OFFICE OF THE VALUER-GENERAL

OFFICE OF THE VALUER- GENERAL

ANNUAL REPORT

2021/2022

Contents

PART A: GENERAL INFORMATION

A

Office of the Valuer General: General Information

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PRINCIPAL ACTIVITIES	:	To value all properties to be acquired for land reform purposes in accordance with a prescribed set of criteria based on section 12 (1) (a) of the PVA.
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BANKERS	:	Standard Bank

List of Abbreviations/ Acronyms

AA	Accounting Authority
AG	Auditor-General
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
CEO	Chief Executive Officer
CRLR	Commission on Restitution of Land Rights
DALRRD	Department of Agriculture, Land Reform and Rural Development
HRM	Human Resource Management
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
OCRD	Office of the Chief Registrar of Deeds
OVG	Office of the Valuer-General
PFMA	Public Finance Management Act
SCM	Supply Chain Management
VG	Valuer-General
PVA	Property Valuations Act 17 of 2014
MAP	Ministerial Advisory Panel
PMO	Project Management Office
ERP	Enterprise Resources Planning
MoA	Memorandum of Agreement
GRAP	Generally Accepted Accounting Practices
IAF	Internal Audit Function
VTS	Valuations Tracking System
ERP	Enterprise Resource Planning

Foreword by the Minister of Agriculture, Land Reform and Rural Development

The Office of the Valuer-General (OVG) continued to play an integral role in the finalisation of Land Reform transactions during the year under review. In this period we have seen much progress and improvements in the implementation of the Regulations issued in terms of the Property Valuation Act (PVA). The implementation of these Regulations brought greater clarity with regards to the OVG's valuation methods although these valuation methods are faced with heavy criticism from other stakeholders.

A Ministerial Advisory Panel (MAP) on the review of the PVA was set up and work has advanced on this important task of reviewing the efficiency of the PVA and its regulations and interrogating the strong criticism levelled against the PVA and its regulations. MAP produced a report after extensive consultation with key stakeholders that are impacted by Land Reform including those who are involved in property valuations. The MAP report with recommendations was submitted to the Minister for input and feedback. The Minister has since provided feedback to the MAP and a final report will be produced as soon as the MAP has satisfied itself that they have covered all areas outlined in their terms of reference.

The capacity building initiatives that we have allowed at the OVG in the medium term, has allowed the entity to successfully eradicate the legacy backlog valuations which had been a source of bottlenecks in the Land Reform value chain. The entity is also reporting 100% achievement of its targets in its core function programme of valuations for the first time since inception.

During the year under review the OVG continued to subject itself to Parliamentary oversight as evidenced by its continued reporting to and appearances at the Portfolio Committee on Agriculture, Land Reform and Rural Development.

At an administrative level, the Office of the Valuer-General continued to receive support from the Office of the Chief Registrar of Deeds (OCRD). The support from the OCRD enabled the

OVG to primarily focus on its core business whilst closing the gap in terms of capacity from Human Capital, Supply Chain Management and Financial Management point of view.

It gives me pleasure to table the 2021/22 annual report of the Office of the Valuer-General.

Mrs AT Didiza (MP)

Minister of Agriculture, Land Reform and Rural Development

CHIEF EXECUTIVE OFFICER'S OVERVIEW

1. BACKGROUND

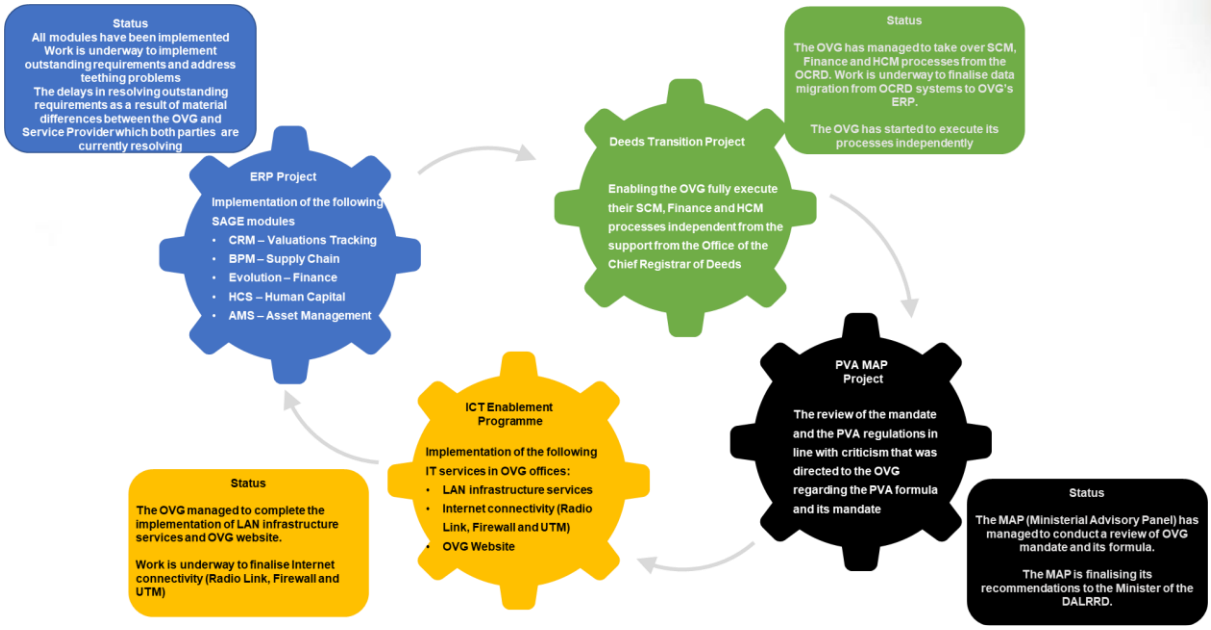
In 2014, the President of the Republic of South Africa signed into law the Property Valuation Act, Act No. 17 of 2014 ("PVA") and it came into effect on 1 August 2015, when the Valuer-General was appointed.

The Office of the Valuer-General's legislative mandate is derived from its establishment legislation, the PVA, which determines that the Office of the Valuer-General ("OVG") must be impartial, exercise its powers and perform its functions, and is accountable to the Minister of Agriculture, Land Reform and Rural Development.

The Act states that the OVG must value all properties to be acquired for land reform purposes in accordance with a prescribed set of criteria based on section 12 (1) (a) of the PVA. In addition, the OVG may, at its discretion, in terms of section 12 (1) (b) of the PVA, when requested to do so by a national or provincial government department, determine the market value of property that is to be acquired or disposed by such government department.

2. THE OVG ROAD MAP

In 2016, the OVG formally undertook a number of initiatives to support its transformation, both in terms of better supporting land reform and also to become a preferred business partner for all government property valuations. Below is a summary of strategic projects that the OVG is executing to enhance its approach and processes. The focus of the OVG is on how to optimally deliver its mandate in line with the applicable legislative, regulatory and policy frameworks.

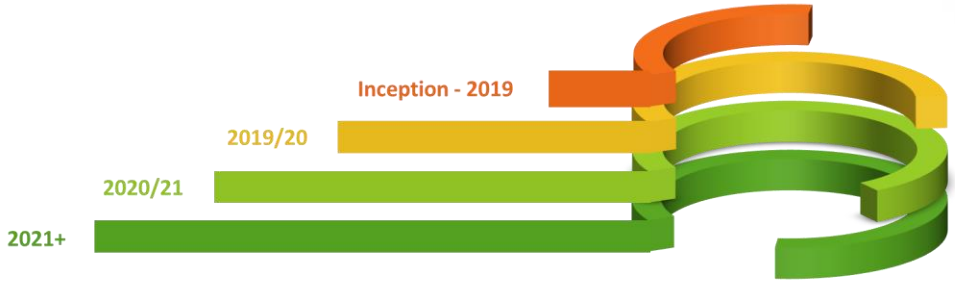


Internal processes have been optimized and will be continuously improved by the Project Management Office (PMO). The required continuous improvement includes the development and use of standardised digital reports, forms and templates, which will further improve the quality and turn-around-time for each valuation undertaken. Ongoing upskilling opportunities are also being identified for both internal resources and service providers to support this objective.

The implementation of our ERP (Enterprise Resource Planning) system has assisted in many ways in terms of optimising internal processes. The VTS (Valuations Tracking System) has enabled the submission of valuations requests on a single digital platform which enables standard processes that deliver transparency and a consolidated view of valuations progress and outputs.

The OVG has identified that tracking the progress of each valuation undertaken is critical to ensuring that commitments made in terms of time-to-deliver are met. This has led to improvements in terms of completing all new valuations on time and eradicating legacy backlog valuations. The OVG has built a robust tracking mechanisms into its processes to ensure visibility of the pipeline thus highlighting areas where attention, support or improvements are required.

The diagram below outlines the OVG's maturity map.



Reactive

- Little standardisation
- No upfront visibility of potential Valuation Projects, so proactive capacity management not possible
- Paper based with no automation and little traceability
- Valuations logistical processes not clearly defined or standardised
- Resource constraints
- Poor visibility of Valuation Project's progress through the pipeline
- Limited ability to identify blockages and address

Proactive

- Standardisation introduced
- Paper based but with adequate controls in place to ensure traceability
- Tracking and reporting in place to manage performance
- Blockages are identifiable and are managed
- Transformation projects planned and initiated
- Standard templates introduced
- Focus on improving client centricity

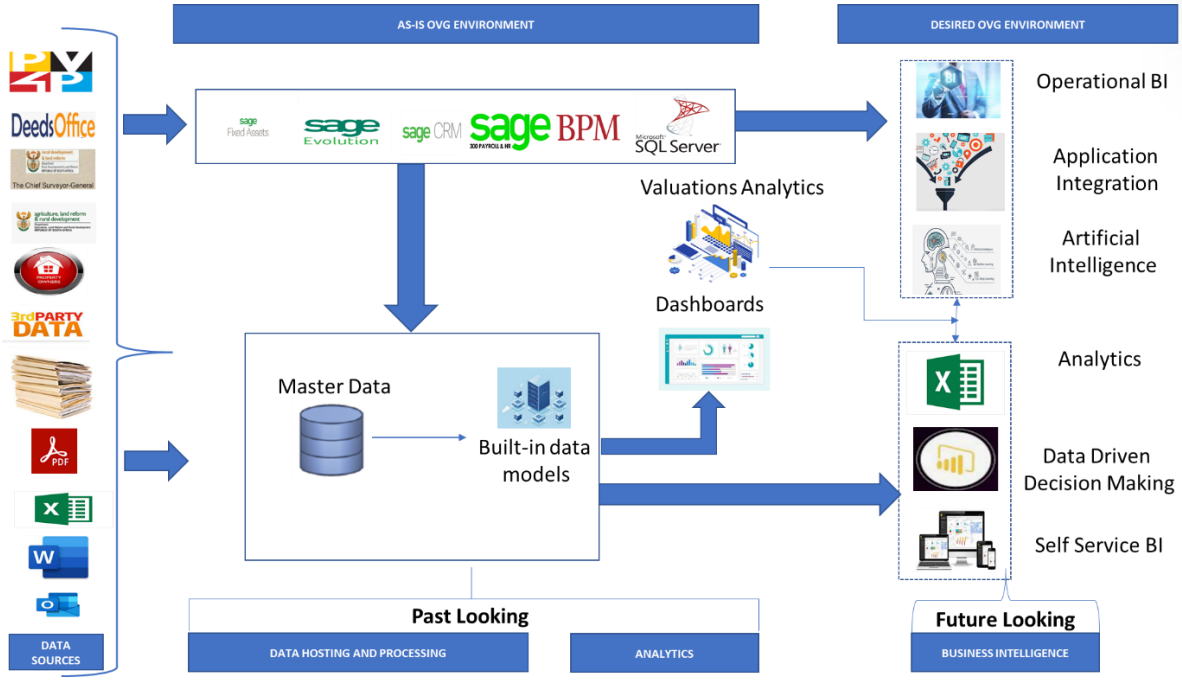
Digital Transformation Begins

- Strong emphasis on standardisation
- Paper based but with improved controls in place to ensure traceability
- Enhanced tracking and reporting to manage performance
- Blockages identified and managed to meet performance targets
- Standard processes documented, optimised and in operation
- Additional resources acquired
- Standard templates in use and continuously improved
- Enterprise Resource Planning (ERP) design and build undertaken
- Improved client centricity

Digitally Transformed

- Full standardisation throughout
- Clients share upcoming Valuation Projects in advance so OVG can plan capacity
- Fully independent of 3rd party support
- Fully digitised using an Enterprise Resource Planning (ERP) solution with workflows
- Tracking, tracing and reporting using ERP
- Standard processes continuously optimised
- Geared to efficiently process high volumes
- Fully client centric

In the 2019/20 reporting period the OVG was a proactive organisation and it has now progressed to beginning and consolidating its digital transformation in the 2020/21 and 2021/22 reporting periods. The implementation of our ERP in the OVG has introduced business process standardisation and basic automation. The OVG intends to become a fully digitised organisation in the next five 5 years.

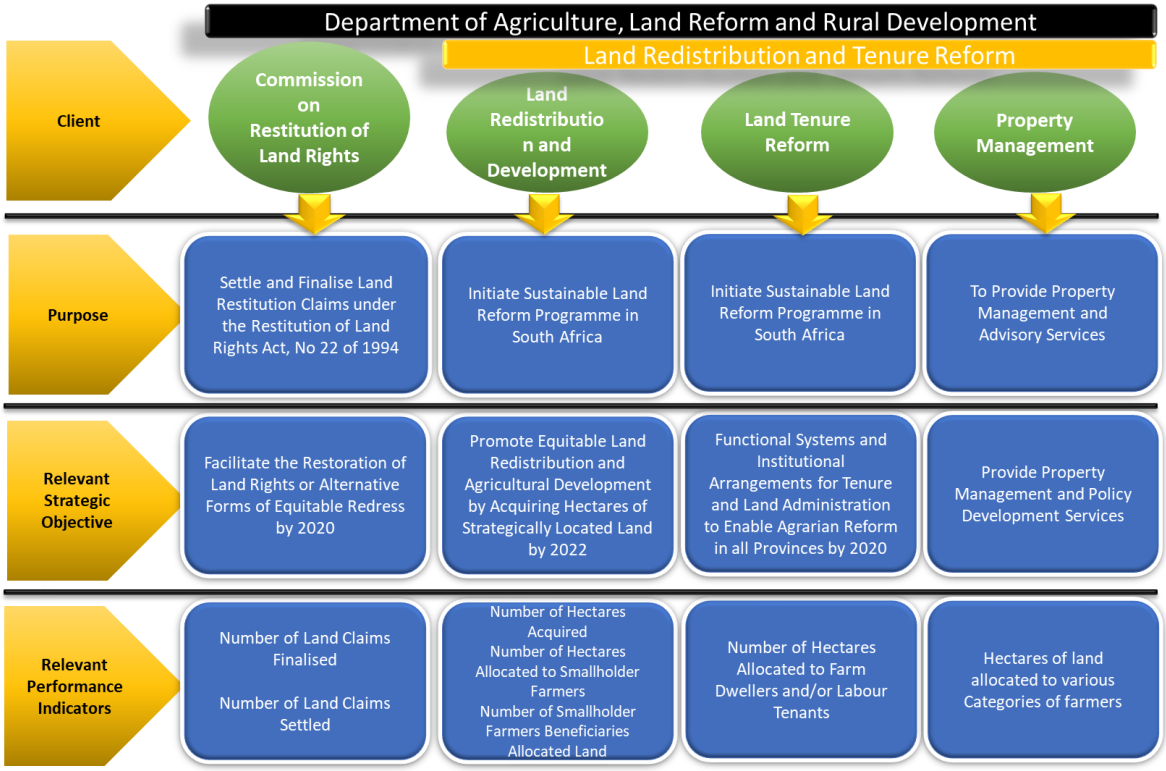


During November 2021 the OVG started going live on various SAGE ERP modules that support Finance, Supply Chain Management, Human Capital Management, Project Management, Asset Management and Valuations Management processes. This has enabled the OVG to automate some of the key processes and consolidate data that is coming from disparate sources. Currently the OVG is able to collect data and process for various purposes. This progress puts the OVG in a better position to start configuring advance data analytics across the business units. This also assist in initiating the use of artificial intelligence and data driven decision making within the OVG. The OVG has initiated an Enterprise Architecture review and analysis process that will assist in bringing more context to the OVG's desired data architecture.

