accordingly responsible for the implementation of digital skills programmes, inclusive of broadcasting, in collaboration with its partners.

Below are some of the national policies recognising the need for development of digital skills in South Africa to which the mandate of NEMISA is derived from:

- National Development Plan 2030
- National Skills Development Plan
- 2014 SA Connect Broadband Policy
- 2016 National Integrated ICT Policy White Paper
- White Paper on Post-School Education and Training
- Digital Skills Strategy
- National Human Resources Development Strategy
- National Digital Skills Partnership

VISION

A digitally transformed society

MISSION

To catalyse national digital skills for meaningful use of technologies in order to improve the quality of life of all people in South Africa

VALUES AND VALUES STATEMENTS

AGILITY	NEMISA upholds a principle of flexibility, adapting to accelerating changes without losing our identity.
COLLABORATION	We believe in the power of working across multiple organisations, individuals and constituencies in order to co-create ideas and innovations that will improve our human capital through partnerships that work. We espouse values of inter programme collaboration so that we create a united workforce that will sustain the organisation throughout the VUCA world with communication as a strong vehicle.
INTEGRITY	NEMISA strives to be the epitome of honesty through sound, moral and ethical principles which all employees will uphold in our dealings with a variety of stakeholders.
PROFESSIONALISM	In everything we do we strive to maintain a professional etiquette when dealing with our stakeholders.
COMMITMENT TO EXCELLENCE	We are committed to excellence, to always providing value to our customers, partners and stakeholders. We set and achieve ambitious goals, we pursue high expectations, innovate by trying new ways of doing things and model a positive example.

IMPACT STATEMENT

Accelerated use of digital technologies to improve quality of life.

OUTCOMES

OUTCOME 1	Transformed organisation
OUTCOME 2	Digitally skilled citizens
OUTCOME 3	Improved applied research & innovation outcomes
OUTCOME 4	Aggregated digital skills programmes

SITUATIONAL ANALYSIS

In line with its mandate, NEMISA operates in the creative media, and digital technologies industries and the overarching thrust in these industries is communications. In order to be strategically positioned to succeed in the delivery of its mandate it is pertinent that a situation analysis be undertaken.

ALIGNMENT WITH NATIONAL POLICY DIRECTION

NEMISA recognises that the Presidential Commission on the Fourth Industrial Revolution (PC4IR) and the gazetting of its report created a base from which NEMISA could launch an ambitious effort to digitally skill South African citizens. The launch of the Digital and Future Skills Strategy for South Africa by the DCDT was furthermore significant and continues to provide guidance to NEMISA to digitally skill citizens from foundational education, post schooling, government and industry-based interventions. NEMISA's 2022/23 APP and in particular Programme 3 aimed to substantially increase its digital skills delivery in order to make headway towards its five-year targets as stated in the 2020 -2025 Strategic Plan.

The Economic Reconstruction and Recovery Plan (ERRP) continues to serve as a guide to NEMISA's activities as it clarifies that during the past decade, the South African economy has experienced stagnation which has put a strain on the effort to tackle the historical structural inequalities, unemployment and poverty. The plan recognises that substantial structural change in the economy that will unlock growth and allow for development should be made. The ERRP has among others also identified skills development and capacitating communities as one of the enablers to rebuild the economy.

NEMISA strives to make a contribution to the NDP 2030 and the National Skills Development Plan 2030 which aims to create an educated, skilled and capable workforce for South Africa. During the year under review NEMISA embarked on a journey to significantly scale up its skills development programme to create awareness, demystify technologies and extend the use of technology to promote the uptake and usage of ICTs in the country while taking advantage of what emerging digital technologies bring for the South African economy and the unemployed.

Following the publication of the National Integrated ICT policy white paper and the recognition for the need for a new skills dispensation to drive heightened innovation, NEMISA has embraced the need to increase digital skills across all spheres of society, and this includes basic digital literacy as well as youth development and sectoral programmes.

2022/23 EXTERNAL ENVIRONMENT ANALYSIS

CREATIVE MEDIA INDUSTRY

The creative media industry is central to the rapidly evolving interconnected world as it enables various mediums and channels to reach audiences. Audio and visual mediums of communication are key drivers of the industry and what has rapidly changed is the improvement in the quality, speed and access to content produced by the industry and the democratisation of content development itself. Technology, globalisation and increasing social diversity have played a major role in advancing the industry. Through technological advancements such as the game changing introduction of the internet, the creative media industry has evolved rapidly including introduction of a multiplicity of channels such as social media and streaming services in recent years. The creative media industry therefore requires new skills as it evolves. The end of analogue transmission will have a huge impact on broadcasters including community radio and television stations in South Africa as they will have to change some of their infrastructure. There will be a need for training to keep up with the developments in the sector. Content generation and management in the creative media space is emerging as one of the key drivers of activities and is becoming a product that can be exchanged and monetised. The reliance on advertising as the main driver of revenue is changing.

ICT INDUSTRY

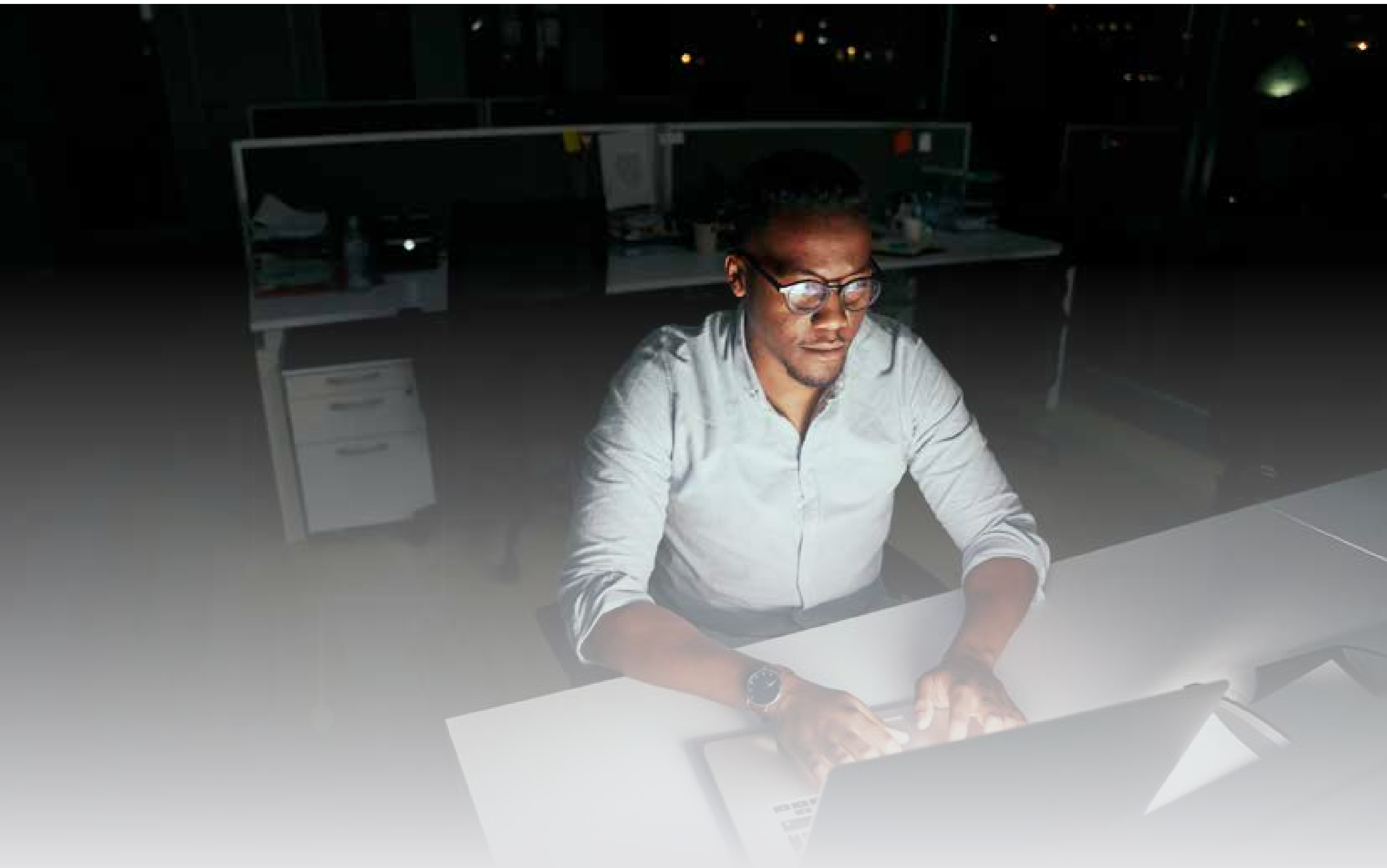
The ICT industry is also rapidly changing and disrupting not only itself but other industries. Digital technologies continue to advance and bring with them economic opportunities and challenges that force many countries to adapt and position themselves to take advantage of technological developments. With South Africa's policy firmly recognising the need to position the country in the advent of technological changes and be among the leading countries in innovation and preparing the citizens to be part of the evolution, provision of digital skills at different levels of competencies is critical. The convergence of digital technologies makes it even more urgent to focus on the development of appropriate digital skills and ensure that these skills are continually developed. Artificial Intelligence (AI) is increasingly becoming central in how the new technologies evolve. Most of these technologies are centred around their increasing ability to learn and carry

out tasks that require human intelligence. It is expected that in the future more complex and dynamic technologies will emerge. Also at the heart of these technologies is the important role that data plays. Most of the new technologies are driven by data and therefore how data is managed is becoming more important.

According to the IMD 2021 World Digital Competitiveness Report South Africa ranked 60 out of 64 countries in terms of Digital Competitiveness. The IMD World Digital competitiveness ranking assesses the capacity and readiness of an economy to adopt and explore digital technologies as a key driver for economic transformation in business, government and the wider society. For South Africa to improve its ranking in the digital economy, it is crucial that its citizens acquire the digital skills they need to fully participate in the economy. The economy is increasingly moving to an online world whilst a significant part of the population remains digitally excluded. Many adults have never used the Internet. These individuals are missing the many opportunities that the digital world has to offer, whether through lack of connectivity, lack of digital skills or a lack of motivation.

Other developments in the landscape within which NEMISA operates include the following:

- Sustainability and the environment – shift towards greater environmental awareness precipitated by climate, sustainability and protection of environmental ecosystems. As a result, green economies continue to grow demanding green skills and technologies that can support environmental sustainability.
- Consumption and the economy – population growth, economic development and industrialisation all require resources and are drivers of development. South Africa will need increased food security, sustainable energy supply, water supply for all and more goods to meet the growing demands. Technology and digital skills have become critical enablers in addressing this challenge.
- Rising unemployment – In 2022/23 unemployment continued to increase especially among the youth, with the Statistics South Africa reporting the overall unemployment rate at 29,81%. This poses a major challenge to the economy and government and the basic income grant as introduced by the government assisted to alleviate the situation. However, more still needs to be done. A more sustainable solution is required and skills development promises to make a significant contribution in this regard. NEMISA has recognised the need to integrate its programmes with work or entrepreneurial opportunities to improve chances of economic benefits for its learners.
- The future of work - Digital skills are at the center of new work practices that are driven by emerging technologies and South Africa desperately needs these skills to meet the demand to transform the country's economy while closing the digital divide which has been a major impediment. South Africa's education system also requires more work to be done to promote Science, Technological, Environmental, Mathematical, Innovation and Economic studies (STEMIE). This includes preparing learners with critical thinking and problem-solving skills. Considering that there are many learners who have exited the schooling system without ready to work skills there is a need to top up skills.
- COVID-19 – NEMISA used experiences from the pandemic to review how it delivers its services. Delivery of training had to transition rapidly to online platforms which proved to mitigate the situation albeit with its challenges. Organisations were also forced to put in place capabilities to operate remotely to continue to be productive. While COVID-19 brought about much devastation including the loss of lives, it also brought about a new normal, which saw the accelerated use of technologies and new ways to work and collaborate.
- Digital Divide – Inequality is rife is South Africa and it serves as a major factor in the digital divide that is evident in the country. Underserved and previously disadvantaged communities continue to have no access to resources in the form of technological devices and connectivity and therefore are excluded in accessing opportunities presented by digital technologies, including basic skills to use these technologies. This has made NEMISA's work even more challenging in reaching these communities.
- High data costs – The adoption of online and cloud services require connectivity and with South Africa still moving towards making broadband available to every citizen, data has become key in enabling citizens to participate in online activities. Data costs remain high in South Africa thus excluding many of them who cannot afford it and making activities such as online learning challenging to be adopted. During the 2022/23 financial period, NEMISA has been successful in implementing a zero-rating of its Learning Management System to mitigate this challenge.



Given the above environment NEMISA recognises the role it needs to play as it strives to achieve its vision and mission taking into account the following:

Technology affects all areas of life: Digital technologies affect access and effective use in business, education and government, social society, in fact, in all aspects of one's life.

Technology addresses national challenges: Digital technologies have become fundamental in approaches to addressing socio-economic equity, development and sustainability, dealing with the challenges of poverty and inequality and building an inclusive economy. Establishing a capable, developmental state has partly become dependent on society across the full socio-economic spectrum – appropriating digital technologies.

Digital skills are fundamental to an ICT ecosystem: ICTs do not stand alone. They exist in an ecosystem where the ability to use the technologies effectively is as important as the infrastructure and services. ICT infrastructure plays an integral part in technological advances. Therefore, the PC4IR Commission among others recommended that government invest in making South Africa a hyper-scaled data centre owner and scaled up investment in human capital development has further emphasised the importance of digital skills. By developing and enhancing digital skills, all South Africans will be able to participate more equitably in a societal environment increasingly dominated by modern ICTs. This is particularly relevant for groups at risk of socio-economic exclusion, including the previously disadvantaged, the elderly, those unemployed, people in rural areas, youth and women.

NEMISA has a critical role to play in minimising the digital divide between those who have been able to embrace the digital world and those who have not.

NEMISA'S OPERATING ENVIRONMENT

The acquisition of skills demanded by the economy is a crucial driver for South Africa's learners, both unemployed and employed. The learning pathways and options available for learners, including the quality of such learning offerings, are critical to creating an enabling environment for the learners to acquire quality learning that prepares them to become active participants in the economy. At the same time, they need to contribute socially to the communities they come from. Creating opportunities through education in the South African context is complex and challenging due to the high levels of unemployment, especially among the youth, coupled with an economy that is not growing at desired levels. Inequality is also a significant impediment that brings about structural and infrastructure challenges in providing the much-needed support to the learners and setting them up for success.

The operating environment for NEMISA brings challenges that include the need for learning tools that support digital learning, connectivity and reach to even the remotest areas in South Africa. NEMISA's operating model is critical in ensuring that the Institute is positioned to become a delivery machine that overcomes the complexities of the environment. At the same time, it brings increased value for its learners and the various stakeholders and eventually South Africa at large. NEMISA's Learning Management System continues to grow and assists in expanding accessibility as learners are able to access their programmes from anywhere and anytime. NEMISA has partnered with Microsoft to deliver digital literacy and high-end digital skills courses to South African citizens. A key lesson learnt in the introduction of online learning is building capacity to support the learners and availing the needed resources for them timeously. NEMISA continued to improve and market its (over-the-top) OTT Platform that provides content aimed at increasing awareness on various digital technologies. The content for the OTT is in the form of a series of videos and podcasts that can be accessed by subscribing to the platform.

NEMISA is striving to strike a balance between providing basic digital skilling to the remote and rural populace of our country, whilst keeping abreast of technological innovations such as skills for cloud computing, big data, AI, Internet of Things (IoT), cybersecurity and others. Apart from providing digital skilling to citizens, Work continues to focus re-skilling or upskilling of NEMISA staff and improving the ICT infrastructure to keep up with the skills demand and global trends.