The OVG is currently able to process valuations using SAGE CRM which assist in tracking progress of a valuation through a defined workflow. SAGE CRM was implemented in November 2021 although the OVG relied on the manual processes to process and report on valuation for the entire 2021/22 period, SAGE CRM has been running in parallel with the manual process from November 2021. This was to allow the OVG to continue processing valuation in the same manual platform for the entire financial year in order to simplify the

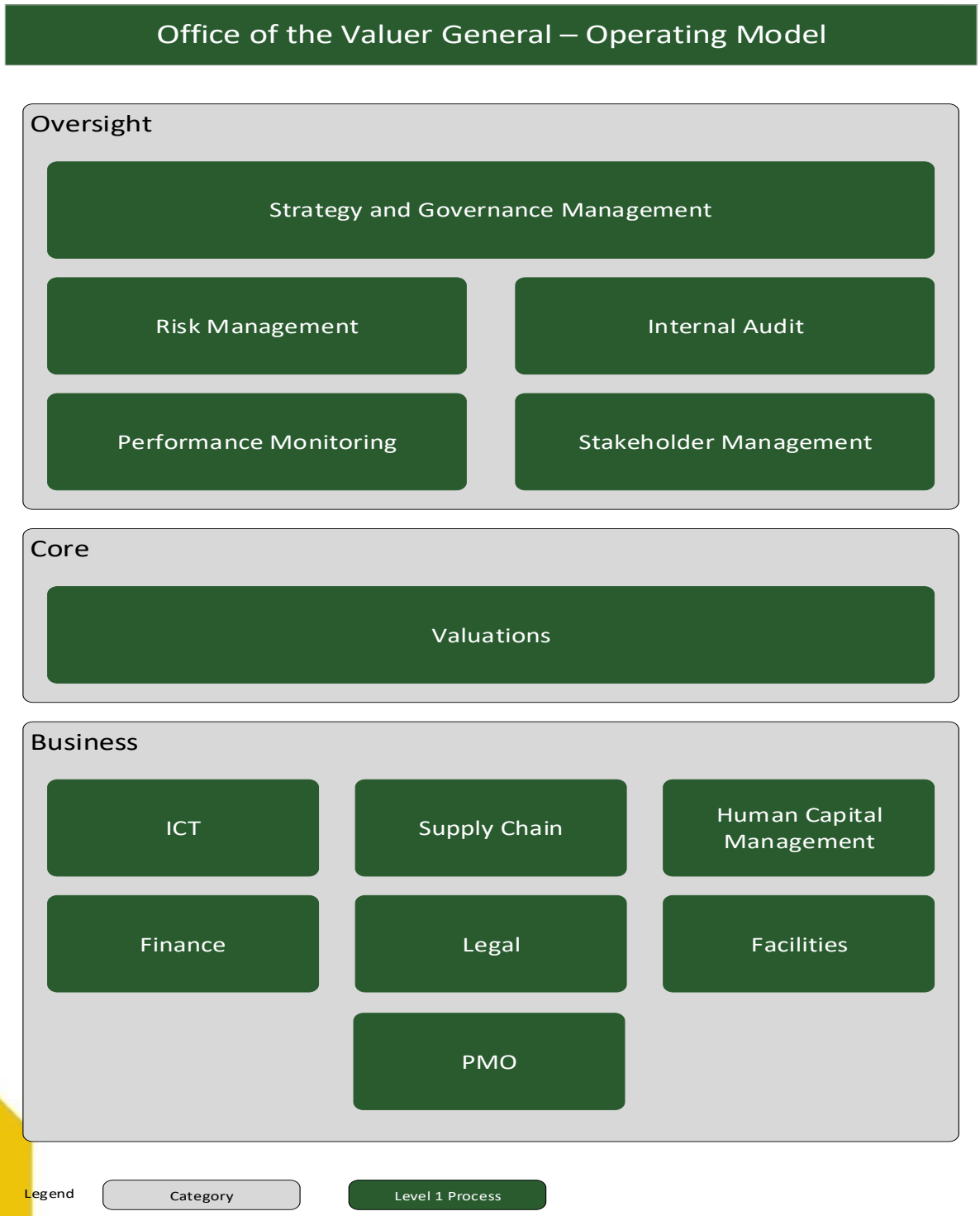
reporting process using one process/platform. The manual process was halted by the end of the 2021/22 financial year.

3. OVG CLIENTS



The OVG continues to predominantly service land reform stakeholders by conducting valuations in arriving at just and equitable value of the properties. The majority of valuations that are currently completed by the OVG contributes towards the determination of just and equitable compensation by OVG clients. Key clients that are serviced by the OVG are the Commission on Restitution of Land Rights, Land Tenure Reform, Land Redistribution and Property Management. The OVG has started conducting valuations for the Department of Water and Sanitation and the Department of Forestry, Fisheries and the Environment.

4. THE OVG BUSINESS OPERATING MODEL



The **Oversight Function** refers to functions that are intended to strengthen governance thereby ensuring accountability by the OVG. These functions are supported by the inclusion of independent resources sourced outside of the OVG.

The **Core Function** represents the main business function that the OVG performs namely: Valuations. Essentially this function enables the OVG's capability to perform its primary service which is the determination of value on all properties identified for Land Reform purposes.

The **Business Functions** are those functions that enable the OVG to perform its core function namely: Human Capital Management, Finance, Supply Chain Management, Information and Communication Technology, Legal, Facilities Management and Project Management through the Project Management Office (PMO). It is intended that the PMO will assume the function of the Operations Administration team who form part of the Valuations Management function which includes a Quality Assurance Branch.

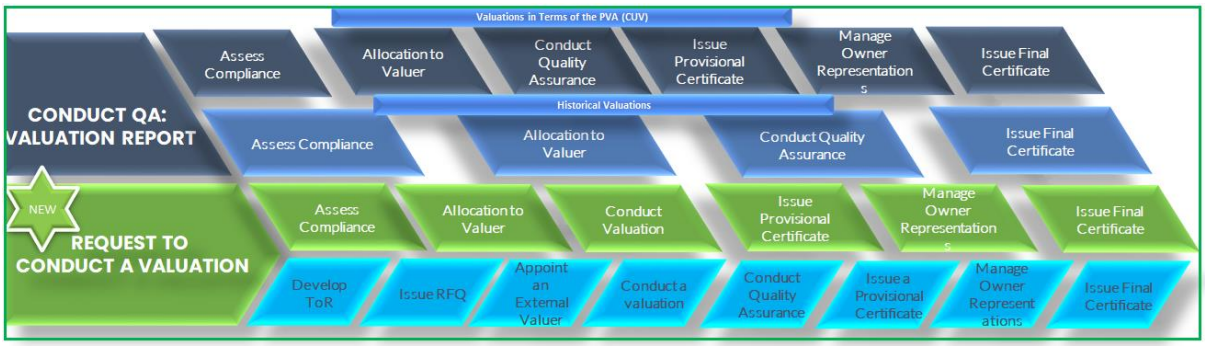
The OVG prioritised four key focus areas in terms of supporting core business in executing its mandate and achieving the desirable outcome in as far as APP targets are concerned. The diagram below provide the focus areas:

The work in terms of realising the targeted focus was initiated during the reporting period and execution of the work is still underway.

5. OVERVIEW OF THE CURRENT VALUATION PROCESS

The OVG has conducted a review of its processes in redefining the OVG's operating model. This led to a few significant changes to the OVG business, thus allowing the OVG space to execute its processes in totality. The first part of this change relates to the OVG's current situation where it has built additional capacity internally and it is now able to conduct valuations and issue provisional and final valuation reports and final certificates.

The second part of the change refers to situations where the OVG has no capacity or capability to conduct a valuation internally. In this instance the OVG has built adequate capability for appointing external valuers from the existing panel of valuers. The diagram below depicts the revised operating model.



The OVG has been receiving concerns from stakeholders regarding the absence of the OVG in negotiations process. These concerns are informed by the rejections that stakeholders receive when making offers to property owners based on valuations certificates. This is despite the fact that key stakeholders continue to exceed their annual performance targets, specifically the CRLR. The OVG is investigating the role that it can play post the issuing of a valuation certificate and once that role has been conceptualised and agreed to with stakeholders, it will be formalised and included in the OVG's business model.

The OVG has a vested interest in ensuring that valuation outcomes do not become an impediment for land reform transactions but an effective yardstick that can be used to arrive at a just and equitable compensation in line with section 25 of the constitution of the Republic of South Africa.

The OVG will continue to consolidate its efforts in ensuring that it support stakeholders in achieving good performance.

The performance of the Office of the Valuer-General (OVG) during the year under review (2021/22) was guided by a formally tabled and adopted annual performance plan (APP) and as such the OVG's performance was audited against this APP. We are pleased to table an annual report that includes the Auditor General's report on all three audit areas of Finance, Performance and compliance with Legislation. This year we present an unqualified audit opinion with no findings from the AGSA (A "clean" audit).

In order to discharge its mandate, the OVG was allocated R 131 844 000 through the Estimates of National Expenditure (ENE) and spent R 68 438 000 of this amount. This spent represents 51% of the allocation which is an expenditure increase of 6% compared to the 2020/21 financial year.

The relationship that has existed between the OVG and the Office of the Chief Registrar of Deeds (OCRD) continued during this year. In line with our Memorandum of Agreement (MoA) the OCRD continued to manage all downstream business functions of the OVG. These functions included Finance, Human Resource Management and Supply Chain Management. Despite the considerable pressure that this relationship placed on the OCRD staff and management, the two entities have managed to maintain healthy professional relations throughout the year. The implementation of the ERP in OVG enables the OVG to independently execute functions that were being performed by the OCRD. The OVG has started taking over those functions from the OCRD as from the 01st April 2022, the MoA with OCRD for the 2022/23 Financial Year is only focusing on activities that enable the OVG to transit with minimal interruptions as there is currently much lesser support from the OCRD.

The OVG managed to achieve sterling performance in all programme two indicators which are focussing on our core business. It is for the first time that the OVG manage to reach all the targets for programme two. We relied immensely on the skills that are internal in the OVG with support from private valuers in the OVG database(Panel of Valuers). The diagram below shows OVG's performance in programme two for the past 3 financial years.

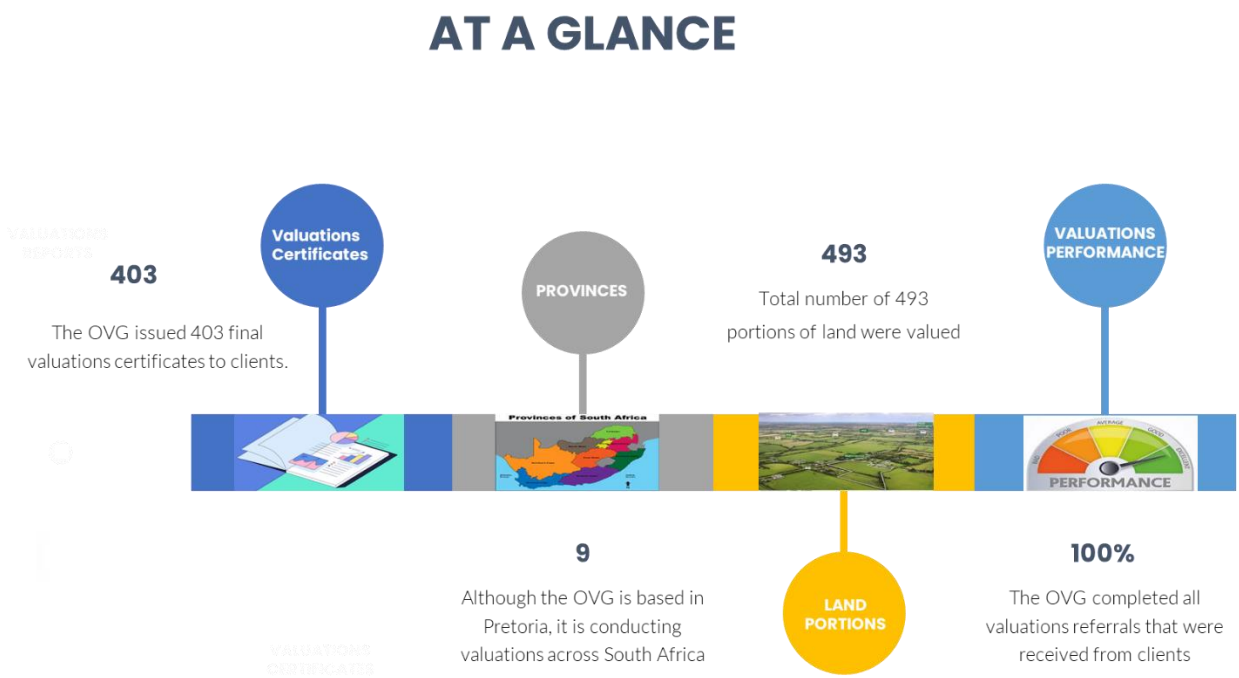
In order to continue to strengthen compliance as well as good corporate governance, we continued to run risk management and internal audit functions of the Office of the Valuer-General. The work that was done by Kopax Chartered Accountants on our behalf guided management actions and also fed into the work of our Internal Audit function and Risk Committee as well as the work of the Auditor-General of South Africa.

During the 2020/2021 financial year the OVG deepened the implementation of the regulations issued in terms of the Property Valuation Act. Section 2(a) of the PVA Regulations states that, pursuant to Section 13 (1) of the PVA, the Valuer-General shall "establish and maintain a database of property and land market information which is reasonably required for valuation, and to store the information in hardcopy, electronic or any other medium, provided that such information is not about, or identifiable as belonging to, or about specific persons"

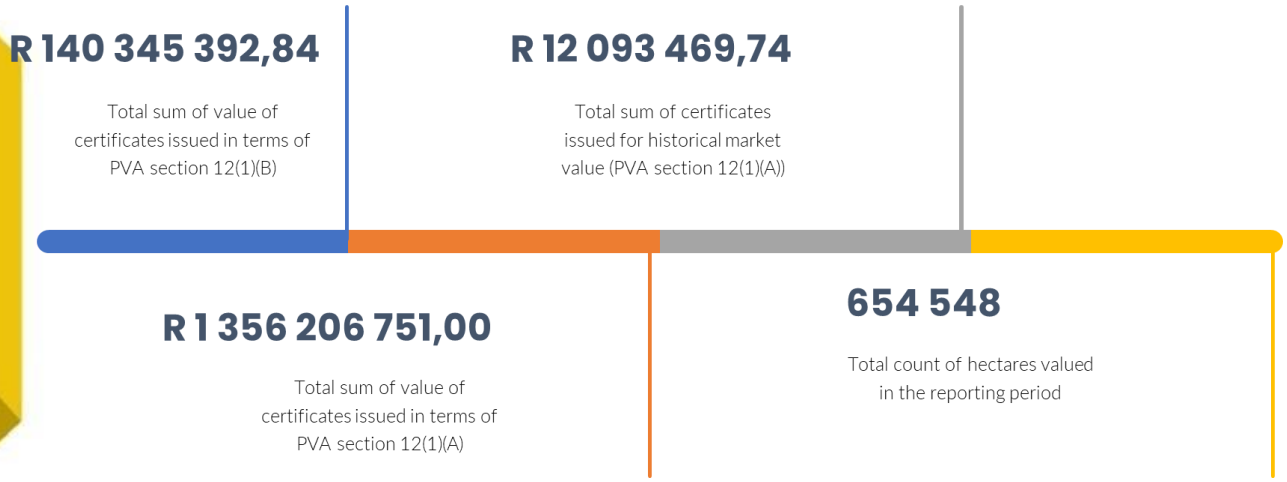
Currently the OVG is able to provide basic insights in terms of various property data that is related to the valuations that were processed by the OVG in this reporting period. This data is made of analysis of all valuation reports that the OVG issued in the 2021/22 period, the focus for the analysis was on valuation reports and not valuation certificates as the reports have comprehensive information as opposed to the valuations certificates.

The OVG is in a process of embedding these analytics in the business using the Valuations Tracking System. Some of the data sets are already part of the system and the process of configuring other data sets is underway.

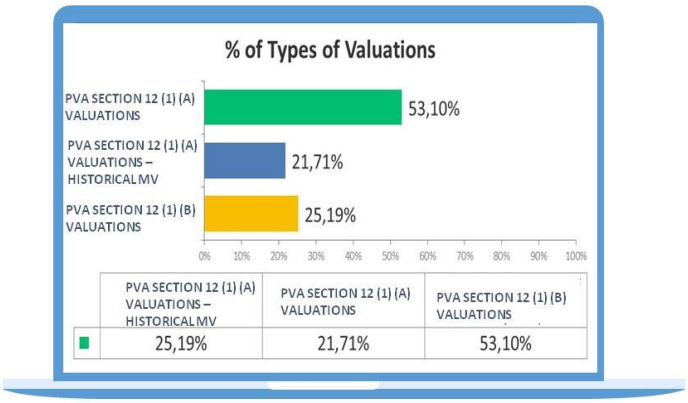
A summary of OVG's performance is depicted in the diagrams below.



The OVG processed 403 final valuation certificates which were submitted to clients in order for them to make offers to property owners. The submitted referrals led to the valuation of 493 land portions that are scattered within the nine South Provinces. The OVG managed to provide final valuation certificates for all received referrals which translates to 100% performance.



The value in terms of PVA section 12(1)(a) valuations accounts for the highest value as the high number of requests that the OVG received were restitution valuations.



PVA SECTION 12 (1) (A) VALUATIONS

The majority of reports that the OVG processed in this period were values in terms of the PVA. This is confirmed by the fact that OVG received most valuations from the CRLR

PVA SECTION 12 (1) (A) VALUATIONS (HISTORICAL MARKET VALUE)

The OVG continues to process a reasonable number of historical market value reports for Land Restitution purposes

PVA SECTION 12 (1) (B) VALUATIONS

The number of section 12 (1) 9b) valuations was lower compared to the other valuations types. These are market valuations that the OVG does for Property Management and other clients

The OVG continues to predominantly conduct valuations in terms of PVA which is focussing on factors that are outlined in section 25 of the South African Constitution. Valuations that are conducted in line with the PVA regulations are land reform valuations. The OVG also conduct non-land reform valuations where it applies various valuations factors as instructed by clients.

17%

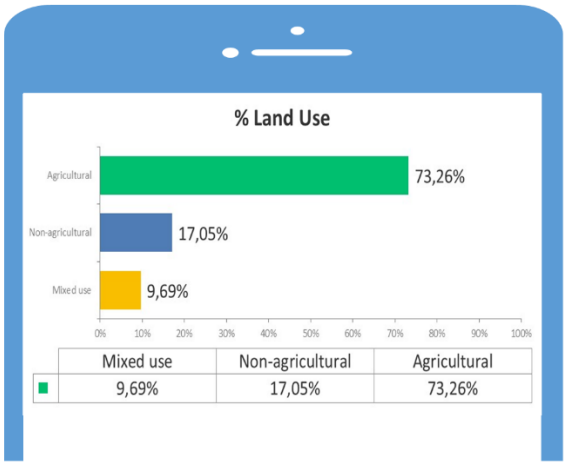
Non-Agricultural

The non-agricultural properties are predominantly Land Tenure transactions

73%

Agricultural

Agricultural properties are the highest valued properties. This indicates that majority of land reform transactions are agricultural properties.



10%

Mixed Use

The percentage of mixed use properties representation is lower lower compared to Agricultural and Non-Agricultural.

The majority of properties that were valued are agricultural properties which are predominantly grazing and livestock farms.

The OVG continues enhancing its database and relevant tools to ensure that it is able to provide more sophisticated analytics with less effort. It is in this context we are able to provide basic insight as shown above however, in the near future the insight will be multi-dimensional and more engaging.

The OVG has come a long way on its journey of self-determination since inception. This has seen much activity taking place to establish the organisation whilst continuing to deliver the services required of it by its clients. Learnings taken from these years are now being applied to an adaptive strategy that places the OVG on an excellent trajectory to becoming the organisation it was intended to be, as outlined in its Strategic Plan 2020-2025. Work continues to ensure that the OVG not only satisfies the requirement of a well-run public entity, but also one that achieves its set targets in line with its annual performance plan.

Ms M Maloka
Acting Valuer-General/ Chief Executive Officer
Date: 27/09/2022

5.1 Statement of responsibility and confirmation of accuracy for the annual report

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor- General of South Africa.

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 E) have been prepared in accordance with the Standards of Generally Accepted Accounting Practices (GRAP) standards applicable to the public entity.

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

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource 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 human resources information, performance information and the financial affairs of the entity for the financial year ended 31 March 2022.

Yours faithfully

Ms M Maloka
Acting Valuer-General/ Accounting Authority
Date: 27/09/2022

Part A: Our Mandate

1. Constitutional mandate

The constitutional mandate of the Office of the Valuer-General is derived from section 25 of the Constitution of the Republic of Africa, 1996 (the property clause), which provides for (a) the protection of property; (b) expropriation for a public purpose or in the public interest, subject to the payment of compensation; (c) the nation's commitment to land reform and the provision of equitable access to South Africa's natural resources, with specific reference also to the three land reform programmes (redistribution, tenure reform and restitution); and (d) the taking by the state of legislative and other measures to achieve land and other natural resources reform.

2. Legislative and policy mandates

The Office of the Valuer-General discharges its legislative mandate by implementing its foundational act, the Property Valuation Act, 2014 (Act 17 of 2014), which determines that the Office of the Valuer-General must be impartial, exercise its powers and perform its functions, and is accountable to the Minister of Agriculture, Land Reform and Rural Development and The Act states that the Office of the Valuer-General must value all land to be acquired for land reform purposes in accordance with a prescribed set of criteria based on section 25(3) of the Constitution. In addition, the Office of the Valuer-General may, in its discretion, when requested to do so by a national or provincial government department, determine the market value of property to be acquired or disposed of by such government department. The Valuer-General may make recommendations to the Minister of Agriculture, Land Reform and Rural Development relating to criteria, procedures and guidelines, and compliance monitoring. Such recommendations, and any other matters the Office of the Valuer-General is required or permitted to determine in terms of the Act, may be published as regulations by the Minister of Agriculture, Land Reform and Rural Development.

The Valuer-General, valuers appointed as staff members of the Office of the Valuer-General and external valuers contracted to perform valuations in accordance with the Property

Valuation Act, 2014 (Act 17 of 2014) must comply with the following Acts to the extent that they provide for matters pertaining to valuation and valuers:

- Expropriation Act, 1975 (Act 63 of 1975)
- Property Valuers Profession Act, 2000 (Act 47 of 2000) (administered by the Department of Public Works)
- Council for the Built Environment Act, 2000 (Act 43 of 2000) (administered by the Department of Public Works)
- Local Government: Municipal Property Rights, 2004 (Act 6 of 2004) (administered by the Department of Cooperative Governance).

The Office of the Valuer-General must also comply with the provisions relating to land reform and the acquisition, management and disposal of land by national and provincial government departments, as contained in the following Acts:

- Abolition of Certain Title Conditions Act, 1999 (Act 43 of 1999)
- Communal Property Associations Act, 1996 (Act 28 of 1996)
- Conversion of Certain Rights into Leasehold Act, 1988 (Act 81 of 1988)
- Deeds Registries Act, 1937 (Act 47 of 1937)
- Distribution and Transfer of Certain State Land Act, 1993 (Act 119 of 1993)
- Extension of Security of Tenure Act, 1997 (Act 62 of 1997)
- Geomatics Profession Act, 2013 (Act 19 of 2013)
- Government Immovable Asset Management Act, 2007 (Act 19 of 2007)
- Interim Protection of Informal Land Rights Act, 1996 (Act 31 of 1996)
- Kimberley Leasehold Conversion to Freehold Act, 1961 (Act 40 of 1961)
- KwaZulu-Natal Ingonyama Trust Act, 1994 (Act 3 of 1994)
- Land Reform (Labour Tenants) Act, 1996 (Act 3 of 1996)
- Land Administration Act, 1995 (Act 2 of 1995)
- Land Survey Act, 1997 (Act 8 of 1997)
- Land Reform: Provision of Land and Assistance Act, 1993 (Act 126 of 1993)
- Land Titles Adjustment Act, 1993 (Act 111 of 1993)
- Planning Profession Act, 2002 (Act 36 of 2002)
- Provincial State Land Acquisition, Management and Disposal legislation

- Restitution of Land Rights Act, 1994 (Act 22 of 1994)
- Sectional Titles Act, 1986 (Act 95 of 1986)
- Spatial Data Infrastructure Act, 2003 (Act 54 of 2003)
- Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013)
- State Land Disposal Act, 1961 (Act 48 of 1961)
- Town and Regional Planners Act, 1984 (Act 19 of 1984)
- Transformation of Certain Rural Areas Act, 1998 (Act 94 of 1998)
- Upgrading of Land Tenure Rights Act, 1991 (Act 112 of 1991)

The Office of the Valuer-General must also comply with all relevant provisions of key transversal national Acts such as the -

- Public Finance Management Act, 1999 (Act 1 of 1999)
- Public Service Act, 1994 (Proclamation 103 published in Government Gazette 15791 of 3 June 1994)

(Certain administrative legislation is included in this list as it is deemed to have strategic relevance during the start-up phase of the organisation)

3. Institutional Policies and Strategies over the five year planning period

The Office of the Valuer-General's policy mandates derive largely from the following key policies:

- National Development Plan (2011): Chapter 6 (an Integrated and Inclusive Rural Economy) provides, in respect of land reform, amongst others, for a model that will enable the more rapid transfer of agricultural land to black beneficiaries and the establishment of an institution that must monitor land markets against instances of corruption, speculation and undue opportunism.
- White Paper on South African Land Policy (1997): the land reform programme consists of three components: restitution, redistribution and tenure reform. A fourth component, land development, was subsequently added by Government.
- Green Paper on Land Reform (2011): In order to attain the long-term goal of development, defined as shared growth and prosperity, relative income equality, full employment and cultural progress, provision is made for the establishment and operationalisation of the statutory office of the Land Valuer-General that would be responsible for the determination of fair and consistent land values for land reform purposes.

- Policy Framework for Land Acquisition and Land Valuation in a Land Reform Context and for the Establishment of the Office of the Valuer-General (2012): The protection of the public interest in land acquisition and property transactions is the overarching rationale for the establishment of the Office of the Valuer-General, whose broad mandate includes both land reform valuations as well as valuation and property advisory services across the entire government system.
- The Office of the Valuer-General must comply with all national and provincial policies that provide in one way or another for matters that impact on the operationalisation of, and the exercise of powers, performance of functions and the execution of responsibilities, by the Office of the Valuer-General. These include, but are not limited to, policies that are administered by the Department of Rural Development and Land Reform and the Department of Public Works.

4. Relevant Court Rulings

In this financial year the Minister of Agriculture, Land Reform and Rural Development received a judgement from the Minister of Land Reform and Rural Development vs Moloto Community court case (Land Claims Court Case No. LCC 204/2010 .

The Court was called upon to determine the amount of just and equitable compensation the Minister must pay various land owners to acquire their properties in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994) and section 25(3) of the Constitution.

Whereas the landowners sought compensation based on the market value of their properties, the Minister, on the advice of the Valuer-General, sought compensation to be determined in accordance with the "formula" that adds together the market value and the current use value and dividing the sum by two. The formula gives the two, market value and current use value equal weight.

The parties had agreed that other considerations such as history of acquisition and direct state investment and subsidy are not applicable to the case.

The Court also had to decide on whether section 25(3)(a) of the Constitution permits numerical value to be attached to current use value (the value the owner derives from the beneficial use of the property).

The Court further noted a Constitutional Court's judgement's affirmation that under section 25 of the Constitution, the protection of property as an individual right *is not absolute but subject to societal considerations*.

Market value

The legal arguments advanced by the defendants (landowners) throughout have been that *the market value amounts to just and equitable compensation* (on the facts of the case).

The Court however, noted the Constitutional Court's judgement's affirmation that *section 25(3) indeed does not give market value a central role. Viewed in the context of our social and political history, questions of expropriation and compensation are matters of acute socio-economic concern and could not have been left to be determined solely by market forces.* In this matter, the parties had agreed on the market value of the subject properties and the Court did not have to determine it.

The Court further noted that whereas the courts, in determining just and equitable compensation, have generally adopted an approach where market value is first ascertained, and deductions and additions are made to the market value, that approach is not irreconcilable with the formula approach and that the formula is not precluded by applicable authorities.

Current use value

The Court recognized and accepted that "current use value" can be quantified or have financial value attached to it. There was no dispute between the parties that "current use value" is arrived at by multiplying the net income derived from the properties by a suitable capitalization rate. The dispute was on what constitutes a suitable capitalization rate for the properties.

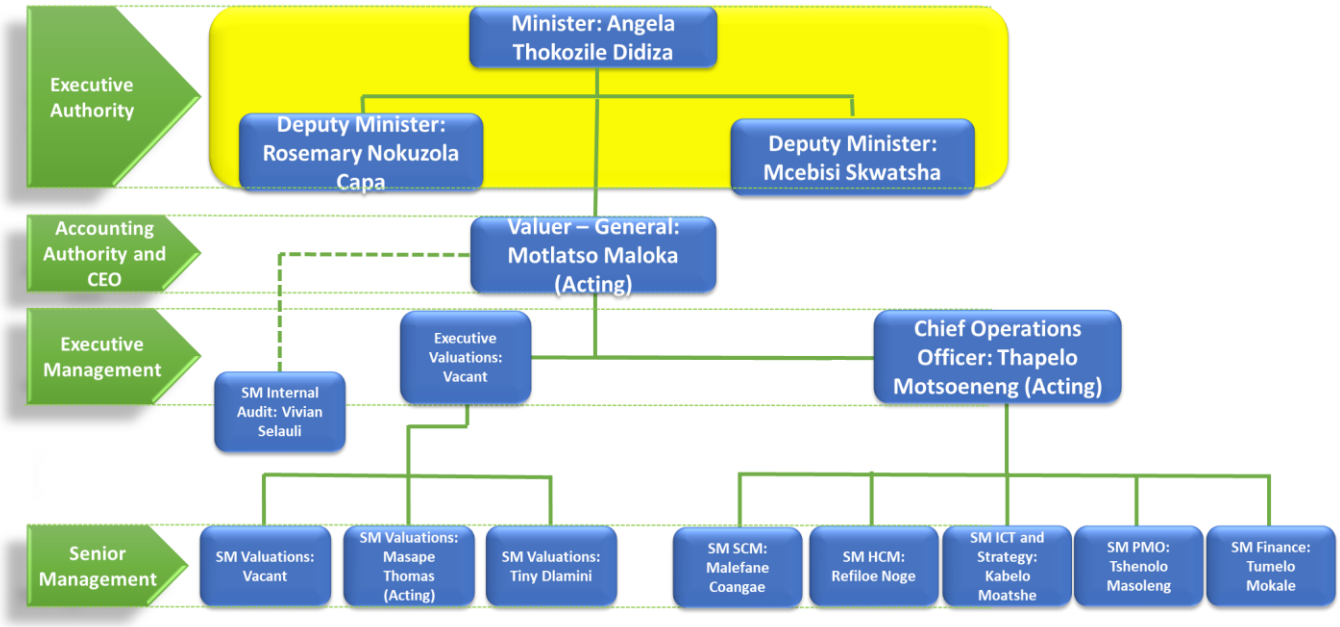
Formula

The Court noted that the regulations made in terms of the Property Valuations Act No. 17 of 2014 do not apply to the matter as the matter arose before the regulations were made.

As stated under "market value" above, the formula is not precluded by applicable authorities (case law and statutes). The Court further held that *while the factors listed in section 25(3)(c) and (d) are most readily capable of quantification, there is nothing in the Constitution which precludes a party from seeking to persuade a Court that a numerical value can be attached to other relevant factors*.

However, in the current matter, the Court did not use the formula in determining just and equitable compensation. The Court used the *agreed market value*, adjusted by CPI to the date of judgement, to determine just and equitable compensation.

5.2. Organisational Structure



In this Financial year, the OVG managed to fill the position of Senior Manager: Internal Audit. This is a critical milestone towards implementing a fully functional combined assurance in the OVG. The appointment of Senior Manager: Internal Audit will lead to the establishment of an internal audit team within the OVG.

PART B: PERFOMANCE NFORMATION

B

Part B: Our Strategic Focus

1. Vision

To be recognised in the market as the centre of excellence and innovation in respect of all property valuation with primary focus on land reform.

2. Mission

- Support land reform by providing impartial, efficient, just and equitable valuation services for all land-reform related matters in the country.
- Promote accurate professional valuations by informing, communicating and monitoring adherence to the criteria and guidelines applicable to land reform valuations; and
- Enhance efficiency and accuracy of valuations through the development of innovative tools and processes, including a database of property value data accessible to the valuation profession as a whole.
- Provide impartial, efficient, equitable and accurate general valuation services to / on behalf of government departments.

3. Values

- Professionalism and accountability
- Respect and integrity (ethics and honesty)
- Courtesy and compassion
- People centred service standards
- Effective communication and transparency
- Efficiency
- Delivery focus

5. Situational Analysis

The OVG has to apply the necessary tools and methods to determine the influence of external and internal environments in order define how the strategy can be aligned accordingly. The table below provides the analysis of the above-mentioned environments.

5.1. External Environment Analysis

Political environment	Technological environment
- Land reform is a politically charged and sensitive issue in South Africa, particularly given the slow pace and costs incurred by government to-date. In line with Section 25 (3) of SA constitution; - Land ownership patterns continue to be racially skewed, and a greater sense of urgency is building around the issue of land reform. Restitution Act, Land Tenure Act, Extension of Security of Tenure Act; - There has been a bill that has been tabled to address expropriation of land without compensation when it becomes an act it will have an impact on the OVG; - Ministerial Advisory Panel has been set up to review Property Valuation Act which will impact the OVG; and - Legislation already provides certain key interpretations and definitions (for example the definition of "value" in the context of the PVA) that need to be factored into all valuations, some of which may be poorly understood by the general public.	- There is currently a lack of an integrated, reliable and collated hub of property related data; - Availability of appropriate technology platform for data administration, storage, back up, disaster recovery for future use needs to be considered as this will be critical to creating an enabling and supportive business environment for the OVG; and - The availability, relevance, adaptability and cost of a valuations system / software will be a factor in the establishment of the OVG.
Economic environment	**Transformational, governance and legislative environment**

Political environment	Technological environment
- OVG will necessarily be reliant on appropriations from NRF for funding of operations (administration) and the execution of its mandatory valuations (this is a direct consequence of the PVA provisions). - Slower SA economic growth has resulted in pressure on the fiscus, which is the source of the funds to be appropriated to the OVG (for example COVID pandemic) Therefore, the OVG will be sensitive to the levels of funding available from government, ultimately impacting on the extent to which the OVG mandate is achievable; and - The property market is currently volatile, and this may increase the risk that the OVG will be called upon to defend a valuation in the context of fluctuating and unpredictable economic circumstances.	- As an entity established and funded by government, the OVG is subject to the provisions of the Public Finance Management Act (PFMA); - The Auditor-General will conduct the annual regulatory audit of the OVG; - Legal interpretation of the PVA may result in different views / opinions with respect to the specific role and mandate of the OVG, potentially leading to exposure to court challenges. Currently OVG is waiting for judgement that will give a guideline about the valuation methodology; and - The profession is regulated by South African Council for the Property Valuers Profession (SACPVP).
Social environment	**Environmental factors**
- In line with the political issues already mentioned above, the issue of land ownership is a social problem in that it affects citizens' perceived social status and rights. Although the OVG is not the main driver of land reform (this is the domain of the Department of Agriculture, Land Reform and Rural Development), it is worthwhile considering the social context in which the OVG will need to operate and how this might impact the strategy. - Land reform typically targets rural land and, if well-executed, has the potential to create many new jobs and improve the lives of communities previously excluded	- Marginal land, where it forms part of Land Reform, may come under increased pressure. Valuation of agricultural land will need to take into account the complexities of accelerating climate change and water scarcity. - The OVG is currently not reducing its carbon food print by using less paper thus having a negative impact on the environment.