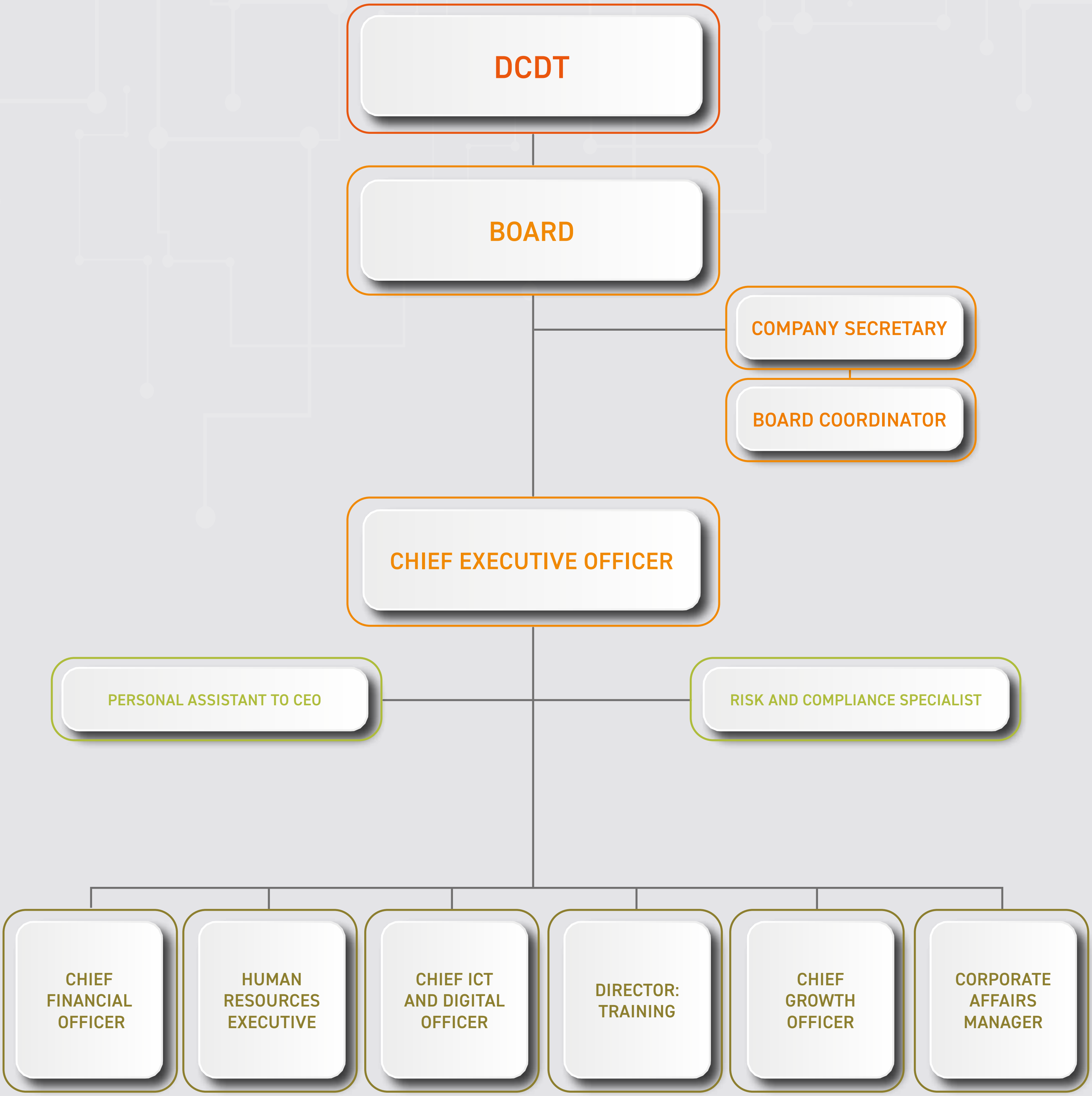
The approach NEMISA has adopted to delivering its objectives focuses on the following strands:

- Developing the full range of digital skills offerings that individuals and organisations across South Africa need in an increasingly digital economy and supporting people to up-skill and re-skill throughout their working lives.
- Strong collaboration between the public and private sector to tackle the digital skills gaps in a coordinated and coherent way, so that citizens have better access to the training they need with a particular focus on youth, women, people with disabilities and SMEs.
- Improved organisational efficiency and sustainability.

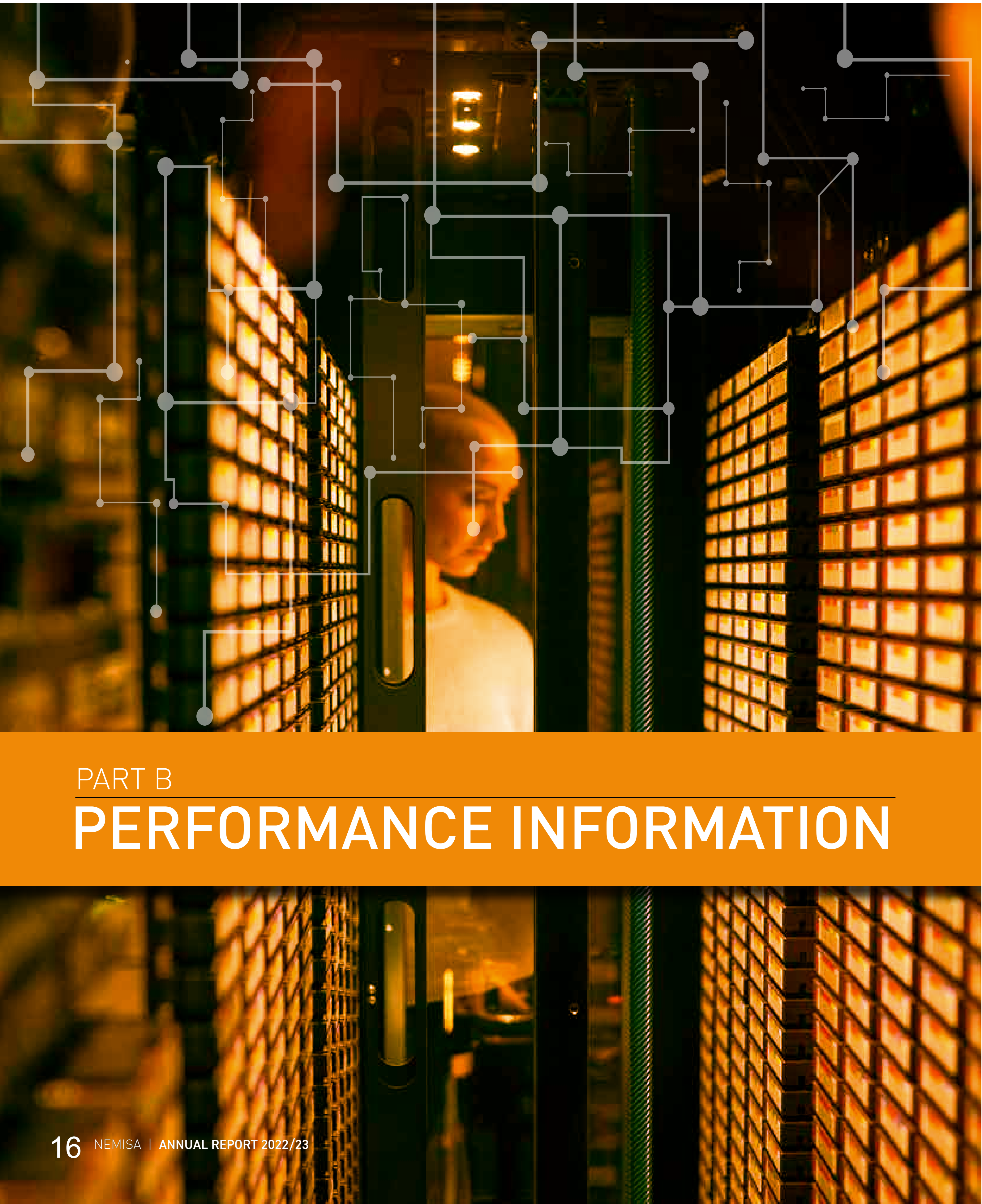
To execute its Strategic plan for the 2020-2025 term, NEMISA undertook to review its organisational structure and submitted to the DCDT for approval. Once approved the new organisational structure will position NEMISA for the future. Further, to be recognised as a national catalytic organisation for development of digital skills in South Africa for both government and the general public, the following strategic enablers will be required for NEMISA:

- Adequate Technological Infrastructure
- Effective Organisational Structure and Capacity development
- Quality Training Curriculum and Course Content
- Research and Innovation
- An effective Learning Framework
- Effective marketing of NEMISA offerings
- Multi-Sector Collaborations and Partnership development
- Monitoring and Evaluation

ORGANISATIONAL STRUCTURE



Nemisa'a organisation structure was still being revised during the time.



PART B

PERFORMANCE INFORMATION

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor currently performs the necessary audit procedures on the 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 57 of the Report of the Auditors Report, published as Part F: Financial Information.

PERFORMANCE INFORMATION

PROGRAMME 1: ADMINISTRATION

Programme Purpose: To provide support to the overall management of the Institute to ensure organisational efficiency, effectiveness, and sound financial management.

No	Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations
1.1.1	Transformed Organisation	Approved transformation and change strategy implemented	Approved Strategy Approved project plans Upskilled Staff Approved systems and processes	-	Organisation structure and culture change report	Organisational efficiency report developed	Organisational efficiency report developed.	None	None
1.1.2	Transformed Organisation	Approved transformation and change strategy implemented	Approved Strategy Approved project plans Upskilled Staff Approved systems and processes	-	-	Phase 1 of the Digital Skills Workforce plan completed	Phase 1 of the Digital Skills Workforce plan completed	None	None
1.1.3	Transformed Organisation	Audit findings reduced to achieve a clean audit	Approved Strategy Approved project plans Upskilled Staff Approved systems and processes	-	New controls are implemented and monitored to prevent recurrence of audit findings	Unqualified audit outcome with no material findings (Clean Audit)	An unqualified audit with no material findings has been achieved and therefore a clean audit has been achieved	None	None
1.1.4	Transformed Organisation	Multi-Media Production house business plan approved and implemented	Approved Strategy Approved project plans Upskilled Staff Approved systems and processes	-	Content development has been increased to compliment the LMS 8 targeted productions were completed by the end of 2021/22 financial year.	MMPH business plan implementation report developed	MMPH business plan implementation report developed	None	None

PROGRAMME 2: MULTI-STAKEHOLDER COLLABORATION

Programme Purpose: To build a substantive formalised multi-stakeholder collaborative network involving partners across government, business, state owned entities (SOEs), global development partners and agencies through bilateral agreements, continental and international partners, community, organised labour and education (Universities, TVET colleges, schools and public and private) that will contribute to building digitally skilled society.

No	Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations
2.1	Expanded digital skills delivery model	Collaborations and partnerships established	Number of new collaboration agreements signed	1 MoU with Government institution 1 MoU with Technology Intuition	2 MoUs signed	5 MoAs	12 MoAs	7	More opportunities to collaborate
2.2	Expanded digital skills delivery model	Collaborations and partnerships maintained	Number of new collaboration agreements signed	-	Partnership performance report for 2020/21 signed agreements completed	5 Partnership performance reports	5 Partnership performance reports developed	None	None

PROGRAMME 3: E-ASTUTENESS DEVELOPMENT

Programme Purpose: To provide digital skills training interventions to leverage existing ICT education and training expertise to better align and meet the digital skills targets in the MTSF and NDP.

No	Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations
3.1	Digitally Skilled Citizens	450 000 citizens trained in basic digital literacy	Number of learners trained in digital literacy	16 018	74 443	50 000	63 437	13 437	The training attracted more learners than anticipated and this enabled the overachievement of the target. Online capabilities has enabled us to allow more people to participate.
3.2	Digitally Skilled Citizens	60 000 SMMEs trained	Number of SMMEs trained in digital entrepreneurship	-	-	10 000	10 973	973	The training attracted more learners than anticipated and this enabled the overachievement of the target. Online capabilities has enabled us to allow more people to participate.
3.3	Digitally Skilled Citizens	14 950 creative media practitioners	Number of learners trained in creative media short courses	-	-	500	506	6	The training attracted more learners than anticipated and this enabled the overachievement of the target.

No	Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations
3.4	Digitally Skilled Citizens	500 learners trained in creative media learnerships.	Number of unemployed learners trained in creative media learnerships.	117	120	150	74	76	Different start times for various programmes led to some of the completions being behind time.
3.5	Digitally Skilled Citizens	Learning programmes to be revised and aligned to industry	Number of learning programmes reviewed.	-	-	Five learning programmes reviewed	Five learning programmes reviewed	None	None
3.6	Digitally Skilled Citizens	New learning programmed developed	Number of learning programmes developed	1	1	Two learning programmes developed	Two learning programmes developed	None	None
3.7	Digitally Skilled Citizens	10 000 citizens trained on specialist technology	Number of learners trained in Digital Technologies:	1169	2 750	3 000	3 829	829	The training attracted more learners than anticipated and this enabled the overachievement of the target. Online capabilities has enabled us to allow more people to participate.
3.8	Digitally Skilled Citizens	60 000 learners trained in Cell-phone repairs, Terrestrial television installations and Broadband installations	Number of learners trained in Cell-phone repairs, Terrestrial television installations, and Broadband infrastructure installations.	-	-	100	149	49	The training attracted more learners than anticipated and this enabled the overachievement of the target.
3.9	Digitally Skilled Citizens	An LMS developed, approved and implemented to support online digital skills roll out	Number of Content productions completed.	-	-	4 Content productions completed	4 Content productions completed	None	None

PROGRAMME 4: KNOWLEDGE FOR INNOVATION

Programme Purpose: To look for appropriate, and often innovative, ways to address systemic problems and other inefficiencies and weaknesses in achieving learning success.

No	Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Comment on deviations
4.1	Improved applied research & innovation knowledge	5 Datathons hosted	Number of Datathons hosted	1	1	1	1	None	None
4.2	Improved applied research & innovation knowledge	Digital skills summits hosted	Number of Colloquiums hosted	0	1	1	1	None	None
4.3	Improved applied research & innovation knowledge	Research agenda implementation report	Number of research agenda implementation reports	-	-	2	2	None	None

PROGRAMME 5: AGGREGATION FOR FRAMEWORK

Programme Purpose: To build a substantive formalised multi-stakeholder collaborative network involving partners across government, business, state owned entities (SOEs), global development partners and agencies through bilateral agreements, continental and international partners, community, organised labour and education (universities, TVET colleges, schools and public and private?) that will contribute to building digitally skilled society.

In contributing towards NEMISA's desired impact of the "Meaningful use of digital technologies to improve quality of life", the Programme delivers against the following outcome as reflected in the Strategic Plan:

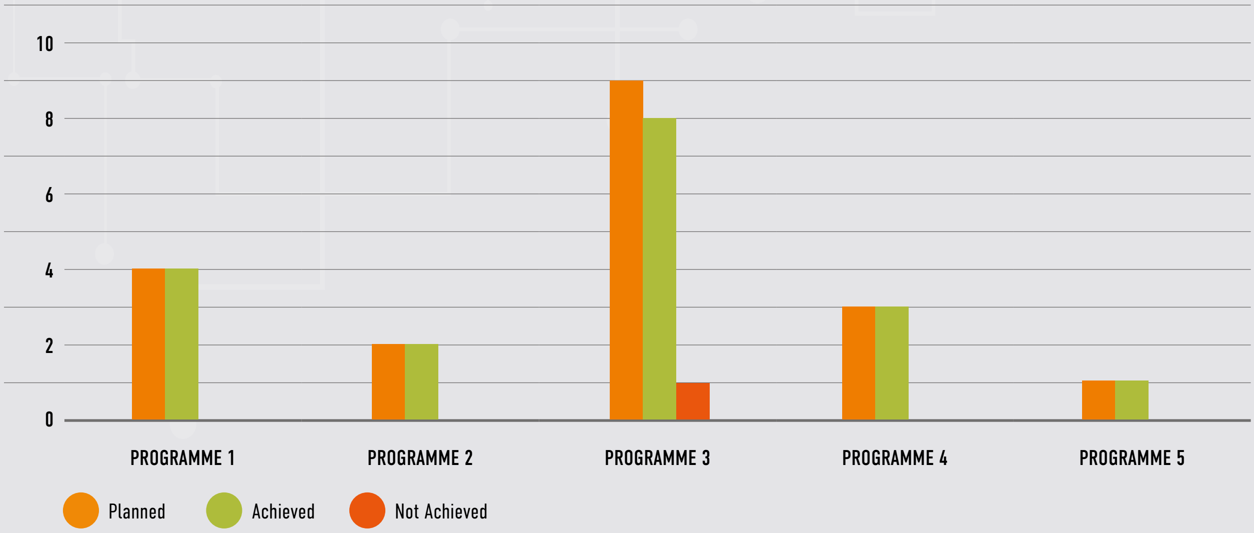
No	Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Comment on deviations
5.1	Improved applied research & innovation knowledge	Approved monitoring and evaluation framework implemented	Monitoring and Approved evaluation framework implemented	Evaluation and impact report developed as an outcome of the implementation of the entity's M&E framework	Evaluation and impact report developed	Monitoring and evaluation framework implemented	Monitoring and evaluation framework implemented with an impact assessment report developed.	None	None

SUMMARY OF NEMISA'S PERFORMANCE

The graphs hereunder depict the entity's achieved annual targets against the planned annual targets in 2022/23 approved Annual Performance Plan.