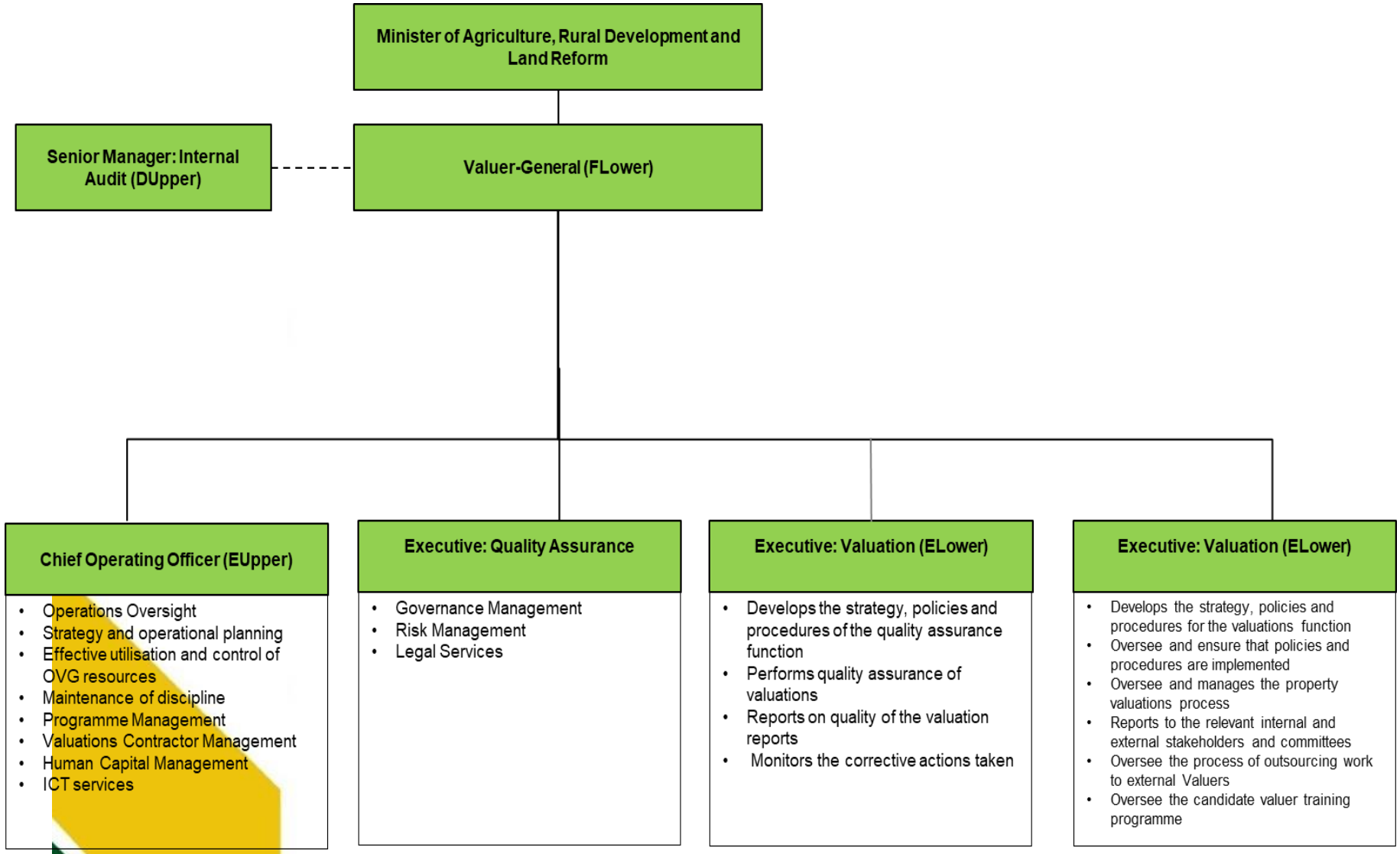
Political environment	Technological environment
from land ownership. However, agricultural land reform, if executed poorly, can create new social problems such as food scarcity and increased food prices. Farming enterprises may undergo economic pressures, with a resulting knock-on social effect of job losses in the country, and - There is a general perception from public that the government is slow in executing the issue of land reform,	

5.2. Internal Environment Analysis

Strengths	Weakness
- OVG Mandate; - Existing market; - Budget allocation / appropriation from NRF; - Professional nature of services will support autonomy / impartiality; and - Skilled, knowledgeable qualified Human Resources	- Operating on an interim organisational structure; - New systems/ Sage 300 to be implemented, ensure adequate internal control in the meantime; - Inadequate collaboration among the state entities with the similar mandate; and - Poor contract management in respect of outsourced valuation projects.
Opportunities	**Threats**
- Potential to grow market; - Discretionary valuations, e.g. market OVG services to rest of the state (currently limited to departments by the PVA); - To influence national and international policy & standards for valuations; - Newly developed policies and systems can be tailored to best fit the new institution without the burden of legacy systems and processes; - Opportunity to profile the OVG as an enabler of equitable land reform; and	- Reliance on government funding could impact perceptions about the OVG's impartiality; - Land Reform process could be severely compromised if valuation bottleneck arises, which would damage the reputation of the OVG; and - Inadequate collaboration among the state entities with the similar mandate. -

- The current review process of the PVA provides an opportunity to make improvements.	

Current High-Level Organisational Structure



6. PERFORMANCE INFORMATION

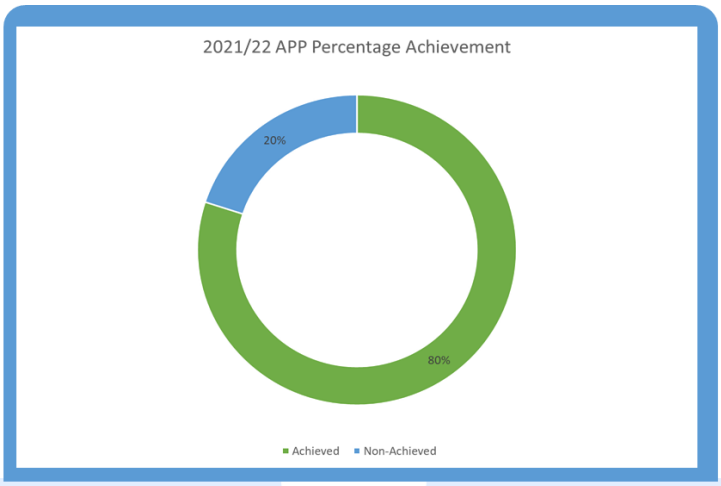
6.1 ANNUAL PERFORMANCE SCORECARD

The OVG planned to achieve ten (10) targets during the 2021/22 financial year. There are three sub-programmes for the planned targets. The table below provide a detailed breakdown of the overall spread of the ten targets in the allocated sub-programmes. The table also provide the OVG's overall performance.

Sub-Programmes	Annual Targets 2021/22	Annual Targets achieved
Administrative	1	1
Valuations	4	4
Operations	5	3
Overall	10	8

The OVG managed to achieve 8 out of 10 planned targets for the 2021/22 financial year

The OVG planned to achieve 10 targets during the 2021/22 financial year. A total of 8 targets were achieved, and 2 were not achieved.



The OVG successfully attained 80% achievement on all its APP targets.

Overall performance of the OVG in 2021/22 financial year translates to 80% achievement against the set Annual Performance Plan targets. This indicates that the OVG has missed the 2021/22 Annual Performance Plan targets by 20%. The reasons

for 20% deviation will be dealt with in greater detail as the report addresses the specific indicators where performance targets were not met.

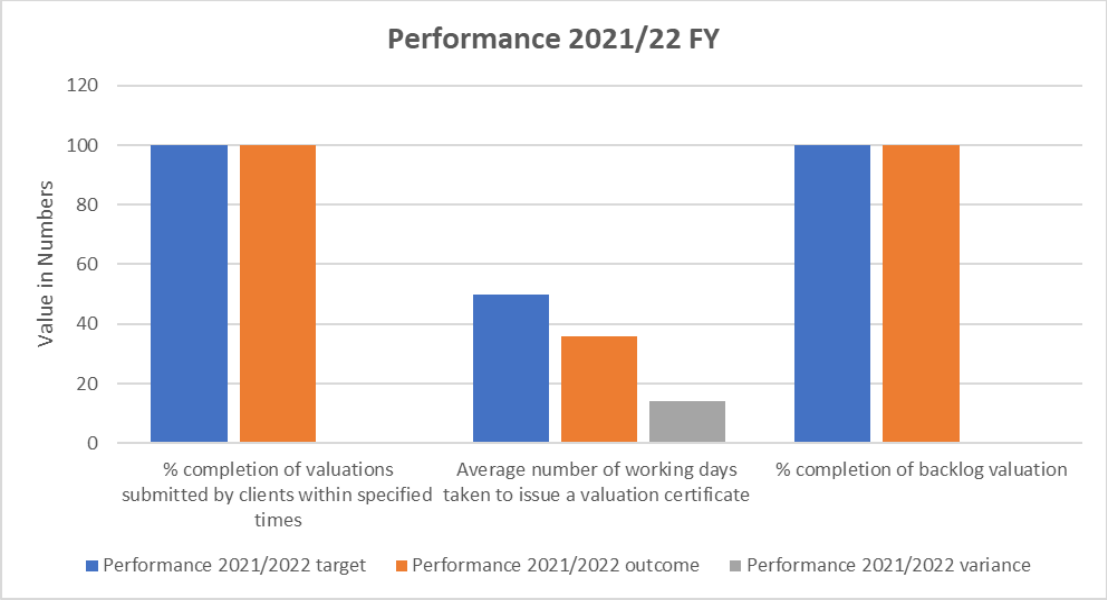
6.1.1 Sub-Programme: Administration

This sub-programme is focusing on the performance of the OVG with regards to the OVG's administration.

INDICATOR	ANNUAL TARGET AS PER APP	ANNUAL ACHIEVEMENT	VARIANCE
Corruption and fraud prevention mechanisms implemented	**Corruption and fraud prevention mechanisms implemented**	**Corruption and fraud prevention mechanisms implemented**	**-**

6.1.2 Sub-Programme: Valuations

This sub-programme is focusing on the performance of the OVG with regards to the OVG's core business. As was expected, the OVG received valuations from the clients and efforts were made to ensure that all valuations are completed on time with minimal interruptions. The graph below provides performance data for the 3 indicators from the sub-programme.



Indicator	Target	Actual Achievement	Variance
% completion of valuation requests submitted by clients within specified times	100%	100%	0
Number of average working days taken to issue out a valuation certificate	50 days	34 days	16 days
% completion of valuations backlog	100%	100%	0

The graph and table indicate that the OVG completed 100% of the valuations that were planned to be completed in 2021/2022. On average, the OVG took 34 days to complete all valuations. This is as a result of improved valuations tracking and basic predictive analysis.

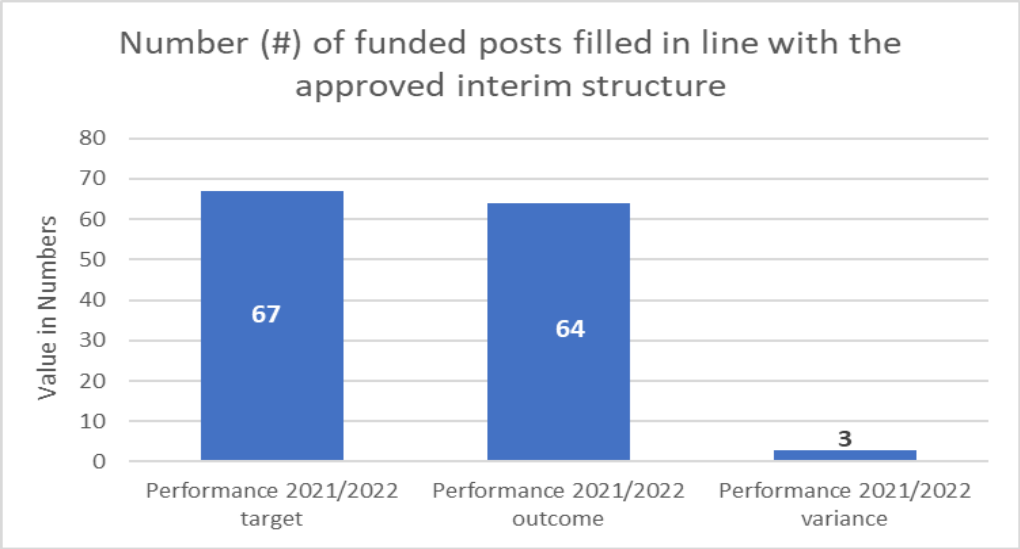
INDICATOR	ANNUAL TARGET AS PER APP	ANNUAL ACHIEVEMENT	VARIANCE
Enhanced Data Capability	**Enhanced Data Capability**	**Enhanced Data Capability**	-

The Valuations Tracking System (VTS) that enables the OVG and its stakeholders to track progress made on valuations and to provide the ability to gather and process property and valuations data was implemented in November 2021.

6.1.3 Sub Programme: Operations

This sub-programme defined APP targets that will assist in enhancing the support that the core business receives from Operations.

The graph below depicts the planned targets and performance against one key indicator for this sub-programme.



The OVG didn't manage to achieve the planned targets for the filling of funded posts in line with the interim structure. Three (3) positions were not filled as a result of the recruitment process for 2 Senior Specialists (Inter Audit) being put on hold and will be re-advertised in May 2022. The candidates for the Project Management post did not meet the selection requirements.

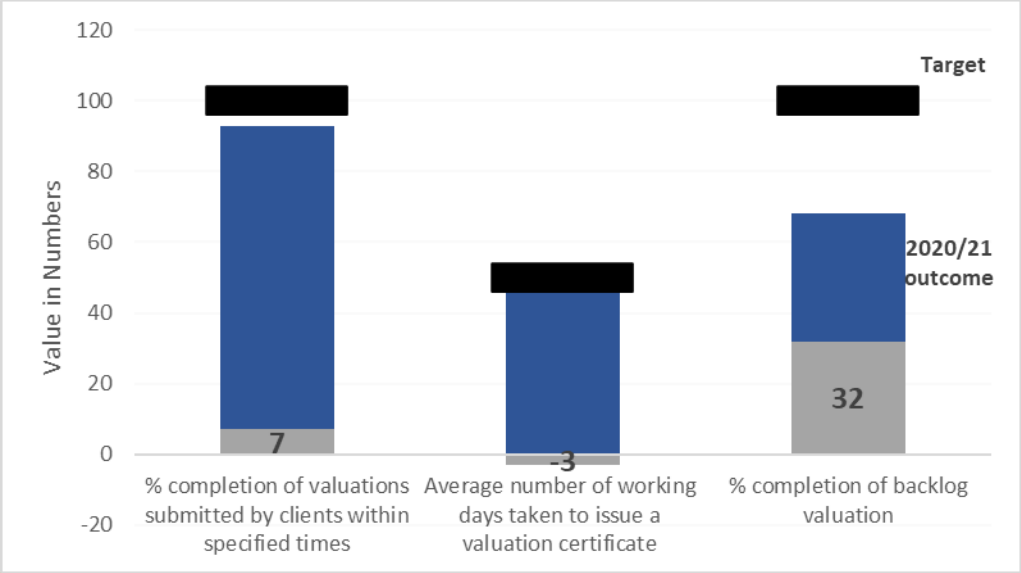
The table below provide performance data on the other 4 indicators that are part of sub-programme: operations.

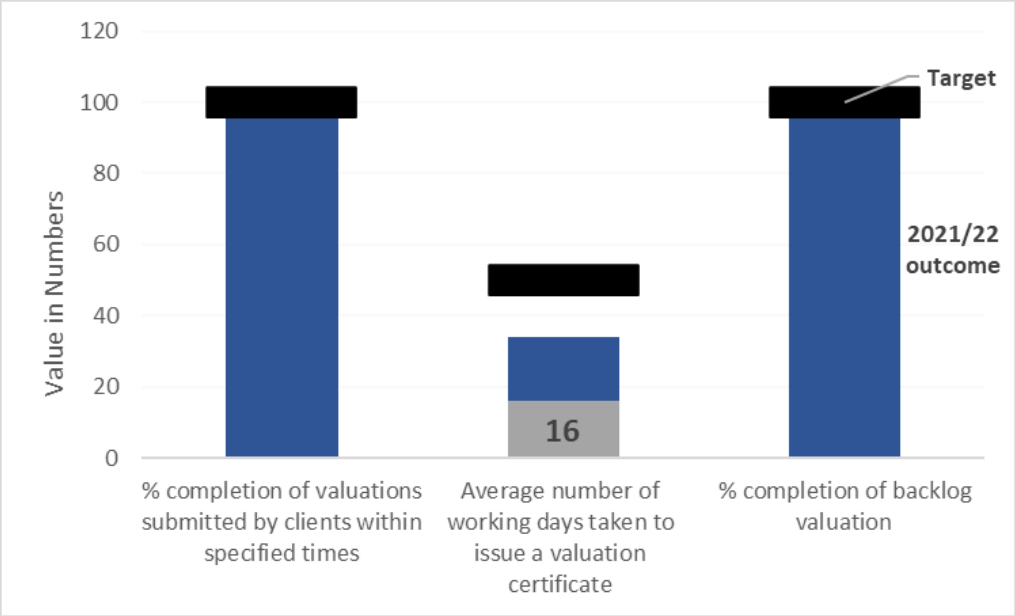
SUB-PROGRAMME: OPERATIONS					
Indicator	**Target**	**Output**	**Status**	**Reason for Deviation**	**Planned Intervene**
Number of valuation performance re	12 reports	12 reports	Achieved	N/A	N/A
% of compliant projects	100%	100%	Achieved	N/A	N/A
% of Planned project milestones delivered	100%	91%	Not achieved	The delays in implementing the Human Capital Services and Project Management modules has negatively impacted the achievement of this target. There is also delayed milestones from Deeds Transition and PVA MAP that impacted this indicator due to dependencies that were outside OVG's control.	Both Human Capital Services and Project Management modules were implemented in the second week of April.
Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Achieved	N/A	N/A

Only three (3) out of four (4) indicators were achieved, plans are in place to ensure that delays in implementing the Human Capital and Project Management Module of ERP are addressed.

Performance Trends

In this sub-section we present data between the financial year 2020/21 and 2021/22 to provide a comparative analysis in terms of the OVG's performance in those two years. Data shows that there are improvements in terms of performance indicators that are in sub-programme: valuations. This analysis will only focus on the performance indicators for sub-programme valuations.





	2020/21 Financial Year			2021/22 Financial Year		
Indicator	**Target**	**Outcome**	**Variance**	**Target**	**Outcome**	**Variance**
% completion of valuations submitted by clients within specified times	100%	93%	7%	100%	100%	0
Average number of working days taken to issue a valuation certificate	50 days	53 days	(- 3) days	50 days	34 days	16 days
% completion of backlog valuation	100%	68%	32%	100%	100%	0

Data shows significant improvement in performance compared to the 2020/21 reporting period. We have seen the output regarding 100% completion of valuations submitted by clients within specified times' increasing by 7% compared to the previous financial year.

The average number of working days taken to issue a valuation certificate has decreased by a huge margin from 53 days to 34 days which translates to a difference of 16 days against the baseline.

The OVG has successfully completed the issuing of reports for the backlog valuations and at this point the OVG will process only new valuations that are submitted as per the 2022/23 APP parameters.

PART C: GOVERNANCE

7. INTRODUCTION

During the year under review, the OVG subjected itself to the oversight of the Executive Authority and also appeared before Parliament's Portfolio Committee on Agriculture, Land Reform and Rural Development on a number of occasions.

7.1 Risk Management

During the year under review the OVG was still supported by the Office of the Chief Registrar of Deeds (OCRD) in so far as the corporate functions of Finance, Supply Chain management and Human resources are concerned. The OVG concluded a new Memorandum of Agreement (MoA) with the Office of the Chief Registrar of Deeds (OCRD) for the 2021/22 financial year.

As part of this MoA the OVG continued to comply with all policies of the OCRD and aligned to all the required internal control system requirements of the OCRD. Therefore the Risk management, code of conduct, fraud and corruption policy of the OCRD was part of the policies that the OVG had to align to as the OVG did not have its own policies during the 2021/22 financial year.

During the second half of the financial year OVG started capacitating its Enterprise Risk Management function through the appointment of the additional staff. The OVG Enterprise Risk Management function continued to provide risk, fraud and ethics awareness workshops to both internal and external stakeholders throughout the financial year. The ERM function reviewed and updated all risk registers and reported its work to the OVG Executive Management and the Audit & Risk Committee. The following risk registers were reviewed and updated during the year:

- Strategic Risk Register
- Valuations Operational Risk Register
- Human Capital Services Operational Risk Register
- Strategy and ICT Operational Risk Register
- Financial Management Operational Risk Register
- Project Management Office Operational Risk Register

- Governance and Legal Operational Risk Register
- Fraud Risk Register

7.2 Internal Control Unit

The OVG was supported by the OCRD in the execution of its business functions (i.e. Finance, Supply Chain management and Human Resource) and therefore was reliant on the internal control unit of the OCRD.

7.3 Internal Audit and Audit and Risk Committees

Audit and Risk Committee

The OVG appointed members to the Audit and Risk Committee (ARC) on 01 March 2019 in accordance with section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.1. The Committee has adopted an appropriate formal terms of reference as its Charter, which regulates its affairs and all its responsibilities as contained therein.

The purpose of the ARC is to provide a structured, systematic oversight of the OVG's governance, risk management and internal control practices. The committee assists the Valuer-General in providing advice and guidance on the adequacy of the OVG's initiatives relating to the:

- Values and ethics
- Governance
- Risk management
- Internal Controls
- Financial Management
- Oversight over Internal Audit and External Audit
- Financial Statements and Performance Reporting

For the reporting period, the OVG Audit and Risk Committee convened 7 meetings between 01 April 2021 to 31 March 2022. The composition of the committee and the number of meeting attended for the 2021/22 financial year was as follows:

Name		Internal or external	Date appointed	Number of meetings attended
Mr Phathutshedzo Lukhwareni (Chairperson)	BCOM HONS, Certified Fraud Examiner, Certified Government Auditor	Independent Member (External)	1 March 2019	6/7
Ms Dianne De Wet	Masters-Business Administration (MBA); National Diploma: Property Valuations	Independent Member (External)	1 March 2019	7/7
Ms Phuthanang Motsielwa	Bachelor of Accountancy, CA(SA)	Independent Member (External)	1 March 2019	7/7
Dr Charles Motau	Doctorate: Business Information Systems; Masters-Information Technology, Masters In Business Leadership	Independent Member (External)	1 March 2019	7/7

Internal Audit

The purpose of OVG's Internal Audit Function (IAF) is to provide an independent, objective assurance and consulting services designed to add value and improve OVG's operations. This is achieved through provision of risk-based objective assurance services, advice, and insight.

The establishment of an in-house Internal Audit Function (IAF) is a key governance milestone achieved by the OVG through the appointment of a Chief Audit Executive (CAE), who reports functionally to the Audit & Risk Committee (ARC) and administratively to the Valuer-General.

The IAF endeavours to assist the Valuer-General in achieving the objectives of the entity by evaluating and developing recommendations for enhancement or improvement of the processes through which:

- objectives and values are established and communicated;
- the accomplishment of objectives is monitored;
- accountability is ensured; and
- corporate values are preserved

As such, an Internal Audit Charter and Internal Audit Plans which provide basis of IAF activities were approved by the ARC during the financial year.

The following internal audit reviews were completed as part of the approved 2021/2022 Internal Audit Plan:

- Review of 2021/2022 OVG Financial Statements (Interim and Final drafts);
- Review of 2022/2023 Draft Annual Performance Plan (APP);
- Review of 2021/2022 OVG Draft Annual Performance Report and
- Follow-Up on 2020/2021 AGSA Audit Findings

8 COMPLIANCE WITH LAWS AND REGULATIONS

The OVG was supported by the OCRD in the execution of its business functions (i.e. Finance, Supply Chain Management and Human Resource Management) and

therefore was reliant on the Fraud policy, procedures and guidelines as adopted by the OCRD. During the second half of the financial year, the Compliance Management and Monitoring functions formed part of the OVG Enterprise Risk Management as the entity began to capacitate its Risk Management function in anticipation of its full autonomous status. The compliance universe of OVG was identified however further work on the compliance management and monitoring will be conducted in the next financial year owing to the delays in the finalisation of the ERM contract and the appointment of the additional staff members to the unit.

9 FRAUD AND CORRUPTION

The OVG was supported by the OCRD in the execution of its business functions (i.e. Finance, Supply Chain Management and Human Resource Management) and therefore was reliant on the Fraud policy, procedures and guidelines as adopted by the OCRD.

The OVG also drafted and approved its fraud prevention policy, fraud prevention plan and ethics policy and the implementation of the policies was a part of the Annual Performance Plan and is reported as part of the Performance information on Part B. The fraud and ethics awareness trainings and workshops were facilitated to both internal and external stakeholders. The OVG Enterprise Risk Management function developed the fraud risk register and the fraud and unethical conduct register to manage fraud risk and promote ethical culture with the entity.

10 MINIMISING CONFLICT OF INTEREST

The OVG was supported by the OCRD in the execution of its Supply Chain Management and therefore was reliant on the SCM policy, procedures and guidelines as adopted by the OCRD. In line with the policy, officials are required to declare any conflict of interest.

11 CODE OF CONDUCT

The OVG was supported by the OCRD in the execution of its Supply Chain Management and Human Resource Management and therefore was reliant on the policies, procedures and guidelines as adopted by the OCRD.

12 AUDIT AND RISK COMMITTEE REPORT

The report of the Office of the Valuer-General (OVG) 's Audit and Risk Committee (ARC) has been prepared in accordance with the Treasury Regulation 27.1 issued in terms of the Public Finance Management, 1999 (Act No. 1 of 1999) (PFMA) as amended by Act 29 of 1999.

We are pleased to present our report for the financial year ended 31 March 2022.

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE

The Audit and Risk Committee consists of the members listed hereunder and is required to meet a minimum of four times per annum as per its approved terms of reference. During the current year, 07 meetings were held.

Summary of meetings attended per Audit and Risk Committee member:

Name	Internal or external	Date appointed	Number of meetings attended
Mr Phathutshedzo Lukhwareni (Chairperson)	Independent Member (External)	1 March 2019	6/7
Ms Dianne De Wet	Independent Member (External)	1 March 2019	7/7
Ms Phuthanang Motsielwa	Independent Member (External)	1 March 2019	7/7
Dr Charles Motau	Independent Member (External)	1 March 2019	7/7

AUDIT AND RISK COMMITTEE RESPONSIBILITIES

The Audit and Risk Committee reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter as well as the recommendations of the King IV Code of Corporate Governance, and has discharged all its responsibilities as contained in the Charter.

The Committee hereby reports that the following responsibilities as mandated by the National Treasury Regulations were discharged:

- The effectiveness of the entity's internal control systems;
- The effectiveness of internal audit;
- The risk areas of the entity's operations to be covered in the scope of internal and external audits;
- The adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- Accounting and auditing concerns identified as a result of audit activities;
- The entity's compliance with legal and regulatory provisions; and
- ICT Governance.

EFFECTIVENESS OF INTERNAL CONTROL

The system of internal controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. The Committee managed to perform its oversight responsibilities over the entity through quarterly meetings where reports on audit matters, performance, financial management, compliance as well as risk management were reviewed and discussed with management.

The Committee is encouraged by the results of the 2021/2022 Auditor General of South Africa (AGSA) audit review on financial statements, which reported an unqualified opinion with no material findings. It is on that basis that the Committee is able to report that the

entity's system of internal controls over financial reporting and compliance for the period under review was efficient and effective.

INTERNAL AUDIT

The Audit and Risk Committee continues to discharge its functional oversight responsibilities over the entity's Internal Audit function as required by the Treasury Regulations. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that internal controls are appropriate and effective. This is achieved through a risk -based approach which identifies areas of improvement and recommends to management, the implementation of corrective actions and suggested enhancements to systems and processes.

We are pleased to report that the entity achieved significant milestone in enhancing governance systems stride during the reporting period, with the establishment of an in-house internal audit department. The Committee believes that the existence of an in-house internal audit will strengthen independent assurance to management, the ARC and the Accounting Authority.

The Chief Audit Executive was appointed during the year and an Internal Audit Plan approved for implementation. As such, internal audit was able to provide assurance with the completion of the following activities for the year under review:

- Performed the review of the draft Annual financial statements prior to submission to the Auditor-General of South Africa (AGSA);
- Performed the review of the draft Annual Performance Report prior to submission to the Auditor-General;
- Review of Interim Financial Statements;
- Review of the draft 2022/2023 Annual Performance Plan; and
- Follow-up on the implantation of 2020/2021 AGSA Action Plans

EVALUATION OF FINANCIAL STATEMENTS AND ORGANISATIONAL PERFORMANCE

As part of its oversight over the entity's financial and performance information reporting, the Audit and Risk Committee has during the current reporting period:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the AGSA and the Accounting Authority;
- Reviewed the annual performance information report;
- Reviewed the AGSA's management report and management's responses thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entities compliance with legislation and regulatory provisions;
- Reviewed adjustments resulting from the audit.

The Audit and Risk Committee concurs with and accepts the AGSA's report on the Annual Financial Statements, and are of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the AGSA.

INFORMATION AND COMMUNICATION TECHNOLOGY GOVERNANCE

The Audit and Risk Committee reviewed the progress with respect to the ICT Governance in line with the ICT Policy Framework issued by the Department of Public Service and Administration. Although there was progress on the ICT Internal Controls, the Audit and Risk Committee note that the implementation of the Enterprise Resource Planning (ERP) system has not been completed and further note the initiative to take over the ICT function from the Deeds Office. The Committee will continue to monitor the development on the initiative and the implementation of the ERP system.

Ms P Motsielwa CA(SA)

Chairperson of the Audit and Risk Committee (ARC)

PART D: HUMAN RESOURCES MANAGEMENT

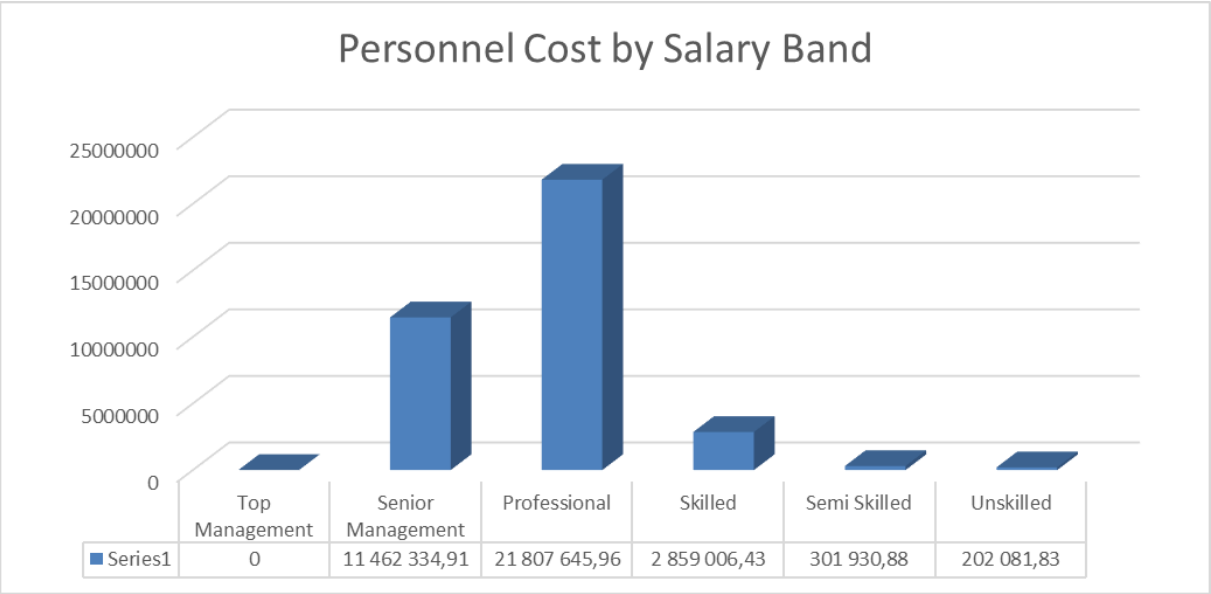
D

12. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by Programme/activity/objective

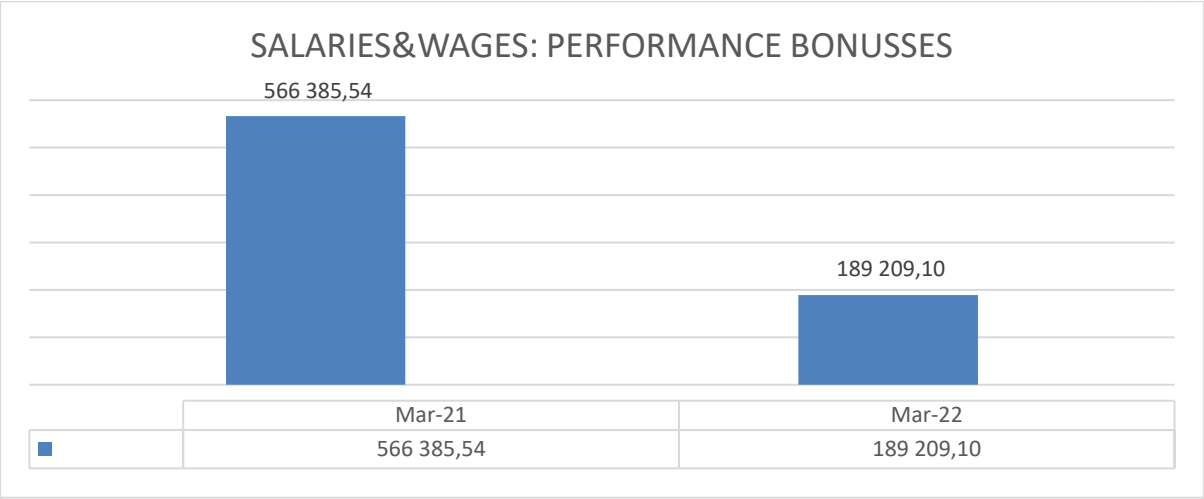
Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee
R 68 438 000,00	R 36 633 000,00	53%	62	R 579 177,74