NEMISA had 19 planned targets for the year and 18 of those have been achieved with one target not achieved. This means that the entity has achieved 94% of its annual targets.

ANNUAL PERFORMANCE PER PROGRAMME



CREATIVE MEDIA TRAINING REPORT

The creative media training programme offerings are designed to prepare beneficiaries to become functional employees while also fostering entrepreneurship and success among our learners. NEMISA has a dedicated unit with a focus on creative media learning programmes and it is well-positioned to meet the rapidly expanding needs of the industry by providing learners with the conceptual, strategic, and practical skill sets needed to meet future challenges.

During the 2022/2023 financial year, there were in total 240 beneficiaries trained through NEMISA's accredited training qualifications by the Media, Information and Communication Technologies Sector Education and Training Authority (MICTSETA). Through this unit NEMISA offered learnerships in radio production, film and television, interactive media, animation and graphic design. The Institute also offered short courses in digital photography, vlogging, story-telling using a digital device. The courses generated high interest with learners at various career exhibitions and outreach initiatives that NEMISA embarked on. To reach more beneficiaries NEMISA has undertaken to deliver the training in various parts of the country and the highlight for the year was the delivery of a radio production learnership in the Western Cape in partnership with KC Community Radio station, the delivery of a course is story-telling using a digital device in the Eastern Cape in partnership with Kumkani FM as well as a vlogging course for beneficiaries in Limpopo. The partnership between NEMISA and Media Development and Diversity Agency (MDDA) fosters to deliver a governance series of workshops to community radio stations and these were attended in various provinces over the year.

The Multimedia Production House intern cohort has delivered various client projects in line with bringing the MMPH business plan to life while gaining work-based experience. Content development was also completed to complement the LMS with new programmes.

PARTNERSHIPS REPORT

The 2022/23 financial year has been particularly good for NEMISA's digital learning. Over the past year, NEMISA has successfully developed and implemented innovative digital learning solutions, empowering learners of all skill levels and backgrounds to acquire knowledge and skills in a flexible and accessible manner. Upgrades were made to both the NEMISA Learning Management System (LMS) and the NEMISA on Microsoft Community Training (MCT) Platform. NEMISA team collaborated with external service providers, subject matter specialists, designers, and technologists to create engaging online courses, with interactive learning elements. This year also saw NEMISA's first accredited online course called New Venture Creation go live. NEMISA expanded its reach by forging strategic partnerships, reaching new markets, and delivering online learning nationally. Furthermore, comprehensive training and support was provided to facilitators, enabling them to effectively leverage digital tools for impactful instruction. NEMISA is grateful to have served thousands of learners, witnessed their achievements, and contributed to their personal and professional growth using digital learning. NEMISA remains committed to advancing education through digital innovation and creating transformative learning experiences for all.

YA-RONA REPORT

The Ya-Rona Digital Ambassadors programme is a digital literacy training programme. The NEMISA-led multi-stakeholder programme aimed to recruit, train and dispatch, ambassadors to carry out digital literacy training in rural communities. The recruited Digital Ambassadors are recruited from unemployed youth in the municipalities that NEMISA enters into partnerships with. The targeted digital literacy training beneficiaries are from socio-economically excluded societies.

For the 2022/23 financial year the project appointed 124 trainers/ambassadors some of whom left the programme due to better opportunities. For the duration of the programme, appointed ambassadors are provided with necessary tools of the trade to enable them to go through the training. The identified ambassadors are unemployed youth, mostly women. The ambassadors are compensated with a stipend for the duration of their contract.

Ambassadors also undergo training by appointed facilitators, and thereafter are dispatched to train their communities on the basic digital literacy consisting of the following areas of focus:

- Using Digital platforms
- Cybersecurity
- Access to information and learning using the internet
- SMME Support/Start your own business
- ICT Skills for employment

Thus far, the programme has been well received by the communities. The impact made on the lives of these rural communities has been humbling, particularly when citizens realise the importance of being digitally literate in the evolving digital world. For some, being able to navigate through the internet and search for jobs and being able to submit CVs has been a life-changing experience. Online Banking has also been a game changer. The programme is being positioned to reach all nine provinces in South Africa in a staggered approach.

HIGHLIGHTS FROM IMPACT ASSESSMENT REPORT

Monitoring and evaluation are essential for NEMISA to ensure alignment between strategic goals and execution of operational plans as the Institute responds to the call to improve the state of digital inclusion through digital skills development. Reflecting on the individual and collective impact of NEMISA on its stakeholders is critical in ensuring relevance, efficiency, effectiveness, and sustainability within the context of digital transformation. It is within this context that NEMISA carried out an impact assessment study at the end of the 2021/22 financial year on its selected programmes showing outcomes as depicted in the below diagram:

FINANCIAL	SOCIO ECONOMIC	ENVIRONMENTAL	INTERNAL BUSINESS PROCESSES
Implementation of online learning allowed for further leverage of available funds to reach more beneficiaries	Interns and ambassadors received gainful income and work experience Learners gained skills for employability and entrepreneurship	Training activities were conducted in a responsible manner, protecting all learners and facilitators from COVID-19 and other harms	Implementation of a Monitoring and Evaluation framework enabled success of the training programmes

Analysis of the responses highlighted three overarching themes of benefits:

PSYCHOLOGICAL, ECONOMIC, AND SOCIAL.

PSYCHOLOGICAL BENEFITS (DIGITAL LITERACY TRAINING)

Psychological benefits encompass changes in behaviour regarding the use of mobile devices, gaining feelings of self-awareness, empowerment, motivation and confidence, and changes in mindset and attitude regarding the value of technology. 85% of the sampled responses either agreed or strongly agreed that they were using a mobile device for more work and personal purposes because of the training. 91% of the sampled responses either agreed or strongly

agreed that the training had made them more interested in exploring the internet and other digital devices. 89% of the sampled responses, either agreed or strongly agreed that the training helped them to become more confident in using mobile devices. As a result of the Digital Literacy training offered 97% of the sampled respondents indicated that they were interested in doing more advanced or specialist digital skills courses thus the training resulting in increased motivation.

ECONOMIC BENEFITS (DIGITAL LITERACY TRAINING)

Economic benefits in this regard relate to respondents gaining knowledge and the ability to use mobile devices to access employment opportunities, manage resumés, save money, conduct business activities, and do money-related transactions. 90% of the sampled respondents either agreed or strongly agreed that the training had helped them become more productive or efficient in their work. They used their devices to scan, create and manage documents. They also used the calendar app to schedule work meetings and plan events. They scheduled and managed online meetings and sent emails to work colleagues and other relevant people.

Respondent's comments: "I volunteer in a local NPO, and we do not have a computer, scanner or printer. The training helped me to be able to send documents, proposals using my mobile device"

71% of the sampled respondents indicated that as a result of the training, they had started using a mobile device to search and apply for job vacancies. The training also played a role in facilitating money-related activities for 65% of the sampled respondents. They were for example, using mobile banking applications to transact. Respondents also stated that since they had started using a mobile device to perform tasks that they would normally perform manually, they were able to save money. For instance, instead of travelling to an internet café and paying to scan and/or type documents, they were now using a mobile device.

SOCIAL BENEFITS (DIGITAL LITERACY TRAINING)

Social benefits entailed participants gaining feelings of inclusion, social capital, and a desire to uplift others by sharing the knowledge and skills gained.

As a result of the training, respondents had started using a mobile device to facilitate new ways of communicating and interacting with people. 70% of the sampled respondents had started using social media applications, instant messaging and e-mail to communicate. 66% of the sampled respondents had started interacting with new people besides their family and friends through joining different social media groups. Moreover, 66% had joined community WhatsApp and Facebook groups to participate in discussions about community-related issues and events.

IMPACT OF THE DELIVERED EMERGING TECHNOLOGY COURSES

The emerging technology courses that the respondents completed include, but were not limited to, AI, DevOps and cloud computing. 39% of the sampled respondents preferred online self-learning with the support of a facilitator. About a third of the respondents (33%) preferred a hybrid approach (i.e., a combination of online self-learning and face-to-face learning). 24% preferred face-to-face learning (in-person teaching by a facilitator or trainer) perceiving this to work best for them, and 5% preferred online self-learning, without support from a facilitator.

PSYCHOLOGICAL BENEFITS (EMERGING TECHNOLOGY COURSES)

Psychological benefits highlighted by respondents encompass increased awareness, ability, and enhanced levels of confidence, understanding and motivation. 89% of the sampled respondents indicated that their level of understanding regarding the different technologies (covered in their courses) and how they are used in the world of work had either improved or improved a lot. Respondents' level of confidence increased, particularly in applying for jobs in the IT industry. They felt upskilled enough to enter the world of work. This was evident among 79% of the respondents who stated that after completing the emerging technologies courses they were either more or much more confident to enter the world of work. Higher levels of motivation were evident and expressed through (i) the desire to enter the world of work and apply the knowledge and skills that were gained through the course, and (ii) an eagerness to learn more, and further one's education.

It was encouraging to see that female participants of the course who are often faced with perceptions that IT is a male-dominated space, gained confidence and motivation to enter and participate in that space.

Respondent's comments: "It made me understand technology better. I remember when I entered university everyone was saying IT is a men's course, then I started doubting myself but started this course and I felt like I was made for this".

ECONOMIC BENEFITS (EMERGING TECHNOLOGY COURSES)

49% of the sampled respondents for the emerging technologies courses stated that they were earning a higher income. 19% indicated that they had either found new employment or had received a promotion.

An analysis of training beneficiaries' perspectives regarding factors that are necessary for and contribute to positive outcomes of digital skills training interventions can be grouped into six broad themes: (i) learning trajectory, (ii) access to infrastructure and digital technologies, (iii) support, (iv) teaching approach, (v) scaling of interventions, and (vi) effective community engagement.

STAKEHOLDER ENGAGEMENTS AND ACTIVITIES

In the period under review, the Institute undertook the following stakeholder engagement, advocacy and awareness activities to collaborate with stakeholders in order realise strategic objectives.

Table below shows some of the highlights for the year in stakeholder engagement, advocacy and awareness activities:

Stakeholder Engagement	Advocacy and Awareness
Partnered with Department of E-Government for the Youth Tech Expos	Digital Colloquium and Post Graduate Symposium held in Cape Town Proceedings book available on the website www.nemisa.co.za
Initiation of the CHIETA partnership, resulting in a NEMISA-CHIETA signed MoA	Data Science Datathon was held Virtually in all provinces and physically in five provinces.
Partnership with MLab, Mafikeng Innovation Hub, Botshabelo Innovation Hub, Cortex Hub, Vulinqondo Innovation Hub and UJ for the NEMISA Datathon	Outreach programmes/exhibition were undertaken with the Minister and Deputy Minister of the Department of Communications & Digital Technologies
Collaboration with STEM Power, Ripples For Change, DHL and WSU – resulting in a STEM Lab launched at WSU – Potsdam Campus	Use of local and commercia and community radio stations, website, and social media platforms as advocacy and awareness tools
Partnered with DHET and CET Colleges	CET National Career Week Exhibitions in 5 Provinces
Partnership with District Municipalities – Ngaka Modiri Molema, Ramotshere Moiloa and Capricorn for the Creative media and Digital Literacy training	Exhibition at the SITA Govtech Conference
NEMISA/Nelson Mandela University, School of IT on the delivery of "The future is digital" women in ICT conversations	Future is Digital Webinars - These dialogues are aimed at amplifying the voices of women ICT with the specific objective of inspiring the 'Next-Gen' of young women to take their space in the ICT sector.

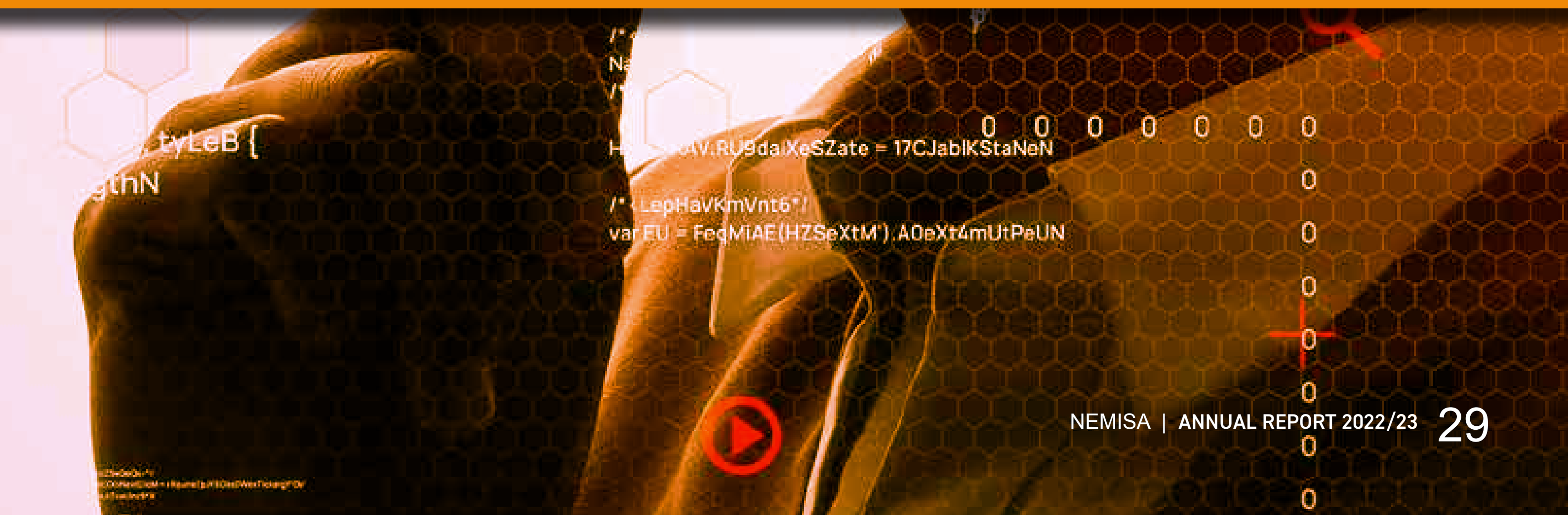
LINKING PERFORMANCE WITH BUDGETS

The table below depicts expenditure against the budget for the reporting period under review and the previous financial year for the programme and sub-programmes.

Outcome	2022/23 Budget R'000	2022/23 Actual Expenditure R'000	2022/23 (Over)/Under expenditure R'000	2021/22 Budget R'000	2021/22 Actual Expenditure R'000	2021/22 (Over)/Under expenditure R'000
Programme 1	52 586	49 117	3 469	57 537	58 486	(949)
Programme 2	0	0	0	0	0	0
Programme 3	48 091	96 334	(48 243)	37 866	45 380	(7 514)
Programme 4	1 451	2 500	(1 049)	1 875	2 247	(372)
Programme 5	593	1 711	(1 118)	1 500	1 798	(298)
Total expenses	**102 721**	**149 662**	**(46 941)**	**98 778**	**107 911**	**(9 133)**

PART C

GOVERNANCE



INTRODUCTION

The Board of NEMISA is committed to ensuring that good governance is practised, and regard this as fundamental to improve overall performance, promote trust among the Shareholder and Stakeholders, provide sound strategic planning, ensure better risk management, and ensure the success of NEMISA as a State-Owned Entity.

All NEMISA's directors and employees embrace the commitment to good governance practice. NEMISA ensures that all policies and procedures are reviewed regularly to ensure they remain relevant to the Board's authority and responsibilities and comply with applicable laws, regulations, and governance frameworks. As a Schedule 3 company, NEMISA is governed and guided by the Protocol on Corporate Governance in the Public Sector 2002, the Companies Act, 2008 (Act No. 71 of 2008), Public Finance Management Act (PFMA), No. 1 of 1999, as amended and the principles of King IV Report on Corporate Governance for South Africa™ (King IV™).