Personnel Cost by Salary Band



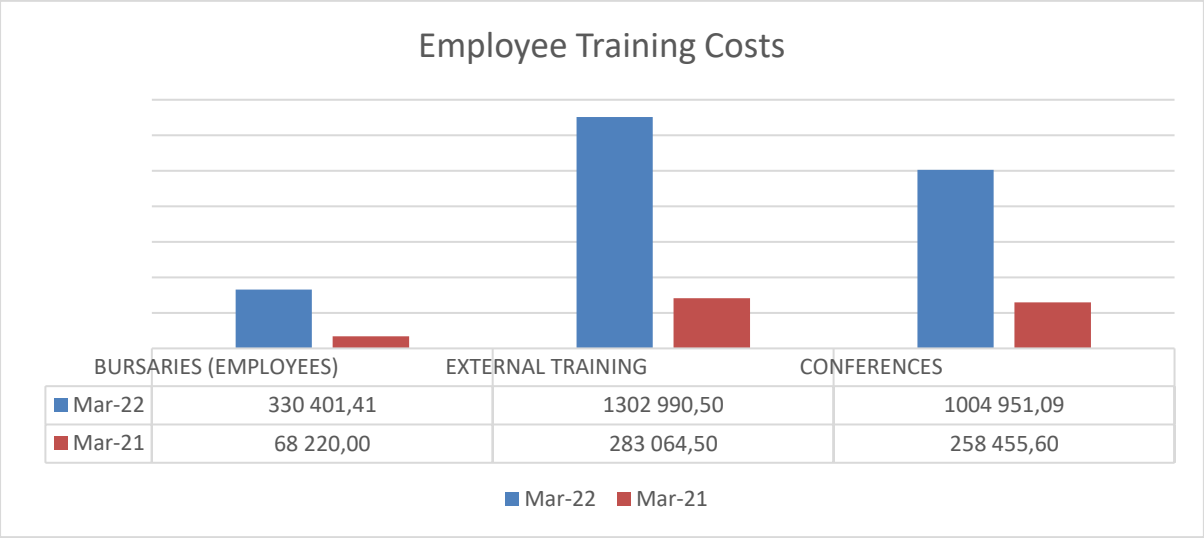
The graph indicates a reasonable increase of cost for Professional Qualified level and Senior Management level for the FY 2021/22 as compared to FY 2020/21. This is as a result of aggressive focus in filling critical positions during the 2021/22 period.

Performance Rewards



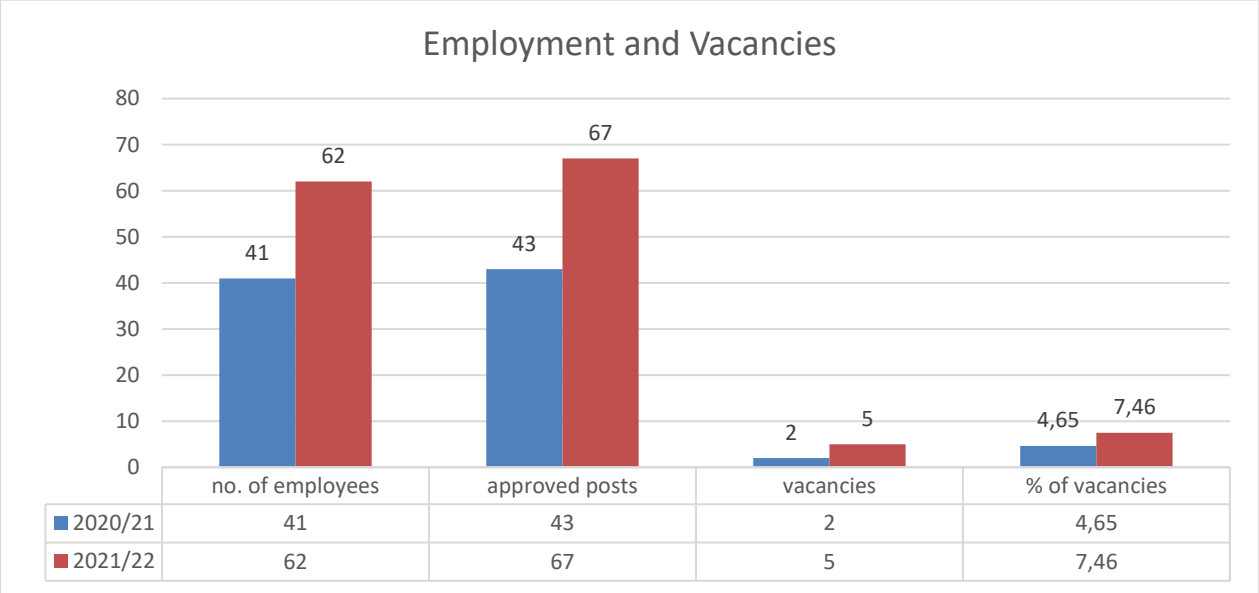
There's a logical decrease in performance rewards between 2020/21 and 2021/22 that is in line with the cost containment and DPSA directive regarding performance rewards.

Training Costs

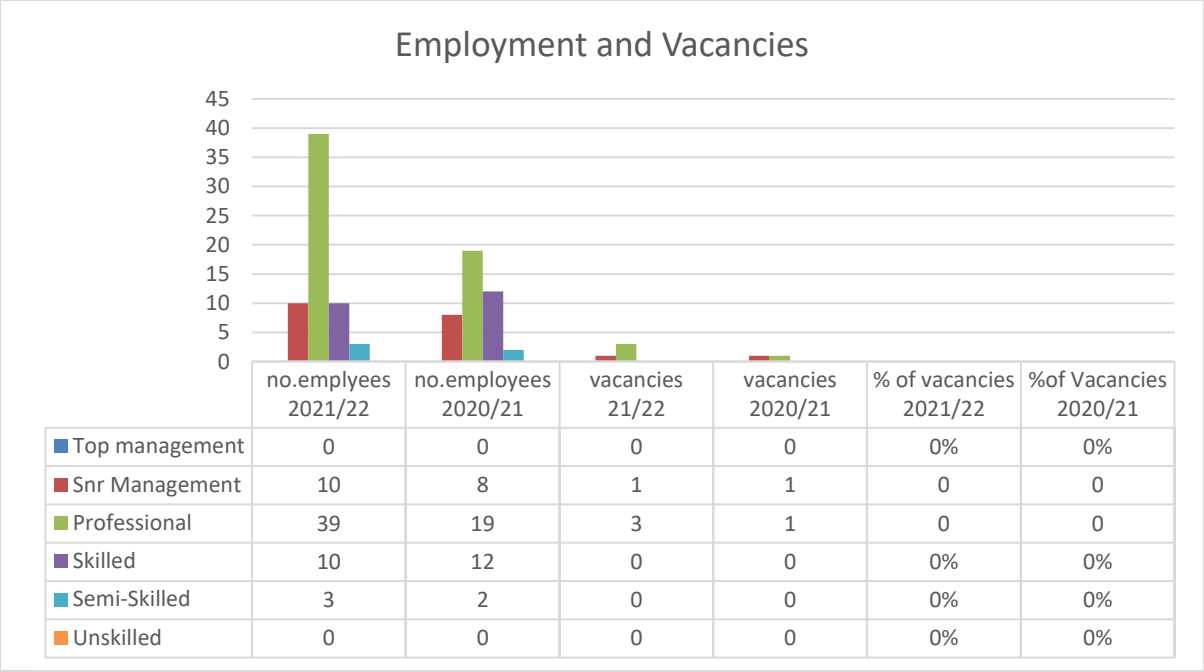


Investment in human capital development significantly increased due to increased capacity and the need for employee retention in the OVG.

Employment and Vacancies



The OVG managed to fill 94% of the vacant posts that were targeted for recruitment in the period. This has contributed to an improved performance outcomes as compared to the 2020/21 financial year.



There is a consistent increase in professional qualified level as this forms part of the OVG's core business.

Employment Changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Top Management	0	0	0	0
Senior	10	0	1	9
Professional	22	13	2	39
Skilled	8	7	2	13
Semi-Skilled	1	0	0	1
Unskilled	0	0	0	0

The OVG currently has the highest employee retention rate, this may be due to OVG's approach in terms of empowering employees with study bursary opportunities, training interventions and encouraging employees to learn. This may also be due to OVG's open and transparent leadership approach where all employees feel their voice counts.

Reasons for Staff Leaving

Reason	Number	% of total no. of staff leaving
Deceased, Growth and permanent position	5	3.1%

Labour Relations: Misconduct and Disciplinary Action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	0
Written warning	0
Final Written warning	0
Dismissal	0

There are no disciplinary actions reported for this period.

Equity Target and Employment Equity Status

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Curre	Target	Curre	Target	Curre	Target	Curre	Target
Top	0	N/A	0	N/A	0	N/A	0	N/A
Snr	6	N/A	0	N/A	0	N/A	0	N/A
Professional	14	N/A	0	N/A	0	N/A	0	N/A
Skilled	3	N/A	0	N/A	0	N/A	0	N/A
Semi-Skilled	1	N/A	0	N/A	0	N/A	0	N/A
Unskilled	0	N/A	0	N/A	0	N/A	0	N/A
TOTAL	**24**	**N/A**	**0**	**N/A**	**0**	**N/A**	**0**	**N/A**

The Senior Management team consists of a larger number of African males which require employment equity interventions.

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Curre	Target	Curre	Target	Curre	Target	Curre	Target
Top	0	N/A	0	N/A	0	N/A	0	N/A
Snr	4	N/A	0	N/A	0	N/A	0	N/A
Professional	24	N/A	0	N/A	0	N/A	0	N/A
Skilled	8	N/A	0	N/A	0	N/A	0	N/A
Semi-Skilled	2	N/A	0	N/A	0	N/A	0	N/A
Unskilled	0	N/A	0	N/A	0	N/A	0	N/A
TOTAL	**38**	**N/A**	**0**	**N/A**	**0**	**N/A**	**0**	**N/A**

Females account for the higher number of employees in the OVG and the majority of them are part of OVG's professional employees who are doing Valuations.

DISABLED STAFF				
Levels	MALE AFRICAN		FEMALE AFRICAN	
	Current	Target	Current	Target
Top	0	N/A	0	N/A
Snr	1	N/A	0	N/A
Professional	0	N/A	1	N/A
Skilled	0	N/A	0	N/A
Semi-Skilled	0	N/A	0	N/A
Unskilled	0	N/A	0	N/A
TOTAL	1	N/A	1	N/A

The OVG did not have targets for the year under review. Policy for employment equity management has been drafted and submitted for approval. Upon policy approval employment equity plan with targets will drafted and implemented.

PART E: FINANCIAL INFORMATION

E

Report of the External Auditor

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE OFFICE OF THE VALUER-GENERAL

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Office of the Valuer General set out on pages 72 to 131, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Valuer General as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the requirements of the Public Management Act of 1999 (Act No. 1 of 1999) (PFMA) and the Property Valuation Act, 2014 (Act No. 17 of 2014) (PVA).

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 auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of prior year figures

7. As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2022.

Material underspending on government grant

8. As disclosed in the statement of comparison of budget and actual amounts, included as part of the annual financial statements as at 31 March 2022, the public entity materially underspent on their valuations and operations programmes budgets by R54 840 000.

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 GRAP and the requirements of the PFMA and PVA, 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.

Auditor-general's responsibilities for the audit of 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 have a responsibility to report material findings on the usefulness and reliability of the reported performance information against predetermined objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

14. I performed procedures to evaluate the usefulness and reliability of the reported performance information on selected performance indicators in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice.

15. I performed the procedures in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an opinion or an assurance conclusion.

16. My procedures address the usefulness and reliability of the reported performance information on the selected performance indicators, which must be based on the public entity's approved performance planning documents. I have not evaluated the

completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

17. I performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the selected performance indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. I selected the following material performance indicators contained in programme 2: Valuations presented in the public entity's annual performance report for the year ended 31 March 2022 set out on pages 37 to 38. I selected the indicators which measure the public entity's performance on its primary mandated functions and are of significant national, community or public interest.

Performance indicators
1. Percentage completion of valuations request submitted by clients within specified times
2. Number of average working days taken to issue out a valuation certificate
3. Percentage completion of valuations backlog

19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected material performance indicators.

Other matter

20. I draw attention to the matter below.

Achievement of planned targets

21. Refer to the annual performance report on pages 37 to 38 for information on the achievement of planned targets for the year and management's explanations provided for the under achievement of targets.

Report on compliance with legislation

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

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

24. I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity and clear to allow for consistent measurement and evaluation, while also sufficiently detailed and adequately available to report in an understandable manner. The selection is done through an established AGSA process. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Sections 51(1)(a)(iv); Sections 51(1)(b)(i); 51(1)(b)(ii); Section 51(1)(e)(iii); Sections 53(4); 54(2)(c); 54(2)(d); Sections 55(1)(a) - (b); 55(1)(c)(i); Sections 57(b); 66(3)(c); 66(5)
Treasury regulations	TR 8,2,1; 8,2,2 TR 16A3.2(a); 16A 3.2 (fairness); TR 16A6.1; 16A6.2(a) & (b); TR 16A6.3(a) - (c); 16A6.4; TR 16A6.5; 16A6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; TR 16A.7.7; 16A8.3; 16A8.4 TR 16A9.1(b)(ii); 16A9.1(d) - (f); TR 16A9.2(a)(ii); TR 30.1.1; 30.1.3(a) - (b); TR 30.1.3(d); TR 30.2.1; 31.2.1;

Legislation	Sections or regulations
	TR 31.2.5; 31.2.7(a) TR 32.1.1(a) - (c); 33.1.1; 33.1.3
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 1(i); 2.1(a),(b) and (f)
Preferential Procurement regulations (PPR), 2011	Regulations 4.1; 4.3; 5.5; 6.1; 6.5; 7.1; Regulations 9.1; 9.5; 11.2; 11.5
Preferential Procurement regulations (PPR), 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; Regulations 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; Regulations 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulations 8.2; 8.5; 9.1; 10.1; 10.2; Regulations 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
NT SCM Instruction Note 05 of 2009/10	Par 3.3
NT SCM Instruction Note 04 of 2015/16	Par 3.4
NT SCM Instruction Note 03 of 2016/17	Par 8.1; 8.2; 8.3; 8.5
NT SCM Instruction Note 4A of 2016/17	Par 6
NT SCM Instruction Note 07 of 2017/18	Par 4.3
NT SCM Instruction note 03 of 2019/20 [Annexure A - FIPDM]	Par 5.5.1(vi); 5.5.1(x)
NT SCM Instruction Note 08 of 2019/20	Par 3.1.1; 3.6; 3.7.2; 3.7.6(i) - (iii)
NT SCM Instruction Note 03 of 2020/21	Par 3.6; 3.7; 5.1(i); 6.1; 6.3
NT SCM Instruction Note 05 of 2020/21	Par 3.2; 3.7; 4.3; 4.6; 4.8; 4.9; 5.3
Erratum NT SCM Instruction Note 05 of 2020/21	Par 1; 2
Second Amendment to NT SCM Instruction Note 05 of 2020/21	Par 1
NT Instruction Note 11 of 2020/21	Par 3.1; 3.4(b); 3.9
NT SCM Instruction Note 02 of 2021/22	Par 3.2.1; 3.2.4(a); 3.3.1; 4.1
SCM Practice Note 8 of 2007/08	Par 3.3.1; 3.3.3; 3.4.1; 3.5
SCM Practice Note 7 of 2009/10	Par 4.1.2
NT SCM Instruction Note 02 of 2021/22	Par 3.2.1; 3.2.4(a); 3.3.1; 4.1

25. I did not identify any material findings on compliance with the selected legislative requirements.

Other information

26. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported in this auditor's report.

27. My opinion on the financial statements and material findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the 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.

29. I did not receive the other information prior to the date of this audit report.

30. When I do receive and read the information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged in governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Auditor-General

Pretoria
31 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. 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 programmes and on the public entity's compliance with respect to the selected subject matters.

Financial statements

2. 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 by the accounting authority.
- conclude on the appropriateness of the accounting authority's 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 Office of the Valuer General 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

3. 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.

4. 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.

14. ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position as at 31 March 2022

	Note(s)	2022 R '000	2021 R '000
Current Assets			
Inventories	3	169	216
Receivables from exchange transactions	4	244	-
Prepayments	5	6	-
Cash and Cash equivalents	10	77 519	173 706
		77 938	**173 922**
Non-Current Assets			
Property, plant and equipment	6	3 210	3 026
Intangible assets	7	2 751	1 622
		5 961	**4 648**
Total Assets		**83 899**	**178 570**
Liabilities			
Current Liabilities			
Finance lease obligation	8	37	34
Trade and other Payables from exchange transactions	9	15 332	14 000
Provisions		-	-
		15 369	**14 034**
Non-Current Liabilities			
Finance Lease obligation	8	3	40
Provisions	25	7	7
		10	**47**
Total Liabilities		**15 379**	**14 081**
Net Assets		**68 520**	**164 489**
Accumulated surplus		68 520	164 489
Total Net Assets		**68 520**	**164 489**

Statement of Financial Performance

	Note(s)	2022	2021
		R '000	R '000
Revenue			
Revenue from exchange transactions			
Rendering of Valuation Services	12	244	-
Total revenue from exchange transactions		**244**	
Revenue from non-exchange transactions			
Transfer revenue			
Government grants	12	131 844	100 000
Other income	12	-	16
Total revenue from non-exchange transactions		**131 844**	**100 016**
	12	**132 088**	**100 016**
Expenditure			
Employee costs	13	(36 633)	(21 434)
Depreciation and Amortisation		(543)	(310)
Finance costs	14	(5)	(6)
Loss on disposal of assets		-	(31)
General expenses	18	(31 257)	(23 162)
Total expenditure		**(68 438)**	**(44 943)**
Surplus for the year		**63 650**	**55 073**

Statement of Changes in Net Assets

	Accumulated surplus R'000	Total net assets R'000
Opening balance as previously reported	109 374	109 374
Prior year adjustments	44	44
Balance at 01 April 2020 as re-stated*	**109 418**	**109 418**
Changes in net assets		
Surplus for the year	55 071	55 071
Total changes	55 071	55 071
Restated* Balance at 01 April 2021	**164 489**	**164 489**
Changes in net assets		
Surplus funds Surrendered to National Treasury	(159 619)	(159 619)
Surplus for the year	63 650	63 650
Total changes	(95 969)	(95 969)
Balance at 31 March 2022	**68 520**	**68 520**

Cash Flow Statement

	Note(s)	2022 R '000	2021 R '000
Cash flows from operating activitues			
Receipts			
Appropriation Funds Received		131 844	204 776
Payments			
Employee Cost		(370)	-
Cash paid to service providers and other	19	(65 649)	(29 231)
Surplus funds surrendered to National Treasury		(159 622)	-
		(225 641)	(29 231)
Net cash flows from operating activities	23	**(93 797)**	**175 545**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(888)	(1 267)
Purchase of other intangible assets	7	(1 490)	(510)
Net cash flows from investing activities		**(2 378)**	**(1 777)**
Cash flows from financing activities			
Finance Lease payments		(12)	(63)
Net increase/(decrease) in cash and cash equivalents		**(96 187)**	**173 705**
Cash and cash equivalents at the beginning of the year		173 706	-
Cash and cash equivalents at the end of the year	10	**77 519**	**173 705**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved Budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange						
Transactions						
Rendering of Valuation services	-	-	-	244	**244**	29.1
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	131 844	-	**131 844**	131 844	**-**	
Total revenue	**131 844**	-	**131 844**	**132 088**	**244**	
Employee costs	(63 363)	-	**(63 363)**	(36 633)	**26 730**	29.2
Depreciation	-	-	**-**	(543)	**(543)**	29.3
Finance cost	-	-	**-**	(5)	**(5)**	29.4
General Expenses	(59 915)	-	**(59 915)**	(31 257)	**28 658**	29.5
Total expenditure	**(123 278)**	-	**(123 278)**	**(68 438)**	**54 840**	
Surplus	**8 566**	-	**8 566**	**63 650**	**55 084**	
Actual amount on comparable	**8 566**	-	**8 566**	**63 650**	**55 084**	
Basis as presented in the Budget and Actual Comparative Statement						

1. Presentation of Annual Financial Statements

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

The audited annual financial statements have been prepared on an accrual basis of accounting and incorporates the historical cost conventions as the basis of measurement, except where specified otherwise. All amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the entity. Unless otherwise stated all financial figures have been rounded to the nearest One Thousand Rand (R'000). Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a standard of GRAP.

1.1 Going concern assumption

These audited annual 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.

1.2 Comparative Figures

Where material accounting errors which relate to prior period have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited 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 audited annual financial statements. Significant judgements include:

Other receivables

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

The impairment for trade receivables is calculated on amounts that are 90 days or more overdue. Assessment for the impairment has been made on individual debtors based on specific probability of recovery. Consideration is also given with regard to payment received from long outstanding debtors after year end, as well as information obtained from any debt collector used by the Entity.

Depreciation

Depreciation recognised on property, plant and equipment is determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of assets informs the useful life and residual value, management considers the impact of technology and minimum

service requirements of the assets.

Impairment of non-financial assets

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets).

Interest Assumption

The amount of interest received/ receivable from the bank is based on the apportionment of the bank balance between the principal and Agent's cash and cash equivalents after taking into account the amount of expenditure (cash expenditure) that has been incurred by the agent on behalf of the principal.

The allocation of such expenditure is based on average monthly figures after taking into account the total cash expenditure of the entity.

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

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

Subsequent to initial recognition, items of property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the depreciable amount using the straight-line method over the estimated useful live of the asset. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets residual value, where applicable.

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.

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

Item	Depreciation	Average useful life
Furniture and fixtures	Straight line	15 - 30 years
Office equipment (Finance Leases)	Straight line	3 - 5 years
IT equipment	Straight line	3 - 10 years
Leasehold improvements	Straight line	5 – 13 years

The depreciable amount of an asset is allocated on a straight line 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 values 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 de-recognition 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 de-recognition 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.

1.5. Intangible asset

An intangible asset is an identifiable non-monetary asset without physically substance:

- 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.

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.

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

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

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential.

Amortisation is not provided for, for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life

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

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

Item	Amortisation method	Average useful life
Licences	Straight line	1 Year
Computer software - ERP Software		Indifine

1.6 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 is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

Fair value is the amount for which an asset could be exchanged, or 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.

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and account for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

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

Impairment and un-collectability of financial assets

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

Financial assets measured at amortised cost;

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

Financial liabilities

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

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

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

Presentation

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

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

1.7 Lease

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

Finance leases-lessee

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

The discount rate used in calculating the present value of the minimum lease payment. Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

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

Operating leases – lessee

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

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair values as at the date of acquisition.

Inventories consisting of consumable stores are subsequently measured at the lower of cost and net realisable value. The basis of determining cost is the weighted-average method.

Differences arising on the valuation of inventory are recognised in the statement of financial performance in the year in which they arose. The amount of any reversal of any write-off of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

1.9 Impairment of cash-generating assets

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

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

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

A cash-generating unit is the smallest identifiable group 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 group 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.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or noncash-generating assets, are as follows:

Identification

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

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

Reversal of impairment loss

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

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

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

1.10 Employee benefits

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

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

Post-employment benefits: Defined contribution plans

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

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

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

1.11 Provisions

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.

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 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 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).

1.12 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 an 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 or 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.

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

Bank balances held by agents yield interest; the calculation and accrual of this interest is based on the amount advanced by the Department of Agriculture, Land Reform and Rural Development, from which the even distribution of expenses on a monthly basis is deducted from, to calculate the closing balance of debtor (monies held by agents) from which interest accrues.

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 test 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.

1.13 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.

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, net of trade discounts and volume rebates.

Rendering of valuation services

When the outcome of a transaction involving the rendering services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion to 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 .

Interest income

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

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.14 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.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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 flow.

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 as its value as at the date of acquisition.

1.15 Prepaid Expenses

Prepaid expenses are cash paid amounts that represent costs incurred from which a service or benefit is expected to be derived in the future.

The future write-off period of the incurred cost will normally be determined by the period of benefit covered by the prepayment. When the period arrives to which a prepaid cost relates the costs will be treated as a period cost for the period in question. Normally such prepaid costs will be written off based on the lapse of time and receipt of services rendered/goods received.

Prepaid expenses should be classified as current assets unless a portion of the prepayment covers a period longer than 12 months. If they are prepayment costs with a benefit beyond 12 months, they should be classified as non-current in the Statement of Financial Position.

Prepaid expenses will be measured at the value of services or goods to be received/receivable in the future.

1.16 Cash and cash equivalents

Cash for reporting purposes will include cash in the bank and any petty cash.

Cash equivalents - to be included on the cash line in the financial statements - will consist primarily of term deposits, and all other highly liquid investments with a maturity of twelve months or less. Cash equivalents are stated at cost.

The following should be excluded from the cash and cash equivalents line in the financial statements reported in current assets:

- Cash subject to restrictions that prevent its use within the next year; and
- Cash appropriated for other than its current purposes unless such cash offsets a current liability

Cash is measured at fair value

1.17 Expense recognition

The entity reports its expenses on the accrual basis, meaning when the expenses are incurred, not when they are paid. Expenses are incurred when goods are received and services are rendered, whether or not an invoice has been received or payment has been made.

The policy exists to ensure adherence with GRAP, to promote consistent accounting treatment across the entity, and to ensure the operating results of the entity are not misstated as a result of expenses unrecorded or recorded improperly.

1.18 Related parties

Where the entity has had related party transactions during the period covered by the financial statements, it discloses the nature of the related party transaction during the period covered by the financial statements. The nature, information about those related party transactions and outstanding balances including commitment.

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 considered to be those family members who may be expected to influence, or be influenced by, that management 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 audited annual financial statements.

1.19 Prior period errors and changes in accounting estimates

Prior period error

Prior period errors are omissions from, and misstatements in, the entity’s financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that;

was available when financial statements for those periods were authorised for issue; and

could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors may include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretation of facts, and fraud.

Material prior period errors are retrospectively corrected by:

- restating the comparative amounts for the prior period presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Changes in accounting estimates.

As a result of uncertainties inherent in delivering services, conducting trading or other activities, many items in financial statements cannot be measured with precision but can only be estimated. The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimates was based or as a result on new information or more experience. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error.

The effect of a change in accounting estimate shall be recognised prospectively by including it in surplus or deficit in:

- The period of the change, if the change affects that period only; or
- The period of the change and future periods, if the change affects both.

1.20 Contingent Liabilities and Assets

Contingent Liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity; or

A present obligation that arises from past events that is not recognised because;

- it is not probable that an out flow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.
- the contingent liability is recognised awaiting the outcome of legal action or dispute between the two parties.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

Contingent Assets

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

An entity shall not recognise a contingent asset.

Where an inflow of economic benefits or service potential is probable, an entity shall disclose a brief description of the nature of the contingent assets at the reporting date, and, where practicable, an estimate of their financial effect, measured using the principles set out for provisions.

1.21 Payable from exchange transactions

A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

Liabilities from exchange transactions will be recognised if:

- It is probable that any future economic benefit or service potential associated with the item will flow from the entity; and

- The item has a cost or value that can be measured reliably

As part of the process of maintaining the accounting records in conformity with Generally Recognised Accounting Practice, once a transaction or obligating event has taken place, the liability shall be recorded in the accounting records. This will normally occur upon the earlier of receipt of the invoice or delivery of services/good.

1.22 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 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.

Additional disclosure is made for unrecognised contractual commitments for routine, steady state business of the entity. These are aggregated to the commitments above except for commitments relating to salary commitments

1.23 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on its behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent) undertakes transactions with third parties on behalf and for the benefit of another(the principal).

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant standards of GRAP.

The entity, as an agent, recognises only that portion of revenue and expenses it receives or incurs in executing the transaction on behalf of the principal in accordance with the requirements of the relevant standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant standards of GRAP.

1.24 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 before reporting date (adjusting events after reporting date); and
- Those that are indicative of conditions that existed after reporting date (non-adjusting events after reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events once the event has 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 the users taken on the basis of the financial statements

1.25 Budget Information

An entity is 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 covers the fiscal period from 01/04/2021 to 31/03/2022.

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

Accounting Policies

The audited 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.

Variances of 10% and above are considered material and are explained in the notes to the annual financial statements.

	2022 R'000	2021 R'000

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not yet 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 2022 or later periods :

Standard/Interpretation :	**Effective date :**	**Expected impact :**
	Years beginning on or after	
- GRAP 25(as revised 2021) : Employee benefits	01/04/2023	Unlikely there will be a material impact
-iGRAP 7 (as revised 2021) : Limit on defined benefit assets, minimum funding Requirements and their interaction	01/04/2023	Unlikely there will be a material impact
-Guidline on the application of the materiality to financial statements	01/04/2099	Unlikely there will be a material impact
-GRAP 104 (amended) : financial statements	01/04/2025	Impact is currently being assessed
-iGRAP 21 : effect on past decision on materiality	01/04/2023	Unlikely there will be a material impact
-GRAP 2020 : Improvements to the standard	01/04/2023	Not expected to impact results but may result in additional disclosure
GRAP 1(amended) : Presentation of financial Statement disclosure	01/04/2023	Not expected to impact results may result in additional disclosure

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

3 .Inventories

Stationery and consumable on hand	169	216

None of the entity's inventory is carried at current replacement cost. Accordingly, the balance as presented, represents the cost of inventories on hand. Inventories consist mainly of stationery and consumables material.

Inventory to the value of R53 670 (2021: R70 317) was recognised as an expense during the year. The inventories are recognised as an expense as and when consumed within the entity and the related expense is included in the printing and stationery expense line item.

4 .Receivables from exchange transactions

Trade receivables	244	-
Total receivables from exchange transactions	**244**	**-**

Trade receivable age analysis

Current	213	-
30 days	31	-
	244	**-**

The trade receivable relates to valuation services that were provided to the Department of Water and Sanitation.

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

5. Prepayments

Opening Balance	1	2
Add: prepaid during the year	15	29
Less: Expensed during the year	(9)	(30)
	7	**1**

	2022 R'000	2021 R'000

6. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 738	(340)	1 398	1 621	(227)	1 394
Office equipment	103	(66)	37	103	(31)	72
IT equipment	2 144	(853)	1 291	1 382	(479)	903
Leasehold Improvement	123	(14)	109	123	(9)	114
IT equipment-WIP	375	-	375	543	-	543
Total	**4 483**	**(1 273)**	**3 210**	**3 772**	**(746)**	**3 026**

Reconciliation of property, plant and equipment – March 2022

	Opening balance	Additions	Disposal	Transfers	Depreciation	Total
Furniture and fixtures	1 394	117	-	-	(113)	1 398
Office equipment	72	-	-	-	(35)	37
IT equipment	903	219	(1)	543	(373)	1 291
Leasehold Improvement	114	-	-		(5)	109

Notes to the Audited Annual Financial Statements

						2022 R'000	2021 R'000
IT equipment-WIP	543	375	-	(543)	-		375
	3 026	**711**	**(1)**	**(526)**	**-**		**3 210**

Reconciliation of property, plant and equipment – March 2021

	Opening balance	Additions	Disposal	Depreciation	Total
Furniture and fixtures	997	475	-	(78)	1 394
Office equipment	-	103	-	(31)	72
IT equipment	719	411	(31)	(196)	903
Leasehold Improvement	119	-	-	(5)	109
IT equipment-WIP	-	543	-	-	543
	1 835	**1 532**	**(31)**	**(310)**	**3 026**

Office equipment comprises of photocopy machines which are leased in terms of finance lease agreements. The period of the lease agreements is between 2 - 5 years and the carrying value is R37 109(2021: R71 364). Refer to Note 8 where the finance lease obligation is disclosed.

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

7. Intangible assets

	2022			2021		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying Value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying Value
Software licences	206	(17)	189	-	-	-
Computer software	2 562	-	2 562	1 622	-	1 622
	2 768	**(17)**	**2 752**	**1 622**	**-**	**1 622**

Reconciliation of intangible assets- March 2022

	Opening balance	Additions	Amortisation	Total
Software licences	-	206	(17)	189
Computer software	1 622	940	-	2562
	1 622	**1 146**	**(17)**	**2 751**

Reconciliation of intangible assets- March 2021

	Opening balance	Additions	Total
Software licences	-	1 622	1 622

Because history has shown rapid changes in technology, computer software and many intangibles assets are susceptible to obsolesce. However a lot of the owners of software are aware of these rapid changes in technology and are now subjecting their products to constant software developments. This maintains service potential and the ability to use them for longer terms.

The current computer software is comprised of an ERP solution that has been purchase as an off the shelf package and customized to specification in accordance with the needs of the entity. The entity has demonstrated its intention to use on a continued basis the software through entering into support and maintenance contracts with service providers in order to ensure constant upgrades and maintenance of the system.

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

The useful life of ERP software is considered to be indefinite due to the fact that the entity intends on using it into the foreseeable future with continued maintenance to sustain service potential at required levels. The following factors played a significant role in determining the assets has an indefinite useful life :

- Period over which software has been in existence in the market
- Period over which entities currently using it have been using it for
- Rate of technology turnover and advancements in government
- Availability of support and maintenance including availability of resources to support and maintain solution

Computer software has been tested for impairment and is not impaired.

8. Finance lease obligation

Minimum lease payments due

Within one year	39	38
In second to fifth year inclusive	3	42
	42	80
Less: future finance charges	(2)	(6)
Present value of minimum lease payments	**40**	**74**

Present value of minimum lease payments due

- Within one year	37	40
- In second to fifth year inclusive	3	34
	40	**74**
Non-current liabilities	**3**	40
current liabilities	37	34
	40	**74**

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

The average lease term ranges between 2 and 5 years for office equipment, with an average interest rate of 7,5% applied to the leases. The finance leases are secured by the asset leased in terms of the agreement. Please refer to note 6 where the assets held under the finance leases are disclosed as part of office equipment

Contingent rent recognized as an expense in the period amounted to R35,497 (2021: R34,394). Contingent rents relates to copy charges per copy machine.