PORTFOLIO COMMITTEES

During the year under review, the NEMISA Board appeared before the Portfolio Committee on Communications on the following occasions:

- 10 May 2022
- 24 May 2022
- 07 June 2022
- 23 August 2022
- 18 October 2022

EXECUTIVE AUTHORITY

The Government of the Republic of South Africa is the sole shareholder of NEMISA, and the Shareholder representative is the Minister of Communications and Digital Technologies. The Executive Authority has the power to appoint and dismiss the Board of NEMISA.

BOARD AND THE EXECUTIVE AUTHORITY

The relationship between the Shareholder and the Board is preserved, as the Board ensures that proper internal controls are in place and that NEMISA is effectively managed. During the year under review, NEMISA had numerous engagements with the DCDT on governance and oversight matters.

THE ACCOUNTING AUTHORITY/BOARD

In accordance with the PFMA, the Board as the Accounting Authority of NEMISA constitutes a fundamental base for the application of corporate governance principles in NEMISA. The Board is effective and efficient in leading and controlling NEMISA. The Board comprises an appropriate mix of executive and majority non-executive directors representing the necessary skills to guide it strategically. The Board has absolute responsibility for the public entity's performance and is fully accountable for such performance. The Board provides NEMISA with strategic direction. The Board has the authority to lead and control the business of NEMISA, including the authority to delegate its powers. The Board aims to ensure that NEMISA remains a sustainable and viable business. The Board's responsibilities are supported by a well-developed governance structure of Board Committees as well as a clear and comprehensive Delegation of Authority Framework. The Board delegates the management of the day-to-day operations of the Institute to the Chief Executive Officer (CEO). The CEO is assisted by the Group Executive Committee (Group EXCO). The Delegation of Authority Framework, which annually undergoes review, assists in controlling the decision-making process and does not dilute the duties and responsibilities of the directors.

Notwithstanding the relevant skills and experience each director brings to the Board and the information provided to them by the Company Secretary, NEMISA has provided directors with the training necessary to enable them to familiarise themselves with such duties and responsibilities and all other relevant laws and regulations and in order to discharge their fiduciary duties to NEMISA. Directors attended various masterclasses and courses.

The roles, duties, and responsibilities of the Board, as well as salient corporate governance principles, are set out in the Board Charter, which includes the following summarised activities:

- provide effective leadership based on an ethical foundation;
- act as the ultimate custodian of the Institute's system of corporate governance;
- appraise organisational strategy, risk and performance,
- ensure that the Institute is and is seen to be a responsible corporate citizen;
- ensure that the Institute has an independent and effective audit committee;
- ensure that the Institute has a code of ethics and related ethics policies;
- be responsible for the pro-active and effective management of risk in the Institute;
- ensure that there is an effective risk-based internal audit function in the Institute; be responsible for the pro-active and effective governance of information technology;
- ensure that the Institute complies with all applicable laws and considers adherence to non-binding rules and standards;
- ensure the integrity of the Institute's annual report;
- ensure proper management of the relationship between the Institute and all its stakeholders;
- monitor the performance of the Institute against agreed objectives and review the performance of executive management against defined objectives and other applicable performance standards;
- continuously monitor the solvency and liquidity of the Institute;
- be responsible to appoint, subject to the notification and consent of the Minister, the Chief Executive Officer and the Chief Financial Officer, as well as ensure a proper process of performance management and succession planning in respect of these positions;
- implement a formal delegation of authority framework and limits, which will be reviewed on an annual basis;
- via the human resources and remuneration committee, provide input regarding senior management appointments, remuneration, and succession plans; and
- With the support of the Human Resources and Remuneration Committee, adopt remuneration policies that are fair, responsible, and aligned with the strategy of the Institute while linked to individual performance.

MEMBERS OF THE BOARD

Ms Molebogeng Leshabane
Chairperson

Mr William Trevor Rammitlwa
Chief Executive Officer

Ms Nomonde Hlatshaneni

Ms Tobeka Buswana

Mr Melvyn Lubega

Mr Lionel Ricardo Adendorf

Prof Christian Michael Adendorff
Tenure ended on 30 October 2022

COMPOSITION OF THE BOARD

Name	Designation (In terms of the Public entity Board structure	Date appointed	Date resigned	Qualifications	Area of expertise	Other Commitments or task teams e.g. Audit Comm
Ms Molebogeng Leshabane	• Chairperson of board • Independent non-executive member	25 October 2019	-	• B.Sc. Eng. Civil (Hons) • Business Management • GDE (Project Management and Property Law) • Strategy Innovation • IoT • Business Analytics	• Engineering • Infrastructure • Technology • Leadership	• Human Resources, Remuneration and Nominations Committee • Programmes and Academic Committee
Ms Tobeka Buswana	• Independent non-executive member	25 October 2019	-	• Digital Multimedia Management and Regulation • Leadership Development Programme • Public Sector Corporate Governance • Diploma in Youth Development • National Diploma in Analytical Chemistry (Not Completed)	• Communications • Electronic Media • Change Management Strategy • Strategy Development • Youth Development • Community and Public Broadcast Radio Specialist	• Human Resources, Remuneration and Nominations Committee • Programme and Academic Committee • Social, Ethics and Transformation Committee
Ms Nomonde Hlatshaneni	• Independent non-executive member	25 October 2019	-	• BA. UED • BA Honours • M.A. Developmental Studies • Certificate in Project Management • Certificate in Public Relations • Certificate in Data Analysis Management	• Public Education Policy and Skills Development • Human Resource Capacity Development • Research • Organisational Development • Development Facilitation • Partnership Facilitation • Management Risk	• Chairperson of Human Resources, Remuneration and Nominations Committee • Audit and Risk Committee • Social, Ethics and Transformation Committee
Prof Christian Michael Adendorff	• Independent non-executive member	25 October 2019	20 October 2022	• PhD in Commerce • Doctoral of Business Administration in Future Studies • PhD in Developmental Studies • MCom • MPhil (cum laude) in Futures Studies	• Technological Entrepreneurship • Futures Studies • Fourth Industrial Revolution (4IR) Scenario and Strategic Planning	• Chairperson of the Programmes and Academic Committee
Mr Melvyn Lubega	• Independent non-executive member	25 October 2019	-	• BBusSci. Actuarial Science (Hons) • MSc – Education, Learning and Technology • Masters Public Policy	• Technology • Entrepreneurship • Human Capital Development • Finance • Risk Management	• Audit and Risk Committee • Programmes and Academic Committee
Mr Lionel Ricardo Adendorf	• Independent non-executive member	25 October 2019	-	• B.Tech in Journalism • National Diploma in Journalism • Certificate in Multimedia Management • Certificate in Multi-Cultural Leadership Foundation	• Regulation and Policymaking • Ethics • Corporate Governance • Business Integrity Management	• Chairperson of Social, Ethics and Transformation Committee • Audit and Risk Committee • Human Resources, Remuneration and Nominations Committee
Mr William Trevor Rammitlwa (CEO)	• Executive Director	01 October 2020	-	• University Diploma in Education • BA Degree, Psychology & Education • Management & Coaching Certificate • MBL degree • Executive Development Programme • PhD in Management (In progress)	• Human Capital Development • Human Resources Management • Project Management • Quality Management • Research	• Human Resources, Remuneration and Nominations Committee • Programmes and Academic Committee • Social, Ethics and Transformation Committee
Mr Mahomed Chowan	• Executive Director	01 June 2023	-	• Bachelor of Accountancy • Postgraduate Diploma in Accountancy • CA(SA)	• Financial Management • Accountancy • Auditing	• Human Resources, Remuneration and Nominations Committee • Programmes and Academic Committee • Social, Ethics and Transformation Committee

BOARD EVALUATION

The performance of the Board and individual directors is evaluated annually. The performance of the Board committees is evaluated against their Terms of Reference (TOR).

COMMITTEES AND NUMBER OF MEETINGS HELD

Board meetings are scheduled annually, in advance. To address specific issues, it was necessary to convene special meetings as and when required during the period under review. Majority of the meetings were held virtually.

The Board held seventeen (17) meetings during the period under review. The Audit and Risk committee chairperson is invited to the Board meetings. The attendance of Members at Board meetings was as follows:

Members	Number of Meetings Attended	
	Ordinary Meetings	Special Meetings
Ms Molebogeng Leshabane (chairperson)	7	9
Ms Tobeka Buswana	7	10
Ms Nomonde Hlatshaneni	7	10
Mr Melvyn Lubega	4	7
Mr Lionel Ricardo Adendorf	7	10
Prof Christian Michael Adendorff	4	4
Mr William Trevor Rammitlwa (CEO)	7	10

Prof Christian Michael Adendorff resigned on 30 October 2022

AUDIT AND RISK COMMITTEE (ARC)

Section 51 (1) (a) (ii) and section 77 of the Public Finance Management Act (PFMA), No. 1 of 1999 as amended, requires NEMISA to establish and maintain an effective, efficient, and transparent system of financial and risk management and internal control, which system is under the control and direction of an Audit and Risk Committee.

The committee comprises the Audit and Risk Committee chairperson and three (3) Independent non-executive directors, who are appointed by the Shareholder in terms of the requirements of Section 94 of the Companies Act. The executives, Auditor-General South Africa, Outsourced Internal Auditors and a Representative from the DCDT are standing invitees to the ARC meetings. The committee chairperson was re-appointed by the Minister on 17 September 2021.

Members collectively have sufficient qualifications and experience to fulfil their duties and have sufficient understanding of financial reporting; internal financial controls; external audit process; internal audit process; corporate law, and information technology governance. The Committee is accountable and reports to the Board of NEMISA and such other parties as provided for in respect of the statutory duties of the committee as set out in section 94 of the Companies Act and the PFMA.

The committee is accountable to and reports to the Board regarding all other duties as encompassed in the Terms of Reference.

Eight (8) meetings were held during the period under review. External Auditors, Internal Auditors, the CEO, CFO, and other relevant officials attended these meetings. The Internal Auditors and the External Auditors have unrestricted access to the chairperson of the committee and the Chairperson of the Board. The attendance of Members at Committee meetings was as follows:

Members	Number of Meetings Attended	
	Ordinary Meetings	Special Meetings
Jaruzelski Leonid Le Guma	5	3
Ms Nomonde Hlatshaneni	5	3
Mr Melvyn Lubega	4	3
Mr Lionel Ricardo Adendorf	5	3

HUMAN RESOURCES, REMUNERATION AND NOMINATIONS COMMITTEE (HRRNC)

The Human Resources, Remuneration, and Nominations Committee is a committee of the NEMISA Board of Directors and has been established to assist the Board in dealing with human resources matters for NEMISA. The NEMISA Board has elected to combine the roles of the Human Resources and Remuneration Committee with the Nominations Committee.

The committee comprises four (4) Independent non-executive directors and two executives and is chaired by a non- executive director.

Twelve (12) meetings were held during the financial year. Other relevant officials attended the meetings by invitation. The attendance of members at the committee meetings was as follows:

Members	Number of Meetings Attended	
	Ordinary Meetings	Special Meetings
Ms Nomonde Hlatshaneni (chairperson)	4	8
Ms Molebogeng Leshabane	4	7
Ms Tobeka Buswana	4	8
Mr Lionel Ricardo Adendorf	4	8
Mr William Trevor Rammitlwa (CEO)	4	8

PROGRAMME AND ACADEMIC COMMITTEE (PAAC)

The Programme and Academic Committee is a committee of the NEMISA Board of Directors and has been established to assist the Board in respect to matters related to the development, implementation, and monitoring of NEMISA's programmes, related projects, stakeholder management, and funding in accordance with the vision, mission, and core values of NEMISA. The committee exercises its delegated authority as determined by the Board from time to time, subject to NEMISA's Memorandum of Incorporation (MOI), the Public Finance Management Act, the Board Charter, and any other applicable legislation in relation to NEMISA's mandate as may be determined from time to time by the DCDT. The committee comprises of independent non-executive directors and two executives and is chaired by a non-executive director.

Seven (7) meetings were held during the financial year. Other relevant officials attended the meetings by invitation. The attendance of members at the committee meetings was as follows:

Members	Number of Meetings Attended	
	Ordinary Meetings	Special Meetings
Prof Christian Michael Adendorff (chairperson)	4	3
Ms Molebogeng Leshabane	5	2
Ms Tobeka Buswana	5	3
Mr Melvyn Lubega	5	3
Mr William Trevor Rammitlwa (CEO)	5	3

Prof Christian Michael Adendorff resigned on 30 October 2023

SOCIAL, ETHICS, AND TRANSFORMATION COMMITTEE

The Social, Ethics, and Transformation Committee is a statutory Board Sub-Committee prescribed by Regulation 43 of the Company's Act (read with Regulation 43 of the Companies Act Regulations). The committee is constituted as a committee of the Board of Directors of NEMISA and is thus accountable to the Board. The committee has an independent role with accountability to both the Board and Shareholder being the Ministry of Communications and Digital Technologies. The role ascribed to the committee by King IV™ is that of oversight and reporting on organisational ethics, responsible corporate citizenship, sustainable development, and stakeholder relationships. The nature of delegation is benchmarked against the Companies Act, corporate governance principles, codes, and best practices.

The committee comprises three independent non-executive directors and two executives and is chaired by a non- executive director.

Four (4) meetings were held during the financial year. Other relevant officials attended the meetings by invitation. The attendance of members at the committee meetings was as follows:

REPORT OF THE SOCIAL, ETHICS, AND TRANSFORMATION COMMITTEE

PROF CHRISTIAN MICHAEL ADENDORFF (CHAIRPERSON)

The world as we know it, is no longer the same.

The way organisations relate and do business has changed. The need for closer collaboration between business partners, society and other stakeholder has never been more desperate as it is now.

Same can be said about the places of work.

Mental health and safer working environments are today more important as a direct result of the devastating impact of COVID-19 on daily lives and relationships as employees are constantly looking for better opportunities that offer them a better work-life balance and shareholders and stakeholders are scrutinizing ESG and sustainability reports to measure impact.

And while high unemployment has a direct effect on our ability to collect more revenue that can be made available to organisations such as NEMISA, the reality is that it is only through stronger and meaningful partnerships that we can make the desired impact.

It is for this reason and with this understanding that SETCOM placed great emphasis on ensuring that we have the right policies and plans that would ensure that the relationships we form are strategic, that those relationships are always win-win, that it seeks to achieve one or more of our shareholder's aims and that we address the various socio-economic problems our country face.

That is why this year, we adopted the Partnership Code of Conduct, that regulates our relationships with all partners and to safeguard our reputation and brand against abuse and brand misalignments, as well as the Corporate Social Investment Policy, that ensures that we become an activist organisation, instead of a mere participant in the social upliftment project.

SETCOM then receives regular updates on both and deliberates on any infringements as an added layer to protect our reputation, our work and our brand.

Additionally, the move from Parktown to Auckland Park had its own issues and came with its own frustrations and opportunities. Ensuring that these challenges are timeously identified, address and resolved, meant that we could also ensure that the opportunities are exploited and turned into an asset to the entire organisation.

Receiving regular reports on occupational health and safety, on our commitments to society, nature, waste and our environment have become even more important, and we continue to intervene where necessary, ensuring that we deliver on our strategic aims and objectives while at the same time, ensure that our transformational journey brings the best out of our team and the organisation.

Lastly, we value our reputation as a responsible corporate citizen with a no-nonsense attitude towards corruption, maladministration, malfeasance and unethical conduct. With various and regular workshops held, as part on an annual Fraud Prevention and Awareness Plan, we are not only communicating our intolerance but made sure that it also cascades into our business practices, most prominently our recruitment and on-boarding processes.

We will continue to guard our reputation and will make sure that all we associate ourselves with or work with, comply with our values and adhere to our corporate culture. Not only as a business imperative but more so as a sustainability imperative.

REMUNERATION OF BOARD MEMBERS

The NEMISA Memorandum of Incorporation (MoI) makes provision that Non-Executive Directors, in their capacity as such, shall be entitled to such remuneration as authorised by the Minister of Communications and Digital Technologies, taking into consideration prescriptions and guidelines issued by the Minister for Public Service and Administration and the National Treasury, the size and complexity of the business of the Company.

Further information on Directors' remuneration appears on page 97.

COMPANY SECRETARIAL FUNCTION

Directors have unrestricted access to the advice and services of the Company Secretary as well as the Secretariat Department.

The directors are entitled to obtain independent professional advice at NEMISA's expense should they deem this necessary. The Company Secretary together, with other assurance functions, monitors NEMISA's compliance with the requirements of the PFMA, Companies Act, and other relevant legislation.