9 Trade and other Payables from exchange transactions

Trade payables	2 623	7 025
Sundry accruals	3 938	1 580
Accrued leave pay	2 313	1 532
Accrued bonus	998	743
Other Payables	5 460	3 120
	15 332	**14 000**

10 Cash and cash equivalents

Cash and cash equivalents consists of :

Bank balances	77 519	173 706

11 Financial instruments disclosure

Categories of financial instruments

Financial assets – March 2022

	At amortised cost	Total
Trade and Other receivables from exchange transactions	244	244
Cash and cash equivalents	77 519	77 519
	77 763	**77 763**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	13 066	13 066

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

Financial assets – March 2021

	At amortized cost	Total
Cash and cash equivalents	173 706	173 706

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	12 548	12 548

None of the financial assets are impaired.

12 Revenue

Other income- Miscellaneous	-	16
Rendering of Valuation services	244	-
Government grants - Appropiation	131 844	100 000
	132 088	**100 016**

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

Rendering of Valuation services	244	-

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

Transfer revenue

Government grants	131 844	100 000
Other income – miscellaneous	-	16
	131 844	100 016

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

13 Employee related costs

Basic salary	27 832	15 690
Service Bonus	1 776	1 036
Performance Bonus	189	566
Medical aid - Employer contributions	707	318
Pension contribution plans	2 892	1 794
Overtime payments	905	-
Car allowance	473	446
Housing benefits and allowances	656	451
Employer contribution: Bargaining council	5	3
Leave: Accumulated short term	1 198	1 123
Leave : Accumulated long term	-	7
	36 633	**21 434**

14 Finance costs

Finance leases	5	6

15 Operating Lease

Minimum lease payment due:		
- Due within 1 year	288	186
- Due within 2- 5 years	364	155
	652	**341**

The above amounts are due in future financial years due to contractual obligations. Operating leases relate to service level agreements for leasing of parking bays for officials, rental of internet connectivity lines, lease of telephone management and switchboard system, hosting of domain and email system.

16 Commitments

Authorised future capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	4 121	987
Total capital commitments		
Already contracted for but not provided for	4 121	987
Authorised future operational expenditure		
Already contracted for but not provided for		
• Due within 1 year	1 857	1 182
• Due within 2 – 5 years		
	1 857	**1 182**

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000
Total commitments		
Authorised capital expenditure	4 121	987
Authorised operational expenditure	1 857	1 182
	5 978	**2 169**

Commitments relate to operating and capital contracts due in future years. The total future commitments detailed above are either non-cancellable or are only cancellable at a significant cost and relate to contents other than the routine, steady business of the entity. Below are the total commitments including those that are routine, steady, state business of the entity:

Operational commitments due within 1 year	9 502	9 100
Operational commitments due between 2 - 5 years	3 291	7 446
Capital commitments due within 1 year	4 212	1 193
	16 914	**17 739**

17 Related parties

Relationships

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

The Department of Agriculture, Land Reform and Rural Development is the designated department of the Office of the Valuer- General and certain services between the DALRRD and OVG are rendered in kind and are not at arm's length, the ones that can be quantified have been disclosed below. The Department of Agriculture, Land Reform and Rural Development paid the office accommodation for the office of the Valuer- General.

DEEDS REGISTRATION TRADING ENTITY (DEED)

The Deeds Registration Trading Entity is a trading entity of the Department of Agriculture, Land Reform and Rural Development. The memorandum of agreement was entered into between Deeds and the OVG for rendering of services for the period 1 April 2021 - 31 March 2022 was signed on the 04 May 2021. Therefore, there were no binding arrangement as required in accordance with GRAP 109.

The remainder of the transactions resulting from the Principal Agent Arrangement between Deeds and OVG have been disclosed in note number ***19*** - Principal Agent Arrangements.

Related party balances

Related party transaction

Amounts paid on behalf of OVG (paid by DALRRD)		
Office accommodation	1051	983
Salary Coangae MES	-	427

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

Remuneration of management

Executive management

March 2022

Name	Basic salary	Other short-term employee benefits	Post-employment benefits	Total
*Maloka MM – Acting Valuer General	890	716	107	1 713
Motsoeneng TS – Acting Chief Operating Officer	911	612	118	1 641
Selauli V – Senior Manager : Internal audit	501	116	63	680
Noge RRM- Senior Manager : Human Capital Management	788	218	98	1 104
Mokale RT – Senior Manager: Financial management Services	763	285	99	1 147
Masoleng TB- Senior Manager: Programme Management Office	798	182	98	1 078
Coangae MES-Senior Manager : Supply Chain and Procurement	851	253	102	1 206
Ndala-ka- Dlamini - Senior Manager: Valuations	809	182	98	1 089
Moatshe NK – Senior Manager: Strategy and ICT	959	273	115	1 347
Mwiya P – Senior Manager: Valuations	218	65	86	369
*M Thomas Acting Senior Manager: Valuations	515	238	60	813
	8 003	**3 140**	**1 044**	**12 187**

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

March 2021

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Total
*Maloka MM – Acting Valuer	876	68	1 019	105	2 068
Motsoeneng TS – Acting Chief	898	90	507	117	1 612
Noge RRM- Senior Manager : Human	432	-	93	56	581
Mokale RT – Senior Manager: Financial	751	64	224	98	1 137
Masoleng TB- Senior Manager:	123	-	27	16	166
Coangae MES- Senior Manager :	387	-	63	42	492
Ndala-ka- Dlamini - Senior Manager:	493	-	106	64	663
Moatshe NK – Senior Manager:	436	-	94	57	587
Mwiya P – Senior Manager: Valuations	872	75	260	113	1 320
	5 286	**297**	**2 393**	**668**	**8 626**

*Ms MM Maloka acted as the Valuer General during the period of 01 April 2021 - 31 March 2022.

*Mr M Thomas acted as Senior Valuer during the period of 01 July 2021 - 31 March 2022.

Audit and Risk Committee Member's fees

Name		
Lukwareni P-Chairperson	112	95
Motsiela P	106	94
De Wet D	56	55
Motau C	101	102
	375	**346**

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000
Valuation and Quality Review Committee's Fees		
Name		
*Baleni E-Chairperson	-	96
*Serfontein M	-	20
Senyolo G	7	88
L Taderer	7	-
Fihlani Z	7	72
ND Naidoo	12	-
	33	**276**

18 General Expenses

Advertising	1 168	492
Auditors remuneration	2 185	2 201
Bank Charges	12	9
Cleaning	255	222
Consulting and professional fees	21 558	16 848
Consumables	42	98
Entertainment	13	8
IT expenses	224	1 397
Printing and stationery	167	134
Repairs and maintenance	928	-
Security services	177	-
Subscriptions	214	139
Telephone and fax	575	195
Transport and freight	423	139
Training and development	2 638	610
Travel - local	469	281
Legal expense	-	180
Operating leases	209	209
	31 257	**23 162**

19 Accounting by Principal and Agent

In July 2014 the Property Valuation Act brought into existence the Office of the Valuer General (OVG), the “Principal”; whose responsibility in accordance with the act is to perform property valuations for the Department of Rural Development and Land Reform. Section 4 and 5 of the Act established the office as a juristic person.

Due to unavailability of resources as this office had not been structurally established, a memorandum of agreement has been entered into with the Deeds Registration Trading Entity (Deeds) who is the "Agent". This MOU states that Deeds will render administrative support and services, the OVG will pay Deeds for services rendered. The MOU ended 31 March 2022. The MOA/MOU between Agent and Principal was signed on the 04 May 2021.

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

The following transactions will be undertaken by the Agent on behalf of the Principal:

Transactions relating to Human Resource Management include:
- Recruitments,
- Administration of leave and
- Payments of Salaries and other benefits.

Transactions relating to Finance includes:
- Generation of revenue
- Payment of expenses and liabilities
- Preparation of the financial statements

Transactions relating to Supply Chain Management includes:
- Contracts management
- Procurement of goods and services

All transactions are performed in line with the internal policies of the agent.

Liability :

The following management fees and employee cost balances were liable to the Deeds Registration Trading Entity :

Management fees and employee receivable

Balance at the beginning of the year	(3 051)	109 931
Transfer of appropriation funds from Deeds	-	(104 776)
Operational expenditure	(51 603)	(23 666)
Re-imbursive payment-Deeds	49 302	15 460
	(5 352)	**(3 051)**

No other assets are held by the Deeds Trading Entity on behalf of the Office of the Valuer-General.
There are no financial implications to the termination of the principal-agent relationship

20 Contingents

Contingent Liabilities

The accumulated surplus of R62, 384 million (2021: R159, 622 million) has been classified as a contingent liability at 31 March 2022 as there is no approval received as yet to retain the surplus funds. In terms of the PFMA Section 53 (3) public entities are not allowed to accumulate surplus unless approved by the National Treasury. The OVG is obliged to return to the National Treasury any amount of the surplus for which approval for retention is not granted.

Contingent assets

Theft and losses by officials amounting to R83 492 (2021: R83 492) are under investigation for the entities assets lost or damaged by officials, liability depends on the outcome of thefts and losses committee.

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

21 Services in kind

Administrative services in kind

Office of Valuer General falls under the administration of the Department of Agriculture, Land Reform and Rural Development. The executive of the department spends some of their time on the affairs of the Valuer General.

All services paid for by the Department which could be quantified have been disclosed as related party transactions.

22 Risk management

Liquidity risk

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.

The entity manages its liquidity risk through an ongoing review of future commitments and the budgeting process which monitors spending against available resources(cash and other financial assets).Adequate reserves and liquid resources are maintained.

The table below analyses the entity's financial liabilities into the relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant

At 31 March 2022	**less than 1 year**
Trade and other payables	13 066

At 31 March 2021	**Less than 1 year**
Trade and other payables	12 548

Trade and other payables from exchange transactions
The entity does not hold any derivative financial liabilities.

Credit risk

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

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

Financial assets which potentially subject the office of the Valuer General to risk of non-performance and thereby subject to credit risk consist mainly on cash and cash equivalents and receivables from exchange transactions as per GRAP 104.

The office of the Valuer General limits its treasury counter party exposure by dealing with well established institutions approved by National Treasury and its exposure is constantly monitored.

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

At 31 March 2022	**Less than 1 year**		**Carrying amount**
Receivable from exchange transactions	244		244
	Gross amount	**impairment**	**Carrying amount**
Cash and Cash equivalent	77 517	-	77 517

At 31 March 2021

	Gross amount	**impairment**	**Carrying amount**
Cash and Cash equivalent	173 706	-	173 706

Market risk

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

The Office of the Valuer General is exposed to interest rate fluctuations on past due debtors and thus changes in the interest rate will result in changes in the future cash flows expected from these financial instruments. No financial assets are past due or impaired in the current year.

Interest rate risk
Interest rate risk arises on interest-bearing financial instrument recognised in the statement of financial position.

None of the financial instruments in the current year were interest bearing.

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

23 Cash(used in) generated from operations

Surplus	63 650	55071
Adjustment for:		
Depreciation and amortisation	543	310
Loss/(Gain) on sale of assets	-	31
Finance cost- Finance leases	5	6
Debt impairment	-	-
Movements in provisions	-	6
Other income non-cash items	-	16
Other non-cash items	498	(1 262)
Changes in working capital:		
Inventories	47	(12)
Receivables from exchange transactions	(244)	445
Other receivables from non-exchange transactions	-	109 931
Repayments	(6)	1
Trade and other payables from exchange transactions	1 332	11 002
Surplus funds Surrendered to National treasury	(159 622)	-
	(93 797)	**175 545**

24 Auditors' remuneration

Audit fees -External	1 975	1 894
Audit fees -Internal	210	307
	2 185	**2 201**

External audit fees (Auditor General) amounted to R1,975 million (2021 R1,894 million).
Internal audit fees amounted to R210 145 (2021 R306,998 million).

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

25 Provisions

Reconciliation of provisions - Disclosure

	Opening Balance	Total
Provision	7	7

Reconciliation of provisions - March 2021

	Opening Balance	Additions	Utilised during the year	Total
Provision	1	7	(1)	7
Non-current liabilities			7	7
Current liabilities			-	-

Notes to the audited Annual Financial Statements

	2022 R'000	2021 R'000

The leave pay provision relates to long term / capped leave that accrued to employees. It is not possible to anticipate the timing of the utilisation or the timing of the cash-out of this balance. Accordingly the uncertainty related to the balance is limited to the timing of realisation. A review of the utilisation trends has however evidenced that it is unlikely that the full balance will be realised within the short term. Accordingly the balance is classified as non-current.

26. Prior period Adjustments

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

Statement of financial position March 2021

	Note	As previously Reported	Correction of error	Re-classi fication	Re-stated
Finance lease obligation-current liabilities	8	(40)	-	6	(34)
Finance lease obligation-none current finance lease'	8	(34)	-	(6)	(40)
Accumulated surplus	19	(109 374)	(44)	-	109 418)
Accounts payable-sundry accruals	9	(452)	44	-	(408)
		(109 900)	**-**	**-**	**(109 900)**

The current and non-current finance lease liability were erroneously swopped in the disclosure for classification. This has been corrected as a prior period error.

Transactions amounting to R 43 654 were erroneously recognised and thus expensed in the previous financial years. This services have been reversed and corrected as prior period error.

Disclosure

	Note	As previously Reported	Correction of error	Re classification	Restated
Appropriation receivables (re-imbursive payment Deeds)	19	15 453	7	-	15 460
Revenue from exchange transactions		4	-	16	16
Revenue from non-exchange transactions		4	-	(16)	(16)
		15 453	**7**	**-**	**15 460**

Appropriation receivables (re-imbursive payment to Deeds) was incorrectly calculated and understated by R7000. This has been corrected as a prior year error.
An amount of R16 327 for laptop replacement was previously classified under Revenue from exchange transactions. This item of PPE was received as replacement of a lost item.

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

Statement of financial performance March 2021

	Note	As previously Reported	Re¬ classification	Restated
Auditors' remuneration	24	1 894	307	2 201
Bank charges	18		9	9
Consulting and professional fees	18	17 165	(316)	16 849
Surplus for the year		**19 059**	**-**	**19 059**

Internal audit fees amounting to R306 998 and bank charges amounting to R9 387 were previously incorrectly classified as consulting and professional fees. These have been corrected as a prior period error.

Disclosure

	Note	**As previously reported**	**Correction of error**	**Restated**
Trade and other payables - financial liabilities	22&11	12 593	(45)	12 548

27. Fruitless and wasteful expenditure

The entity incurred fruitless and wasteful expenditure amounting to R132.50 (2021 :R0) during the financial year. The amount was recovered from the affected official**.**

28. Irregular expenditure

Irregular expenditure - current year	16	-

Rental of hostage exchange email services for a period 01- 31 December 2022 amounting to R14 260 was rendered without obtaining approval.
DSTV subscription services amounting to R2 136 for annual price escalations implemented without approval as required by SCM delegation 33.

29. Budget explanation of difference between final and actual amounts
Notes to Statement of Comparison of Budget and Actual Amounts.
Variance of 10% and above are considered material and are explained below:

29.1 Revenue - Services rendered (100%)

The amount of R244 thousand is the revenue generated by OVG by rendering valuation services to external clients. The provision of external valuation services began in the current financial year as the OVG expands. This was not budgeted for.

29.2 Employee costs (42%)

The variance of R26,7 million is attributed to the delay of approving the OVG organogram. OVG is still using interim organogram and are in the process of filling the posts on the interim organogram

Notes to the Audited Annual Financial Statements

	2022 R'000	2021 R'000

29.3 Depreciation and amortization (100%)

The depreciation and amortization amount of R533 thousand is for the assets procured in the current financial year and since the inception of the OVG. No budget was allocated to depreciation and amortization because its a non-cash item

29.4 Finance costs (100%)

Finance costs are related to interest rate implicitly in the lease and are not budgeted for.

29.5 General expenses (48%)

Underspending of general expenses is mainly attributed to the slow spending of the following items:

• An amount of R7,6 million was budgeted for Project Management Services and was due to delays in finalizing invoice disputes.

• An amount of R3,9 million was budgeted for valuations and due to valuation services being procured directly from service providers by Restitution, Land Redistribution and Tenure Reform.

• ERR system budget an amount of R5,2 million (expenditure incurred of R2.8 million was classified as intangible assets, training and maintenance and support) there were delays and challenges in the finalization of the implementation of the project.

• An amount of R3. 6 million was budgeted for Microsoft Enterprise product, service management software. Valuation management system, Antivirus and data protection software and Enterprise architecture services but the procurement did not materialize.

• An amount of R2,3 million was budgeted for Internal Audit service and procurement of the services was done later in the year under review.

• An amount of R1,4 million for bursaries was budgeted for employees, underspending is due to delays in approval of the OVG organogram.

• An amount of R1 amount was budgeted for Legal Fees in respective to litigation and there was no litigation in the year under review.

• An amount of R1 million was budgeted for PVA Impact study and underspending was due to late commencement of the service.

• An amount of R1 million was budgeted Internet Connection Services and underspending was due to the late appointment.

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