RISK MANAGEMENT

The Board is responsible for NEMISA's overall governance of risk which is advocated by its responsibilities of setting an appropriate risk management tone, approving enterprise risk management policies and other strategies, including leveraging the functional governance structures to ensure the effectiveness of risk management within NEMISA.

During 2022/23 FY, the Risk Management Maturity Assessment was conducted, and the average risk maturity rating for the assessment was 72% which indicates that the risk maturity level within NEMISA is defined as "Managed / Mature" as per the Risk Management Maturity Continuum. The risk maturity improvement plan was developed and included as part of the approved 2023/24 FY risk management plan.

The approved Risk management Plan will be implemented with the executive Risk Management Committee's oversight, which is chaired by the Accounting Officer, the Audit and Risk Committee, and the Board (Accounting Authority). Risk Management Training was conducted for Management and Employees to embed the risk-aware culture across NEMISA.

Risk Appetite and Tolerance Framework was approved by the Board. The purpose of the Risk Appetite and Tolerance framework is to provide guidance on the process of developing and implementing risk thresholds and aims to assist the organisation to set risk thresholds by providing a structured approach to management, measurement, and control of risk. This will ascertain that the institution does not take unacceptable risks.

Risk Appetite and Tolerance Framework was approved by the Board. The Risk management Plan was approved and implemented with the executive Risk Management Committee's oversight, which is chaired by the Accounting Officer, the Audit and Risk Committee, and the Board (Accounting Authority). Risk Management Training was conducted for Management and Employees to embed the risk-aware culture across NEMISA.

COMPLIANCE MANAGEMENT

NEMISA is committed to good corporate governance and ethical conduct and the Compliance Management Policy and Compliance Management Framework were developed and approved by the Board. The policy aims to promote a standard approach to Compliance Management at NEMISA and that proper compliance risk management controls are implemented. The Compliance Management Framework provides the basis for the development and maintenance of a coordinated set of activities to help ensure that NEMISA complies with obligations created by various legislations, regulations, standards and policies. Annual compliance management training was conducted to management and staff to create compliance aware culture.

INTERNAL CONTROL UNIT

NEMISA has established policies, standards, processes, structures and practices that provide a robust internal control environment across the Institution. The control environment sets the tone of the Institution and defines the corporate culture.

COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

As a public entity, it is of utmost importance that NEMISA adheres to sound governance principles. To this effect, regular measurements against the Public Finance Management Act and King IV™ is carried out to ensure that deficiencies are identified and corrective measures are implemented.

PUBLIC FINANCE MANAGEMENT ACT

The PFMA focuses on financial management with related outputs and responsibilities. The directors, as the Accounting Authority, comply with their fiduciary duties as set out in the PFMA. The Accounting Authority must monitor 'material' and 'significant' developments in terms of sections 54(2) and 55(2) of the PFMA, develop and agree on a framework of acceptable levels of materiality and significance with the relevant Executive Authority. In terms of Section 52 of the PFMA, the Accounting Authority for a public entity must submit to the Accounting Officer for a Department designated by the Executive Authority for that public entity, and to the relevant treasury, for at least one month, or another period agreed upon with the National Treasury, before the start of its financial year, a corporate plan in the prescribed format covering the affairs of the public entity for the following three financial years. In terms of TR 29.1.1 (f) such a corporate plan must include a Materiality and Significance Framework. The principles of King IV™ require that disclosure be made on matters of significance, interest, and relevance to shareholders and a wide range of stakeholders. The Accounting Authority should establish guidelines of materiality for disclosure by the entity. This framework is reviewed and updated annually.

FRAUD AND CORRUPTION

The NEMISA Board is committed to maintaining high ethical and moral standards, adherence to good governance, integrity, transparency, and honesty. The Social and Ethics Committee (SETCOM) oversees progress on the approved annual fraud prevention implementation plan and the whistle-blowing hotline activities. An annual fraud risk assessment was conducted, an independent hotline reporting mechanism has been continuously maintained.

As part of NEMISA's fraud prevention strategies, the approved three-year Fraud Prevention Plan, Anti-Fraud and Corruption Policy, and a Whistle Blowing and Protected Disclosure Policy continues to be implemented. Annual Fraud Prevention and Awareness Training was conducted for NEMISA Management and Employees to enhance the fraud-aware culture.

MINIMISING CONFLICT OF INTEREST

Board members are required to declare their interests prior to the commencement of each meeting, annually and as and when there is a change in their status of interests. All employees are required to complete their declarations of interest.

CODE OF CONDUCT

The Board approved the NEMISA Code of Conduct and Ethics Policy that aims to enhance the ethical culture and ensure that every employee of NEMISA shares the same values and levels of accountability, it was workshopped to all employees, and is signed by all participants.

HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

NEMISA relocated from its Parktown office to the new office located at the SABC Auckland Park. During the relocation to the new head office, management ensured that all precautionary measures were taken to prevent Occupational Health and Safety related incidents and accidents. It is, for this reason no accidents occurred or were reported when NEMISA was relocating.

The Occupational Health and Safety Committee's collaborations with management was significant in the readiness of the office building for the continuity of learning and administrative functions of the entity. Both parties understood the importance of having a shared vision on matters relating to safety in the workplace and learning environment. As things stand, NEMISA is in the process of improving the conditions of the building to ensure that the space is more conducive in accommodating students and employees.

SOCIAL RESPONSIBILITY

- The NEMISA CSI initiative is guided by the need to support community development through training that gives rise to empowerment and development, support to community education facilities, bursaries for the underprivileged, support for small business development programmes and support for women's development, youth in distress, people with disabilities and the elderly.
- Through the CSI, NEMISA donated 111 pairs of shoes and sanitary towels to Maruapula Secondary School in Northwest as part of the Deputy Minister of Communications and Digital Technologies back-to-school campaign in Zeerust. T-shirts and bags were also distributed to the youth at the school.
- Tablets were procured and will be used for training in the various GBV centres and Homes.

PART D

HUMAN RESOURCE MANAGEMENT

INTRODUCTION

This section confirms that NEMISA prioritised availability of the required human resources to ensure that the Institute was capacitated to deliver on its mandate. The HR priorities for the year under review and their impact were as follows:

(A) APPOINTMENT OF ADDITIONAL HEADCOUNTS AS PER THE APPROVED STRUCTURE

In the year under review, it was ensured that qualified and experienced employees are recruited (to meet operational needs and achieve strategic objectives, including employment equity and quality) on merit and that all appointments are as per the funded and approved structure. Other appointed skilled employees were additional to the structure to assist with the deliverables linked to projects.

HEADCOUNT

The staff complement for 2022/23 was 42. The total number of filled positions was based on the approved structure of 48 positions. Not all permanent positions could be filled due to the existing moratorium placed by the Shareholder since July 2019. The overall percentage vacancy rate was 12.5%.

(B) EMPLOYEES TRAINING AND DEVELOPMENT ALIGNED TO THE APPROVED STRUCTURE AND WORKPLACE SKILLS PLAN/ ANNUAL TRAINING REPORT

Effective training and development offer benefits to the individual and the Institute as a whole; training ultimately contributes to the achievement of NEMISA's objectives. It aims to keep employees engaged and continuously upskilled. NEMISA continued to invest in training employees in the year under review including online and on the job training.

(C) SUBMISSION OF COMPLIANCE/LEGISLATIVE REPORTS

The submission of compliance/legislative reports, e.g., Employment Equity Report (EER), Workplace Skills Plan (WSP), Annual Training Report (ATR), and Compensation for Occupational Injuries and Diseases (COID) are important in helping NEMISA to comply with different authorities such as the Department of Employment and Labour (DoE&L) and the MICT SETA. Such reports play a significant role in improving the Institute's performance. All the required HR compliance reports were submitted on time in the year under review.

(D) WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

NEMISA continued to recruit qualified and experienced employees to achieve its objectives. The Institute was also guided by the Employment Equity Plan and the approved Recruitment and Selection Policy.

(E) EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The NEMISA Board approved the Performance Management Framework and Policy in January 2021. The standardised performance agreements have been reviewed and are being implemented with different KPIs and Goals required weightings per different occupational levels.

As far as the 2022/23 performance review cycle is concerned, employees were assessed in line with the approved Performance Management Framework and Policy.

(F) EMPLOYEE WELLNESS

In 2022/23, focus was given to developing the NEMISA's Hybrid Work Policy, which was approved in January 2023. The policy helps the Institute to put all necessary measures in place to ensure the successful implementation of programmes that benefit the employees including work life balance. Before the end of the financial year under review, NEMISA appointed an external service provider to provide an effective employee wellness service to all NEMISA employees.

(G) HIGHLIGHT ACHIEVEMENTS IN 2022/23: RE-REGISTRATION WITH THE COMPENSATION FUND FOR COIDA (AWARDED LETTER OF GOOD STANDING)

The Compensation for Occupational Injuries and Diseases (COID) Assessment was successfully submitted online to the Department of Labour. After that, NEMISA received the proof of registration certificate and Letter of Good Standing from the Department of Labour. NEMISA employees are covered should they be involved in unforeseen injuries while performing their duties.

The Employment Equity Report (EER) Report was approved and successfully submitted online to the Department of Employment and Labour (DoE&L).

As per the Employment Equity Act (EEA) 1998 (No 55 of 1998), the Institute submits its Employment Equity Report annually to the Department of Employment and Labour (DoE&L).

Both the Employment Equity Plan and Employment Equity Report are statutory reports of the DoE&L. They enable employers to comply with Section 21 of the Employment approved the Statutory Employment Equity Report and it was successfully submitted online to the DoE&L in January 2022.

All employees disclosed and acted in good faith by submitting their individual Annual Declaration of Interest Forms.

HUMAN RESOURCES OVERSIGHT STATISTICS

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)
Administration	R 149,661	R34,697	23%	42	R 826

Table 1:

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	R 2,051	7%	1	R 2,051
Senior Management	R 3,833	11%	3	R 1,277
Professional qualified	R10,850	31%	10	R 986
Skilled	R16,185	47%	20	R 809
Semi-skilled	R 1,778	5%	6	R 296
Unskilled			0	
TOTAL	**R34,697**	**100%**	**41**	**R 826**

Table 2:

PERFORMANCE REWARDS

Programme/activity/objective	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	R 210	R2,051	10%
Senior Management	R 300	R 3,833	8%
Professional qualified	R 850	R10,850	8%
Skilled	R 1,267	R16,185	8%
Semi-skilled	R136	R 1,778	8%
Unskilled			
TOTAL	**R 2,717**	**R34,697**	**8%**

Table 3:

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 (R'000)
Study Assistance		117 157	10%	5	23 431
Short-term Training		937 611	83%	15	62 507
Continuous Programme Development/ Professional body Membership	1 133 431	78 663	7%	9	8 740
Conferences/ Workshops		0	0	0	0

Table 4:

EMPLOYMENT AND VACANCIES

Programme/activity/objective	2021/2022 No. of Employees (#)	2022/2023 Approved Posts (#)	2022/2023 No. of Employees (#)	2022/2023 Vacancies (#)	% of vacancies (%)
Total	45	48	42	6	12.5

**The above table depicts the Employment and vacancies of the past two financial years prior to the 2021/22 financial year.*
Table 5:

Level	2021/2022 No. of Employees (#)	2022/2023 Approved Posts (#)	2022/2023 No. of Employees (#)	2022/2023 Vacancies (#)	% of vacancies (%)
Top Management	1	3	1	2	66
Senior Management	2	2	2	0	0
Professional qualified	12	7	11	1	14
Skilled	25	28	20	1	3.5
Semi-skilled	6	8	8	2	25
Unskilled	0	0	0	0	0
TOTAL	**45**	**48**	**42**	**6**	**12.5**

Table 6:

NOTE 1. The number of on the Skilled employees are in line with the approved 2014/15 structure of which it continues to be updated.*

2. Due to the organisational needs and business continuity, the budget that was available was in line with the filling of other positions versus the skilled positions in order to assist with capacity by appointing some critical positions.

3. In so doing, this led to the appointment of additional Fixed-Term Contract employees sitting on the boxes of the vacant positions. Permanent appointments could not be made as a result of the recruitment moratorium.

4. However, NEMISA ensured that it remains within the approved headcount and budget during the year under review.

REASONS FOR STAFF LEAVING

Level	Employment at beginning of period (#)	Appointments (#)	Terminations (#)	Employment at end of the period (#)
Top Management	1	0	0	1
Senior Management	2	0	0	2
Professional qualified	12	1	1	11
Skilled	25	0	5	20
Semi-skilled	6	2	0	8
Unskilled	0	0	0	0
TOTAL	**46**	**3**	**6**	**42**

Table 7:

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	4	8.9
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	2	4.44
Other	0	0
Total	**6**	**13.3**

Table 8:

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	1
Final Written warning	0
Dismissal	0

Table 9:

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Level	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	2	0	0	0	0	0	0
Senior Management	0	2	0	0	0	0	0	0
Professional qualified	1	4	2	1	1	1	0	0
Skilled	8	5	0	2	0	0	1	1
Semi-skilled	2	2	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	**12**	**15**	**2**	**3**	**1**	**1**	**1**	**1**

Table 10:

Level	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	0	0	0	0
Senior Management	1	3	0	0	1	0	0	1
Professional qualified	5	10	1	1	0	0	0	0
Skilled	8	4	1	1	0	0	2	2
Semi-skilled	4	3	2	1	0	0	1	1
Unskilled	0	0	0	0	0	0	0	0
TOTAL	**18**	**21**	**4**	**3**	**1**	**0**	**3**	**4**

Table 11:

Level	PEOPLE LIVING WITH DISABILITIES			
	African		Coloured	
	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**

Table 12:

PART E

PFMA COMPLIANCE REPORT

INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES

RECONCILIATION OF IRREGULAR EXPENDITURE

A) RECONCILIATION OF IRREGULAR EXPENDITURE

Description	2022/2023 R	2021/2022 R
Opening balance	63 173 506	53 624 495
Add: Irregular expenditure confirmed	2 175 081	9 549 011
Less: Irregular expenditure condoned	0	0
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	17 399	0
Less: Irregular expenditure not recovered and written off	55 107 679	0
Closing balance	**10 223 509**	**63 173 506**

RECONCILING NOTES TO THE FINANCIAL STATEMENTS

Description	2022/2023 R	2021/2022 R
Irregular expenditure that was under assessment in 2021/22	0	0
Irregular expenditure that relates to 2021/22 and identified in 2022/23	1 691 112	0
Irregular expenditure for the current year	483 958	9 459 011
Total	**2 175 081**	**9 549 011**

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

Description	2022/2023 R	2021/2022 R
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	570 165	0
Total	**570 165**	**0**

The total of irregular expenditure for 2022/23 financial year was R2 175 081.

Of this total R1 604 916 related to irregular expenditure from previous years relating to lease rental that ended on the 30th of May 2022.

The balance of 570 165 is the irregular that is under investigation.

B) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE CONDONED

Description	2022/2023 R	2021/2022 R
Irregular expenditure condoned	0	0
Total	**0**	**0**

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

Description	2022/2023 R	2021/2022 R
Irregular expenditure NOT condoned and removed	0	0
Total	**0**	**0**

A) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE RECOVERED

Description	2022/2023 R	2021/2022 R
Irregular expenditure recovered	0	0
Total	**0**	**0**

A) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE WRITTEN OFF (IRRECOVERABLE)

Description	2022/2023 R	2021/2022 R
Irregular expenditure written off	55 107 679	0
Total	**55 107 679**	**0**

Submissions were made to National Treasury to condone irregular expenditure of R55 107 679. National Treasury then wrote to NEMISA advising that the board can write off the irregular expenditure by applying paragraph 57 & 58 of 2019/2020 irregular expenditure framework. NEMISA board then wrote off the irregular expenditure using paragraph 57 & 58 of 2019/2020 irregular expenditure framework.

A) DETAILS OF CURRENT AND PREVIOUS YEAR DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF IRREGULAR EXPENDITURE

Disciplinary steps taken
None

1.1. FRUITLESS AND WASTEFUL EXPENDITURE

A) RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

Description	2022/2023 R	2021/2022 R
Opening balance	1 557 200	1 557 200
Add: Fruitless and wasteful expenditure confirmed	4 140	0
Less: Fruitless and wasteful expenditure written off	0	0
Less: Fruitless and wasteful expenditure recoverable	1 140	0
Closing balance	**1 560 200**	**1 557 200**

Fruitless and wasteful expenditure relates to double rental payment from prior years. This has been referred to legal services to recover the double rental payment

RECONCILING NOTES

Description	2022/2023 R	2021/2022 R
Fruitless and wasteful expenditure that was under assessment in 2021/2022	0	0
Fruitless and wasteful expenditure that relates to 2021/2022 and identified in 2022/2023	0	0
Fruitless and wasteful expenditure for the current year	3000	0
Total	**3 000**	**0**

A) DETAILS OF CURRENT AND PREVIOUS YEAR MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

Material losses through criminal conduct	2022/2023 R	2021/2022 R
Theft	0	0
Other material losses	0	0
Less: Recovered	0	0
Less: Not recovered and written off	0	0
Total	**0**	**0**

B) DETAILS OF OTHER MATERIAL LOSSES

Nature of other material losses	2022/2023 R	2021/2022 R
None	0	0
Total	**0**	**0**

C) OTHER MATERIAL LOSSES RECOVERED

Nature of losses	2022/2023 R	2021/2022 R
None	0	0
Total	**0**	**0**

D) OTHER MATERIAL LOSSES WRITTEN OFF

Nature of losses	2022/2023 R	2021/2022 R
None	0	0
Total	**0**	**0**

PART F

FINANCIAL INFORMATION

BOARD MEMBERS' RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors 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 members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board of members sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the 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 members have reviewed the entity's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

The institute is wholly dependent on the institute for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the board of members are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 7.

The annual financial statements set out on page 9 - 45, which have been prepared on the going concern basis, were approved by the board of members on 31 July 2023 and were signed on its behalf by:

Ms. M Leshabane
Board Chairperson

AUDIT COMMITTEE REPORT

MR ZACK LE-GUMA

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

MANDATE AND TERMS OF REFERENCE

The Audit and Risk Committee (the "Committee") is required to present its report in terms of the requirements of the PFMA, the Companies Act (section 94(7)(f)) and in accordance with the King IV™ Report on Corporate Governance for South Africa for the financial year ended 31 March 2023.

The Committee is an essential part of the entity's governance framework. The role of the committee is defined in its mandate. It covers, among others, its statutory duties and assistance to the Board with the oversight of financial and non-financial reporting and disclosure, internal control system, risk management, internal and external audit functions, including technology and information governance.

The committee fulfilled all its statutory duties as required by the South African Companies Act No 71 of 2008 (as amended), the King Report on Governance for South Africa 2016 (King IV), and other applicable regulatory requirements.

The committee reports that it has adopted appropriate formal terms of reference that have been approved by the board of members as its Audit and Risk Committee Terms of Reference, has regulated its affairs in compliance with this charter, and has discharged its responsibilities contained therein.

EXECUTION OF FUNCTIONS

The Audit and Risk Committee consists of the members listed hereunder and meets at least four times per annum as per its approved terms of reference. All members of the Audit and Risk Committee are independent non-executive members, who meet the predetermined skill, competency, and experience requirements.

Name	Qualifications	Period Served
Mr Zack Le Guma	CA(SA); MBA	1 April 2022 – 31 March 2023
Mr Lionel Adendorf	• B.Tech in Journalism • National Diploma in Journalism • Certificate in Multimedia Management • Certificate in Multi-Cultural Leadership Foundation	1 April 2022 – 31 March 2023
Mr Melvyn Lubega	• BBusSci. Actuarial Science (Hons) • MSc – Education, Learning and Technology • Masters Public Policy	1 April 2022 – 31 March 2023
Ms Nomonde Hlatshaneni	• BA. UED • BA Honours • M.A. Developmental Studies • Certificate in Project Management • Certificate in Public Relations • Certificate in Data Analysis for Management	1 April 2022 – 31 March 2023

The following persons were invitees to the Audit and Risk Committee meetings:

- Chief Executive Officer (Mr. Trevor Rammitlwa)
- Acting Chief Financial Officer (Mr. Nyiko Mahlaule)
- A representative from Shareholder (Mr. Sidney Mongala – Director: Risk Management, Department of Communications and Digital Technologies)
- Internal Auditors (SNG Grant Thornton)
- External Auditors (The Auditor-General of South Africa)
- Company Secretary (Ms. Fahmida Valla)

Other members of the management team are invited to attend meetings to provide the Committee with greater insight into specific issues. The Chair has frequent contact with the management team to discuss matters directly.

SUMMARY OF MAIN ACTIVITIES UNDERTAKEN BY THE AUDIT AND RISK COMMITTEE DURING THE FINANCIAL YEAR UNDER REVIEW.

Amongst other activities, the following key responsibilities were performed by the committee:

- Approved the strategic and coverage plans of Internal Audit.
- Nominated for re-appointment as auditor, the AGSA, who in our opinion is independent of the entity.
- Determined the fees to be paid to AGSA as disclosed in the AFS.
- Reviewed the audit strategy of the AGSA and their audit report to the entity for the financial year ended 31 March 2023.
- Reviewed and updated the Audit and Risk Committee Charter.
- Assisted the board to review and update policies.
- Reviewed the in-year management reporting relating to financial management, risk management, and performance management.
- Monitored progress on the implementation of the Internal Audit Plan, discussed reports, and made relevant recommendations to management.
- Reviewed the improvements implemented by management to address control weaknesses reported by the AGSA.
- Considered NEMISA's quarterly and annual performance reports.

THE EFFECTIVENESS OF INTERNAL CONTROLS

In line with the PFMA and the King IV™ Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved through the risk management process.

During the year under review, the Auditor-General of South Africa and the internal auditors have made several recommendations to improve internal controls. The Committee has noted this has requested that management devise and implement mitigation strategies to address the these The Committee will monitor this at each committee meeting until fully implemented.

The quality of management and quarterly reports submitted in terms of the PFMA has been satisfactory.

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports that were prepared and issued to the Accounting Authority of NEMISA during the year under review.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee has:

Reviewed and discussed the audited Annual Financial Statements to be included in the annual report, with the Auditor-General South Africa and the Chief Executive Officer;

- Reviewed the Auditor-General of South Africa's management report and management's response thereto.
- Reviewed the entity's compliance with legal and regulatory provisions.
- Reviewed the information on predetermined objectives to be included in the annual report; and
- Reviewed significant adjustments resulting from the audit.

THE YEAR AHEAD

The Committee will remain focused on, inter alia,

- Monitoring the implementation of mitigation strategies to address control deficiencies identified.
- Monitoring audit quality and independence.
- Maintaining a strong internal control environment, with an emphasis on specific remediation plans and appropriate consequence management.
- Maintaining a finance department that is adequately skilled and resourced to perform the financial reporting for NEMISA.
- Monitoring the performance of internal audit and the delivery of the internal audit plan, including the scope of work performed, the level of resources allocated, and the risk assessment methodology.

CONCLUSION

The Audit Committee concurs with and accepts the Auditor-General of South Africa's report on the annual financial statements and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Mr Zack Le-Guma
Chairperson of the Audit Committee

BOARD OF MEMBERS' REPORT

The members submit their report for the year ended 31 March 2023.

1. GOING CONCERN

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus of R 16 733 924 and that the entity's total assets exceed its liabilities by R 16 733 924.

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.

2. SUBSEQUENT EVENTS

The members are not aware of any matter or circumstance arising since the end of the financial year.

3. BOARD MEMBERS

The members of the entity during the year and to the date of this report are as follows:

NAME	CHANGES
Mr. L Adendorf	
Mr. M Lubega	
Ms. M Leshabane	
Ms. N Hlatshaneni	
Ms. T Buswana	
Prof. C Adendorff	Resigned Sunday, 30 October 2022

Ms. M Leshabane
Board Chairperson

COMPANY SECRETARY'S CERTIFICATION

DECLARATION BY THE COMPANY SECRETARY IN RESPECT OF SECTION 88(2)(E) OF THE COMPANIES ACT

In my opinion as Company Secretary, I hereby confirm, in terms of the Companies Act 71 of 2008, for the year ended 31 March 2023, that the company has lodged with the Commissioner of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

Ms Fahmida Valla
Company Secretary

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL ELECTRONIC MEDIA INSTITUTE OF SOUTH AFRICA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the National Electronic Media Institute of South Africa as set out on pages 63 to 102, which comprise the statement of financial position as at 31 March 2023, statement of financial performance and other comprehensive income, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of National Electronic Media Institute of South Africa as at 31 March 2023 and their financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR OPINION

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

OTHER MATTERS

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

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

7. On 23 December 2022, the National Treasury issued Instruction 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, amongst others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in either the annual report or the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in notes 22 and 23 to the financial statements of the National Electronic Media Institute of South Africa. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the National Electronic Media Institute of South Africa.
8. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the Public Finance Management Act 1 of 1999 (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free

from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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

REPORT ON THE ANNUAL PERFORMANCE REPORT

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
14. I selected the following material performance indicators related to e-Astuteness Development presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
    - Number of learners trained in digital literacy
    - Number of SMMEs trained in digital entrepreneurship
    - Number of unemployed learners trained in creative media learnerships
15. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
16. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
    - the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
17. I performed the procedures for the purpose of reporting material findings only.
18. I did not identify any material findings on the reported performance information for the selected material performance indicators.

OTHER MATTER

19. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

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

REPORT ON COMPLIANCE WITH LEGISLATION

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
24. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

25. The accounting authority is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

INTERNAL CONTROL DEFICIENCIES

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

Auditor-General

Pretoria

31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

FINANCIAL STATEMENTS

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

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c); 66(5)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c) Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c) Treasury Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c) Section 112(2)(a); Section 129(7)
Public service regulation	Public service regulation 13(c);18; 18 (1) and (2);
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c)-(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6

Legislation	Sections or regulations
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 202/21	Paragraph 1 Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	NOTE(S)	2023 R	2022 RESTATED* R
ASSETS			
CURRENT ASSETS			
Receivables from exchange transactions	3	6 630 068	8 586 150
Prepayments	4	539 654	426 153
Cash and cash equivalents	5	38 253 772	59 846 592
		45 423 494	**68 858 895**
NON-CURRENT ASSETS			
Property, plant and equipment	6	5 186 656	6 394 125
Intangible assets	7	665 204	665 204
		5 851 860	**7 059 329**
Total Assets		**51 275 354**	**75 918 224**
LIABILITIES			
CURRENT LIABILITIES			
Payables from exchange transactions	8	17 233 561	11 088 183
Unspent conditional grants and receipts	9	76 062	1 959 636
Long service awards	26	-	105 940
Operating lease liability		1 594 562	59 441
Non-exchange revenue liability	10	15 347 683	44 367 467
		34 251 868	**57 580 667**
NON-CURRENT LIABILITIES			
Long service awards	26	289 562	285 255
Total Liabilities		**34 541 430**	**57 865 922**
Net Assets		**16 733 924**	**18 052 302**
Accumulated surplus		16 733 924	18 052 302
Total Net Assets		**16 733 924**	**18 052 302**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE(S)	2023 R	2022 RESTATED* R
REVENUE			
Exchange revenue	11	9 863 384	7 059 317
Non-exchange revenue	11	134 745 157	111 719 608
Interest received	12	3 502 608	2 512 474
Other income	13	232 300	168 811
Total revenue		**148 343 449**	**121 460 210**
EXPENDITURE			
Employee related costs	14	(31 791 081)	(27 855 233)
Directors' emoluments	21	(4 810 849)	(4 300 281)
Audit fees		(1 980 483)	(1 884 523)
Network expenses		(4 237 253)	(2 074 379)
Professional fees outsourced services		(422 359)	(1 491 639)
Consulting		(5 922 518)	(2 917 024)
Repairs and maintenance		(2 455 238)	(117 567)
Depreciation and impairment loss	6	(1 930 833)	(2 029 126)
Lease rentals on operating lease	15	(7 358 237)	(9 272 849)
Loss on disposal of assets		(165 003)	(16 909)
Operating Expenses	16	(88 587 975)	(55 951 680)
Total expenditure		**(149 661 829)**	**(107 911 210)**
Surplus (deficit) for the year		**(1 318 380)**	**13 549 000**

The accounting policies on pages 69 to 84 and the notes on pages 85 to 102 form an integral part of the annual financial statements.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	ACCUMULATED SURPLUS / DEFICIT R	TOTAL NET ASSETS R
Opening balance as previously reported	4 862 413	4 862 413
Adjustments		
Correction of errors	(359 111)	(359 111)
Balance at 01 April 2021 as restated*	**4 503 302**	**4 503 302**
Changes in net assets		
Surplus for the year	13 549 000	13 549 000
Total changes	**13 549 000**	**13 549 000**
Opening balance as previously reported	18 443 494	18 443 494
Adjustments		
Correction of errors	(391 190)	(391 190)
Restated* Balance at 01 April 2022 as restated*	**18 052 304**	**18 052 304**
Changes in net assets		
Deficit for the year	(1 318 380)	(1 318 380)
Total changes	**(1 318 380)**	**(1 318 380)**
Balance at 31 March 2023	**16 733 924**	**16 733 924**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	NOTE(S)	2023 R	2022 RESTATED* R
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Grants		102 121 000	98 468 000
Interest income		3 502 608	2 512 474
Other receipts		13 584 515	266 260
		119 208 123	**101 246 734**
PAYMENTS			
Employee costs		(36 477 536)	(32 034 516)
Suppliers		(103 435 037)	(68 758 826)
		(139 912 573)	**(100 793 342)**
Net cash flows from operating activities	17	**(20 704 450)**	**453 392**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(888 366)	(2 685 220)
Purchase of other intangible assets	7	-	(477 204)
Net cash flows from investing activities		**(888 366)**	**(3 162 424)**
Net increase/(decrease) in cash and cash equivalents		**(21 592 816)**	**(2 709 032)**
Cash and cash equivalents at the beginning of the year		59 846 592	62 555 617
Cash and cash equivalents at the end of the year	5	**38 253 776**	**59 846 585**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

	APPROVED BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL AMOUNTS ON COMPARABLE BASIS R	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL R	REFERENCE
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Exchange Revenue	-	-	-	9 863 384	9 863 384	1
Other income	-	-	-	232 300	232 300	
Interest received	600 000	-	600 000	3 502 608	2 902 608	2
Total revenue from exchange transactions	**600 000**	**-**	**600 000**	**13 598 292**	**12 998 292**	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
Non-exchange revenue	102 121 000	-	102 121 000	134 745 157	32 624 157	3
Total revenue	**102 721 000**	**-**	**102 721 000**	**148 343 449**	**45 622 449**	
EXPENDITURE						
Personnel	(32 612 116)	-	(32 612 116)	(34 696 086)	(2 083 970)	4
Remuneration of Non-executive members	(1 088 376)	-	(1 088 376)	(1 905 844)	(817 468)	
Audit fees	(2 100 000)	-	(2 100 000)	(1 980 483)	119 517	
Network expenses	(3 042 000)	-	(3 042 000)	(4 237 253)	(1 195 253)	5
Depreciation	(2 433 482)	-	(2 433 482)	(1 930 833)	502 649	
Professional fees and Consulting services	(6 043 079)	-	(6 043 079)	(6 344 862)	(301 783)	
Repairs and maintenance	(1 180 000)	-	(1 180 000)	(2 455 238)	(1 275 238)	6
Lease rentals on operating lease	(18 631 790)	-	(18 631 790)	(7 358 237)	11 273 553	7
Operating expenses	(34 990 157)	-	(34 990 157)	(88 587 990)	(53 597 833)	8
Total expenditure	(102 121 000)	-	(102 121 000)	(149 496 826)	(47 375 826)	
Operating deficit	600 000	-	600 000	(1 153 377)	(1 753 377)	
Loss on disposal of assets	-	-	-	(165 003)	(165 003)	
Deficit before taxation	600 000	-	600 000	(1 318 380)	(1 918 380)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**600 000**	**-**	**600 000**	**(1 318 380)**	**(1 918 380)**	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

The excess of actual expenditure over the final budget of 10% and amount of R1million are considered material variances The Budgeted surplus was allocated to computer expenditure as per the final budget. There was no surplus budgeted.

REF1.NEMISA generated revenue of R9,86 million from offering short courses in excess of the final budget.

REF2. Above the budget by R2,9million and this was due to Interest earned on the rollover funds and the increase in the Repo which was above the budgeted amount.

REF3. Above the budget by R32,64 million (32%) for additional training conducted during the 2022/23 financial year, resulting in an increase in actual expenditure and a decrease in non-exchange revenue liability.

REF4. Performance bonuses for 2021/22 FY amounted to R2,72 million and were not budgeted for; however, based on savings from the Administration budget,revenue generated (REF1and REF7) and affordability, approval was granted by the Board.

REF5. Above the budget by R1 million due to increase data on cloud services resulting from additional training conducted during the 2022/23 financial year.

REF6. The excess of actual expenditure over the final budget by 108% for repairs and maintenance was due to expenditure incurred for the refurbishment of the office rental, building. The terms and conditions of the lease were to reinstate the building to its original state.

REF7.NEMISA entered into a new lease agreement with SABC, which decreased actual expenditure by 57% due to lower rental fees.

REF8. Above the budget by R53 million. This was due to additional training conducted during 2022-23 financial year.

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 Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

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

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 the entity.

1.3 GOING CONCERN ASSUMPTION

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

1.4 MATERIALITY

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

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

1.5 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:

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

LONG SERVICE AWARDS

Liabilities were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 1.11&26 -Long service awards.

OTHER LONG-TERM EMPLOYEE BENEFITS

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

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

MATERIALITY

Applying materiality is pervasive to the preparation of financial statements. Materiality is a key consideration in deciding how to apply the Standards of GRAP when preparing the financial statements. Information is material if its omission or misstatement has the potential to influence the decisions of users or affect the discharge of accountability by the entity.

Applying materiality in the preparation of annual financial statements requires the entity to make key assessments and decisions. Key assessments and decisions made in considering materiality, are as follows:

- Identification of users and their information needs
- Assessing information based on nature and size, by developing qualitative considerations and quantitative thresholds
- Application of materiality in preparing the financial statements:
    - Developing accounting policies
    - Deciding what information to disclose
    - Deciding how to present information
    - Assessing ommissions, misstatements and errors

The assessments and decisions are considered throughout the financial reporting cycle, and not only when annual financial statements are prepared.

1.6 PROPERTY, PLANT AND EQUIPMENT

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

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

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

The cost of an item of property, plant and equipment is the purchase price 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 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.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

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

ITEM	DEPRECIATION METHOD	USEFUL LIVES
Buildings	Straight-line	31
Furniture and fixtures	Straight-line	7 - 15
Motor vehicles	Straight-line	8
Office equipment	Straight-line	10 - 25
Computer equipment	Straight-line	3 - 17
Canteen equipment	Straight-line	10 - 12
Television equipment	Straight-line	4 - 21
Radio equipment	Straight-line	5 - 25

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

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

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

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 6).

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

The entity 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.

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.

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.

1.8 FINANCIAL INSTRUMENTS

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

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.

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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 the entity.

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 the entity.

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 an entity 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.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

CLASSIFICATION

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

CLASS	CATEGORY
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalent	Financial asset measured at amortised cost
Rental deposit	Financial asset measured at amortised cost

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

CLASS	CATEGORY
Payables from exchange transactions	Financial liability measured at amortised cost
Non-exchange revenue liability	Financial liability measured at amortised cost

1.9 LEASES

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.

1.10 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

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

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

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

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

A cash-generating unit is the smallest identifiable group of assets managed 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 service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

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

DESIGNATION

At initial recognition, the entity 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 an entity's objective of using the asset.

The entity 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.

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

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 the entity 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 a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

IDENTIFICATION

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

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

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

VALUE IN USE

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

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

DEPRECIATED REPLACEMENT COST APPROACH

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

RECOGNITION AND MEASUREMENT

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-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 non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

REVERSAL OF AN IMPAIRMENT LOSS

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

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

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

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

1.11 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

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

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

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

OTHER LONG-TERM EMPLOYEE BENEFITS

NEMISA provides for long service awards. Management estimates the value of NEMISA's obligation in this regard at each reporting date. Refer to Note 26.

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

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

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

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

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

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

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.13 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.14 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.

An exchange transaction is one in which the entity 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, net of trade discounts and volume rebates.

RENDERING OF SERVICES

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- 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 per the verification report .

1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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.

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.

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

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

1.16 INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective interest method.

1.17 COMPARATIVE FIGURES

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

1.18 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 etc (as applicable).

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Fruitless and wasteful expenditure is recorded in the financial statements when it is either

- underassessment, determination, and/or investigation
- transferred to receivables for recovery; or
- written off if it is not recoverable

A separate register is kept and maintained for historical fruitless and wasteful expenditure incurred in previous reporting periods and not addressed.

Refer to note 22 for details of fruitless and wasteful expenditure.

1.19 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 this Act; or

a) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

b) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury Practice Note No. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year-end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.20 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 a 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 budget for the economic entity includes all the entities approved budgets under its control.

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

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.

Comparative information is not required.

1.21 RELATED PARTIES

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

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

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the 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.

1.22 EVENTS AFTER REPORTING DATE

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

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

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

The entity 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	Unable to reliably estimate the impact
Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unable to reliably estimate the impact
GRAP 104 (as revised): Financial Instruments	01 April 2025	Unable to reliably estimate the impact
iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unable to reliably estimate the impact
GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unable to reliably estimate the impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unable to reliably estimate the impact

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2023 R	2022 R
Trade debtors	5 426 297	9 559 322
Allowance for impairment	(1)	(2 325 254)
Deposits	1 203 772	1 352 082
	6 630 068	**8 586 150**

TRADE AND OTHER RECEIVABLES IMPAIRED

As of 31 March 2023, trade and other receivables of R 5 426 297 (2022: R 9 559 322).

The amount of the provision was R 0 as of 31 March 2023 (2022: R 2 325 254).

The ageing of these receivables is as follows:

	2023	2022
0 to 3 months	5 426 296	7 229 117
3 to 6 months	-	4 951
Over 6 months	-	2 325 254

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

	2023	2022
Opening balance	2 325 254	2 325 254
Amounts written off as bad debts	(2 325 254)	-
	-	**2 325 254**

The amount written off as bad debt relates to a impairment provision that was raised over in FY2021/22 and FY2020/21 financial year. The debtors have been in NEMISA record over the period of seven years and allowance for impairment amounting to R2 325 252. Recovery of debt was unsuccessfull, and further action is not cost-effective or highly unlikely to suceed as debtors has been prescribed. The Board approved to write off the bad debt.

4. PREPAYMENTS

The prepaid expense relates to annual software licenses and insurance premium, R539 654 (2022: R426 153).

5. CASH AND CASH EQUIVALENTS

	2023 R	2022 R
Cash and cash equivalents consist of:		
Cash on hand	8	104
Bank balances	9 042 666	2 637 998
Corporation for public deposits	29 211 098	57 208 490
	38 253 772	**59 846 592**

6. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	COST / VALUATION R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST / VALUATION R	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Land and building	189 396	(138 127)	51 269	189 396	(134 923)	54 473
Furniture and fixtures	209 378	(85 962)	123 416	256 773	(109 348)	147 425
Motor vehicles	529 550	(393 790)	135 760	529 550	(359 850)	169 700
Office equipment	742 599	(297 719)	444 880	706 341	(432 593)	273 748
Computer equipment	8 028 571	(5 319 106)	2 709 465	8 829 780	(5 345 035)	3 484 745
Canteen	26 961	(10 800)	16 161	34 701	(10 721)	23 980
Television equipment	2 732 000	(1 749 903)	982 097	3 209 685	(1 919 647)	1 290 038
Radio equipment	1 830 020	(1 106 412)	723 608	2 700 828	(1 750 812)	950 016
Total	**14 288 475**	**(9 101 819)**	**5 186 656**	**16 457 054**	**(10 062 929)**	**6 394 125**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2023

	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	DEPRECIATION R	IMPAIRMENT LOSS R	TOTAL R
Land and building	54 473	-	-	(3 204)	-	51 269
Furniture and fixtures	147 425	-	(8 967)	(15 042)	-	123 416
Office equipment	273 748	300 547	(73 268)	(54 367)	(1 781)	444 880
Computer equipment	3 484 745	587 819	(28 700)	(1 333 132)	(1 267)	2 709 465
Canteen	23 980	-	(4 553)	(3 265)	-	16 161
Television equipment	1 290 038	-	(14 908)	(293 033)	-	982 097
Radio equipment	950 016	-	(34 606)	(191 801)	-	723 608
Motor vehicles	169 700	-	-	(33 940)	-	135 760
	6 394 125	**888 366**	**(165 002)**	**(1 927 784)**	**(3 048)**	**5 186 656**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2022

	OPENING BALANCE R	ADDITIONS R	DISPOSALS R	DEPRECIATION R	IMPAIRMENT LOSS R	TOTAL R
Land and building	63 936	-	-	(9 463)	-	54 473
Furniture and fixtures	132 897	33 707	-	(19 179)	-	147 425
Office equipment	331 897	-	-	(58 149)	-	273 748
Computer equipment	3 050 754	1 619 458	(16 909)	(1 159 874)	(8 684)	3 484 745
Canteen	27 448	-	-	(3 468)	-	23 980
Television equipment	770 641	860 705	-	(341 308)	-	1 290 038
Radio equipment	1 101 831	171 350	-	(323 165)	-	950 016
Motor vehicles	275 537	-	-	(105 837)	-	169 700
	5 754 941	**2 685 220**	**(16 909)**	**(2 020 443)**	**(8 684)**	**6 394 125**

A register containing all assets is available for inspection at the registered office of the entity.

No assets were pledged as security during the year, nor were there any restrictions on any of the assets.

7. INTANGIBLE ASSETS

	2023			2022		
	COST R	ACCUMULATED IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED IMPAIRMENT R	CARRYING VALUE R
Website development	188 000	-	188 000	188 000	-	188 000
OTT (over-the-top) platform	477 204	-	477 204	477 204	-	477 204
Total	**665 204**	**-**	**665 204**	**665 204**	**-**	**665 204**

RECONCILIATION OF INTANGIBLE ASSETS - 2023

	OPENING BALANCE R	TOTAL R
Website development	188 000	188 000
OTT (over-the-top) platform	477 204	477 204
	665 204	**665 204**

RECONCILIATION OF INTANGIBLE ASSETS - 2022

	OPENING BALANCE R	ADDITIONS R	TOTAL R
Website development	188 000	-	188 000
OTT (over-the-top) platform	-	477 204	477 204
	188 000	**477 204**	**665 204**

7. INTANGIBLE ASSETS (CONTINUED)

	2023 R	2022 R

OTHER INFORMATION

Intangible assets with indefinite lives The intangible asset was tested for impairment and no impairment required: No assets were pledged as security during the year, nor were there any restrictions on any of the asset.

	2023 R	2022 R
Website development	665 204	188 000
OTT (over-the-top) platform	-	477 204

The useful lives of NEMISA website suite and OTT (over-the-top) platform are considered indefinite. There are no restrictive conditions attached to these software applications. There are also no contractual-based periods for these applications. These applications can therefore continue indefinitely. Based on this, indefinite useful lives have been assigned to intangible assets.

8. PAYABLES FROM EXCHANGE TRANSACTIONS

	2023 R	2022 R
Account payables	6 331 798	2 990 851
Income received in advance	1	1 363 561
Accured 13th cheque	201 222	217 475
Accured leave pay	1 997 118	1 754 838
Other accruals	8 703 422	4 761 458
	17 233 561	**11 088 183**

Accounts payable significant increase is due to training conducted by CoLabs/Partners in quarter 4.

Other accruals significant increase is due to services rendered by CoLabs/Partners before year end in 2023 and invoices subsequently received.

9. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

UNSPENT CONDITIONAL GRANTS AND RECEIPTS COMPRISES OF:

UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2023 R	2022 R
DTPS/BHC funds transfer-Community Radio	76 062	1 959 636

MOVEMENT DURING THE YEAR

	2023 R	2022 R
Balance at the beginning of the year	1 959 636	1 959 636
Additions during the year	934 969	-
Income recognition during the year	(2 818 543)	-
	76 062	**1 959 636**

During the year received a conditonal grant from the British High Commission (BHC) for research in digital skills.

10. NON-EXCHANGE REVENUE LIABILITY

	2023 R	2022 R
NON-EXCHANGE REVENUE LIABILITY COMPRISES OF:		
Non-exchange revenue liability	15 347 683	44 367 467
MOVEMENT DURING THE YEAR		
Balance at the beginning of the year	44 367 467	57 346 875
CoLab eSkills	(21 781 650)	(37 438 356)
In - House training eSkills	(57 374 134)	(23 790 372)
Additions during the year	50 136 000	48 249 320
	15 347 683	**44 367 467**

11. REVENUE

Exchange revenue (Rendering of services)	9 863 384	7 059 317
Interest income	3 502 608	2 512 474
Non-Exchange revenue	134 745 157	111 719 608

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

Exchange revenue (Rendering of services)	9 863 384	7 059 317
Interest income	3 502 608	2 512 474
	13 365 992	**9 571 791**

THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:

TAXATION REVENUE		
Non-Exchange revenue (Appropriation income)	131 140 784	111 447 408
Conditional grant	3 604 373	272 200
	134 745 157	**111 719 608**

12. INTEREST RECEIVED

INTEREST REVENUE		
Bank	3 502 608	2 512 474

The amount included in interest revenue arising from interest received from the South African Reserve Bank amounted to R3 502 608 (2022: R2 512 474).

13. OTHER INCOME

	2023 R	2022 R
Other income	232 300	168 811

Other income relates to debt recovered from employee and proceeds received from insurance.

14. EMPLOYEE RELATED COSTS

	2023 R	2022 R
Basic	28 717 683	27 746 744
Bonus	2 717 751	-
Increase/ (decrease) in leave pay accrual	242 280	76 408
Long-service awards	113 367	32 081
	31 791 081	**27 855 233**

15. LEASE RENTALS ON OPERATING LEASE

	2023 R	2022 R
PREMISES		
Lease rentals on operating lease	7 358 237	9 272 849

The operating lease agreement for the entity's premises commenced on 1 June 2017 and terminated on 30 May 2020. The lease is renewable for a further two years until 30 May 2022, provided certain conditions details in the lease agreement are met by the landlord. These conditions were met and renewal of the lease effected.

NEMISA entered into new lease agreement with the SABC for a period of five years (01/07/2022 -30/06/2027)

16. OPERATING EXPENSES

	2023 R	2022 R
DIRECT EXPENDITURE		
eSkills roll out expenses	25 743 466	37 569 456
In-house training: Student accommodation	681 812	529 415
In-house training: Student stationery and printing costs	75 321	236 449
In-house training: Student training and examination costs	32 307 857	2 494 784
In-house training: Student stipends	5 650 272	2 624 238
In-house training: Project expenses	16 605 176	5 806 751
OVERHEAD EXPENDITURE		
Property rates & taxes	462 910	2 702 910
Bank charges	195 171	112 041
Insurance	639 901	589 593
Business development/marketing/communication	514 488	314 144
Printing and stationery	20 933	42 628
Software expenses	867 743	453 662
Staff welfare	1 992 197	1 315 022
Transportation costs	1 273 034	48 493
Travel and accommodation costs: Staff and Board	1 294 085	678 855
Other overhead costs	263 609	433 239
	88 587 975	**55 951 680**

17. CASH (USED IN) GENERATED FROM OPERATIONS

	2023 R	2022 R
(Deficit) surplus	(1 318 380)	13 549 000
Adjustments for:		
Depreciation	1 930 833	2 029 126
Loss on disposal of assets	165 003	16 909
Movements in Long service liability	(101 633)	32 081
Operating lease liabilities	1 535 121	(237 766)
Changes in working capital:		
Receivables from exchange transactions	1 956 082	(7 234 068)
Prepayments	(113 501)	(143 425)
Payables from exchange transactions	6 145 383	5 420 943
Unspent conditional grants and receipts	(1 883 574)	-
Non-exchange revenue liability	(29 019 784)	(12 979 408)
	(20 704 450)	**453 392**

18. FINANCIAL INSTRUMENTS DISCLOSURE

CATEGORIES OF FINANCIAL INSTRUMENTS

2023

FINANCIAL ASSETS	AT AMORTISED COST R	TOTAL R
Trade and other receivables from exchange transactions	5 426 297	5 426 297
Cash and cash equivalents	38 271 160	38 271 160
Rental deposits	1 203 772	1 203 772
	44 901 229	**44 901 229**

FINANCIAL LIABILITIES		
Trade and other payables from exchange transactions	15 031 990	15 031 990
Non-Exchange revenue liability	15 347 683	15 347 683
	30 379 673	**30 379 673**

2022

FINANCIAL ASSETS	AT AMORTISED COST R	TOTAL R
Trade and other receivables from exchange transactions	7 234 067	7 234 067
Cash and cash equivalents	59 846 592	59 846 592
Rental deposits	1 352 082	1 352 082
	68 432 741	**68 432 741**

FINANCIAL LIABILITIES		
Trade and other payables from exchange transactions	9 115 870	9 115 870
Non-Exchange revenue liability	44 367 467	44 367 467
	53 483 337	**53 483 337**

19. COMMITMENTS

	2023 R	2022 R
AUTHORISED CAPITAL EXPENDITURE		
ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR		
Property, plant and equipment	5 668 451	939 243
TOTAL CAPITAL COMMITMENTS		
Already contracted for but not provided for	5 668 451	939 243

19. COMMITMENTS (CONTINUED)

AUTHORISED OPERATIONAL EXPENDITURE

ALREADY CONTRACTED FOR BUT NOT PROVIDED FOR

	2023 R	2022 R
Internal audit service	1 662 089	3 064 398
Cleaning service	1 825 818	41 449
Security service	-	81 185
Corporate services	10 220 213	5 087 054
Insurance	219 738	935 473
IT service	6 020 422	2 416 741
CoLabs - digital skills training	12 425 000	14 325 000
Partnerships	10 200 000	-
Digital change maker programme - YaRona	-	342 845
Inhouse Training projects	-	529 846
LMS	-	261 550
Multi media production	658 720	988 080
Small enterprise development agency	-	2 000 000
University of Johannesburg course development	-	1 150 000
University of Johannesburg Research	-	980 375
Media development and diversity agency	-	500 000
South African Post office	-	2 000 000
	43 232 000	**34 703 996**

NOT YET CONTRACTED FOR AND AUTHORISED BY MEMBERS

	2023 R	2022 R
Inhouse Training projects	-	9 161 556
Inhouse -Facilitation, assessment and moderation	-	5 622 953
Creative media leanership program - training department	-	7 463 600
Multi media production internship program	-	1 500 000
	-	**23 748 109**

TOTAL OPERATIONAL COMMITMENTS

	2023 R	2022 R
Already contracted for but not provided for	43 232 000	34 703 996
Not yet contracted for and authorised by members	-	23 748 109
	43 232 000	**58 452 105**

19. COMMITMENTS (CONTINUED)

TOTAL COMMITMENTS

TOTAL COMMITMENTS	2023 R	2022 R
Authorised capital expenditure	5 668 451	939 243
Authorised operational expenditure	43 232 000	58 452 105
	48 900 451	**59 391 348**

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

OPERATING LEASES - AS LESSEE (EXPENSE)

MINIMUM LEASE PAYMENTS DUE	2023 R	2022 R
- within one year	7 750 349	1 604 916
- in second to fifth year inclusive	25 188 634	-
	32 938 983	**1 604 916**

Operating lease payments represent rentals payable by the NEMISA for its office properties. Leases are negotiated for an average term of five years and rentals are fixed for one year, Annual escalation of 5% from 1 July 2023 to 30 June 2027. No contingent rent is payable.

RENTAL EXPENSES RELATING TO OPERATING LEASES

	2023 R	2022 R
Minimum lease payments	5 823 116	9 510 614

20. CONTINGENCIES

CONTINGENT ASSETS

The third-party insurance claim regarding a burglary at NEMISA in June 2022 is still in progress, and the Bathathu Insurance Brokers are making follow-ups on behalf of NEMISA. The expected a settlement based on the replacement value of R395,300.00 for the assets stolen and damages to the property.

21. RELATED PARTIES

RELATIONSHIPS

Members	Refer to members' report note
Shareholder with significant influence	Department of Communication & Digital Technologies
Members of key management	Mr T. Rammitlwa (CEO) Mr N.Mahlaule (Acting CFO)

NEMISA has been established by the Department of Communications & Digital Technologies in terms of national legislation. The Minister of Communications & Digital Technologies is the executive authority of NEMISA.

NEMISA is controlled by the national executive. It is therefore related to all other entities within the national government. NEMISA received a transfer payment of R52,0 million (2022: R50,2 million) funding for its administrative activities and R50,1 million (2022: R48,2 million) as funding for its strategic objectives from the Department of Communications & Digital Technologies.

RELATED PARTY BALANCES *

AMOUNTS INCLUDED IN TRADE RECEIVABLE (TRADE PAYABLE) REGARDING RELATED

Department of Communication & Digital Technologies	-	(1 363 561)
MICT SETA	-	1 234 690
South African Broadcasting Corporation	-	262 292
SITA	-	7 059 317
Bank SETA	5 390 000	-
	5 390 000	**7 192 738**

The transaction entered into with MICT SETA and South African Broadcasting Corporation relates to training for students in Radio and Television broadcasting. The balances are included in trade receivables in the Statement of Financial position in financial year 2021/22

The transaction entered into with BankSeta relates to training for Digital literacy training, Enterpreneurship programme and specialised digital technologies training. NEMISA is a training institute and training activties fall under its normal business activites.The balance are include in trade receiveables in the Statement of Financial position.

COMMITMENTS WITH RELATED PARTIES

South African Broadcasting Corporation	32 938 983	-

PROVISION FOR DOUBTFUL DEBTS RELATED TO OUTSTANDING BALANCES WITH RELATED PARTIES

MICT SETA	-	1 064 890
South African Broadcasting Corporation	-	262 292
	-	**1 327 182**

21. RELATED PARTIES (CONTINUED)

	2023 R	2022 R

The transaction entered into with MICT SETA and South African Broadcasting Corporation relates to training for students in Radio and Television broadcasting. The balances are included in trade receivables in the Statement of Financial position infinancial year 2021/22.

NEMISA entered into lease arrangement for office builidng with the SABC for a period of five years. Refer to note 19.

EXPENSES RECOGNISED IN RESPECT OF BAD OR DOUBTFUL DEBTS

	2023 R	2022 R
MICT SETA	1 064 890	-
South African Broadcasting Corporation	262 292	-

COMPENSATION TO MEMBERS AND OTHER KEY MANAGEMENT

	2023 R	2022 R
Non-executive members	1 921 176	2 011 969
Executive members	2 906 145	2 346 379
Senior managers	2 441 077	3 258 958
	7 268 398	**7 617 306**

KEY MANAGEMENT INFORMATION

CLASS	DESCRIPTION	NUMBER
Non-executive board members	Board members	7
Non-executive board members	Chair of Audit and Risk Committee	1
Executive board members	CEO	1
Executive management	CFO	1
Senior manager	Head of Units	3

21. RELATED PARTIES (CONTINUED)

MEETING FEES OF MANAGEMENT

BOARD MEMBERS

2023	BOARD FEES R	TRAVEL REIMBURSEMENTS R	CELL PHONE AND DATA ALLOWANCE R	OTHER BENEFITS RECEIVED R	TOTAL R
Ms. M Leshabane - Board Chair	459 360	11 343	10 200	24 750	505 653
Ms. N Hlatshaneni	295 680	103	10 200	-	305 983
Mr. L Adendorf	287 232	-	10 200	-	297 432
Prof. C Adendorff	88 440	-	5 950	-	94 390
Mr. M Lubega	187 968	365	10 200	-	198 533
Ms. T Buswana	302 016	1 066	10 200	-	313 282
Mr. Z Le Guma (ARC Chair)	193 248	2 455	10 200	-	205 903
	1 813 944	**15 332**	**67 150**	**24 750**	**1 921 176**

2022	BASIC SALARY R	TRAVEL REIMBURSEMENTS R	CELL PHONE AND DATA ALLOWANCE R	TOTAL R
Ms. M Leshabane - Board Chair	451 968	11 070	10 200	473 238
Ms. N Hlatshaneni	247 104	2 256	10 200	259 560
Ms. B Filana	88 176	-	5 100	93 276
Mr. L Adendorf	258 720	4 740	10 200	273 660
Prof. C Adendorff	180 174	3 668	10 200	194 042
Mr. M Lubega	205 920	2 751	10 200	218 871
Ms. T Buswana	248 160	24 189	10 200	282 549
Mr. Z Le Guma (ARC Chair)	205 920	653	10 200	216 773
	1 886 142	**49 327**	**76 500**	**2 011 969**

Mr. Z Le Guma (ARC Chair) is a Non-executive member

Prof.C.Adendorff resigned 30 October 2022

SENIOR MANAGERS

2023	BASIC SALARY R	BONUSES AND PERFORMANCE RELATED PAYMENTS R	TRAVEL REIMBURSEMENTS R	CELL PHONE AND DATA ALLOWANCES R	TOTAL R
Ms. F Valla (CoSec)	1 129 726	136 152	-	21 000	1 286 878
Mrs. B. M. Ramantsi	1 125 224	-	7 975	21 000	1 154 199
	2 254 950	**136 152**	**7 975**	**42 000**	**2 441 077**

21. RELATED PARTIES (CONTINUED)

2022	BASIC SALARY R	TRAVEL REIMBURSEMENTS R	CELL PHONE AND DATA ALLOWANCES R	TOTAL R
Ms. F Valla (CoSec)	1 057 326	-	21 000	1 078 326
Mr.D. Fick	1 215 941	7 872	12 600	1 236 413
Mrs. B. M. Ramantsi	925 831	-	18 388	944 219
	3 199 098	**7 872**	**51 988**	**3 258 958**

*Mrs. B. M. Ramantsi was appointed on 17 May 2021

EXECUTIVE MANAGEMENT 2023	BASIC SALARY R	BONUSES AND PERFORMANCE RELATED PAYMENTS R	TRAVEL REIMBURSEMENTS R	CELL PHONE AND DATA ALLOWANCES R	TOTAL R
Mr. T Rammitlwa (CEO)	1 806 176	210 951	1 140	33 000	2 051 267
Mr. N Mahlaule (ACFO) (01/04/2022-30/03/2023)	854 878	-	-	-	854 878
	2 661 054	**210 951**	**1 140**	**33 000**	**2 906 145**

2022	BASIC SALARY R	TRAVEL REIMBURSEMENTS R	CELL PHONE AND DATA ALLOWANCES R	TOTAL R
Mr.T.Rabindnath (Acting CEO)	1 714 074	2 900	33 000	1 749 974
MR T Ramawa (CFO 01/04/2021 - 30/04/2021)	253 376	-	2 750	256 126
Ms K Matlosa (ACFO 14/04/2021 - 14/08/2021)	330 263	-	10 015	340 278
	2 297 713	**2 900**	**45 765**	**2 346 378**

Mr.N Mahlaule was seconded from the SABC and received an acting allowance during the secondment period.

22. FRUITLESS AND WASTEFUL EXPENDITURE

	2023 R	2022 R
Add: Fruitless and wasteful expenditure identified - current	4 140	-
Less: Amount recovered - current	(1 140)	-
Closing balance	**3 000**	**-**

Fruitless and wasteful expenditure relates to penalty fees for late payment ,administration fees for employees and traffic fines for official businesses using car rentals

AMOUNT RECOVERED

Traffic fines have been recovered from from NEMISA employees through acknowledgment of debt and deductions from the payroll

Traffic fines	1 140	-

23. IRREGULAR EXPENDITURE

	2023 R	2022 R
OPENING BALANCE AS RESTATED		
Add: Irregular Expenditure - current	2 175 082	9 549 011
Less: Amount recoverable - current	(17 399)	-
Closing balance	**2 157 683**	**9 549 011**

Irregular expenditure is presented inclusive of VAT.

Incidents/cases identified/reported in the current year include those listed below:

Competitive bidding not invited	1 604 916	9 549 011
Award of Contract to bidder incorrect bidder	215 000	-
Expired contracts	355 165	-
	2 175 081	**9 549 011**

AMOUNT RECOVERED

After the Internal Audit investigations, Board adopted the Internal audit recommendations to recover an amount of R 17 399 from the employee as it was proven without reasonable doubt that the official was liable for the identified non-compliance to the SCM processes.

24. GOING CONCERN

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus (deficit) of R 16 733 924 and that the entity's total assets exceed its liabilities by R 16 733 924.

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 ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the members continue to receive grants for the ongoing operations for the entity.

25. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The Accounting Authority has overall responsibility for the establishment and oversight of the entity's risk management framework. Due to the largely non-trading nature of activities and how they are financed, NEMISA is not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-operational activities and are not held to manage the entity's risks in undertaking its activities.

The Finance unit monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk, and liquidity risk. The internal auditors review compliance with policies and procedures continuously and annually by external auditors. The entity does not enter or trade financial instruments for speculative purposes

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and submitted to the Department of Communications & Digital Technologies at the beginning of each financial year to determine the frequency of the drawdown for the appropriation income.

The amounts disclosed in financial liabilities are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

FINANCIAL INSTRUMENT	2023 R	2022 R
Cash and cash equivalents	38 271 160	59 846 592
Receivables from exchange transactions	6 630 068	8 586 150

MARKET RISK

INTEREST RATE RISK

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

NEMISA's exposure to interest rate risk at year end relates to cash and cash equivalents. NEMISA places cash reserves which are in the form of cash and cash equivalents with the South African Reserve Bank. At 31 March 2023, NEMISA had significant cash in the Corporation Public Deposit account which earns interest at rates linked to the prime rate.

26. LONG SERVICE AWARD

RECONCILIATION OF LIABILITY - 2023	OPENING BALANCE R	MOVEMENT DURING THE YEAR R	TOTAL R
Employee benefit cost	391 195	(101 633)	289 562

RECONCILIATION OF LIABILITY - 2022	OPENING BALANCE R	ADDITIONS R	TOTAL R
Employee benefit cost	359 114	32 081	391 195

	2023 R	2022 R
Non-current liabilities	289 562	285 255
Current liabilities	-	105 940
	289 562	**391 195**

NEMISA provides long service awards. Management estimates the value of NEMISA's obligations in this regard at each reporting date. These estimates take account of the existing policies and contractual obligations and the likelihood of employees remaining in service to receive the benefits. The prime lending rates used for FY2023 11.25% and FY2022 7.75%

27. PRIOR PERIOD ERROR

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

STATEMENT OF FINANCIAL POSITION 2022	NOTE	CORRECTION OF ERROR R	RESTATED R
Provisions		391 195	391 195

STATEMENT OF FINANCIAL PERFORMANCE 2022	NOTE	AS PREVIOUSLY REPORTED R	CORRECTION OF ERROR R	RESTATED R
Employee related costs		27 823 152	32 081	27 855 233

ERRORS

A liability for the entity's long service awards were not recognised in the previous financial years. The error was corrected in the FY2023

28. CHANGE IN ESTIMATE

PROPERTY, PLANT AND EQUIPMENT

During the financial year, the useful lives of specific assets have been reassessed to reflect the actual pattern of service potential that NEMISA estimated could still be derived from these assets. In the current period management have revised their estimate , please refer Note 1.6 Average useful lives. The effect of this revision has decreased the depreciation charges for the current and future periods by R 587 114

ASSET CLASS	DEPRECIATION BEFORE REVIEW R	DEPRECIATION AFTER REVIEW R	USEFUL LIFE REVIEW EFFECT R
Building	9 470	(3 204)	(6 266)
Furniture and fixture	18 877	(15 042)	(3 835)
Motor vehicles	105 910	(33 940)	(71 969)
Office equipment	77 111	(54 367)	(22 744)
Computer equipment	1 570 408	(1 333 132)	(237 277)
Canteen	3 470	(3 265)	(205)
Television equipment	417 304	(306 607)	(110 697)
Radio equipment	325 922	(191 801)	(134 121)
	2 528 472	**(1 941 358)**	**(587 114)**

29. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

REVENUE

In 2022 Conditional grants received from MICT seta were erronsly recognised as Exchange revenue. These were suppose to be recognised as non-exchange revenue. The error was correct in FY2023 and reclassified in FY2022

The effects of the reclassification are as follows:

REVENUE	AS PREVIOUSLY REPORTED R	RE-CLASSIFICATION R	RESTATED R
Revenue from exchange transaction	7 331 517	(272 200)	7 059 317
Non-exchange revenue	111 447 408	272 200	111 719 608
	118 778 925	**-**	**118 778 925**

www.nemisa.co.za

26 Canary Street, Auckland Park, South Africa, 2006
P.O. Box 545, Auckland Park, 2006

Tel: +27 (0) 11 484 0583 | Fax: +27 (0) 1 484 0615 | Email: info@nemisa.co.za

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