DRIVING LICENCE CARD ACCOUNT

Trading entity of The Department of Transport

2021/22
ANNUAL REPORT

transport

Department:
Transport
REPUBLIC OF SOUTH AFRICA

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PART A: GENERAL INFORMATION

Name:	Driving Licence Card Account
Country of incorporation and domicile	South Africa
Legal form of entity	Trading Entity
Nature of business and principal activities	Manufacturing of driving licence cards
Physical Address:	459B Tsitsa Street Erasmuskloof Pretoria 0181
Postal Address:	PO Box 25223 Monument Park Pretoria 0105
Telephone Number:	+27 12 347 2522
E-mail Address:	Thuto.Taoana@dlca.gov.za
External Auditors:	Auditor-General of South Africa (AGSA)
Bankers:	First National Bank and ABSA Bank

LIST OF ABBREVIATIONS

AO	Accounting Officer
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BBBEE	Broad-Based Black Economic Empowerment
CFO	Chief Financial Officer
DLCA	Driving Licence Card Account
DLTC	Driving Licence Testing Centre
DPSA	Department of Public Service and Administration
EU	European Union
HoD	Head of Department
LCU	Live Capture Unit
LEU	Live Enrolment Unit
MEC	Member of Executive Council
MoU	Memorandum of Understanding
MTEF	Medium-term Expenditure Framework
NDP	National Development Plan
PFMA	Public Finance Management Act
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SLA	Services Level Agreement
SMS	Short Message System
SITA	State Information Technology Agency
SCOPA	Standing Committee on Public Accounts
GPW	Government Printing Works

FOREWORD BY THE MINISTER OF TRANSPORT

Mr FA Mbalula, MP
Minister of Transport

Over the past few years, the Driving Licence Card Account battled with the increasing demand for driving licence cards due to the use of an old technology while ensuring that measures in place strengthen its financial position and continue providing efficient and effective services to the South African driving population.

The DLCA encountered a major break-down in its production machine which resulted in a backlog of 639 000 driving licence cards, the grace period on the validity of expired cards afforded the DLCA an opportunity to find the remedy on the break-down of the production machine and catch-up with the backlog.

The full implementation of the DLCA's Digital Strategy continues to take shape, this will ultimately results in efficient service delivery.

Wole Soyinka once said "A tiger does not shout its tigritude, it acts" these words proved inspiring as the DLCA achieved yet another clean audit for the third year in a row despite all the challenges it faced throughout the financial year.

It therefore gives me pleasure to present the DLCA's 2021/22 Annual Report.

Mr. FA Mbalula, MP
Minister of Transport
Date: 19|10|2022

FOREWORD BY THE DIRECTOR GENERAL

Mr. Ngwako Makaepa
Acting Director General

The Driving Licence Card Account (DLCA) has proved yet again that clean governance is and should be a norm with the third clean audit three year in a row. The DLCA had aimed to introduce the new driving licence card in the year under review. The card has been designed and the Cabinet approval process is underway, the card design has been through the relevant stages of approval and it is currently at the final stage of Cabinet approval.

The DLCA will be able to procure the new production machine which will reduce the production turnaround time significantly as well as enable the DLCA to commence with the electronic driving licence (eDL) initiative once the new driving licence design is approved.

The DLCA still aim to excel in the delivery of services and clean governance just as Ernesto "Che" Guevara once said "be realistic, demand the impossible"

I hereby present the DLCA's 2021/22 Annual report.

Mr. Ngwako Makaepa
Acting - Director General
Department of Transport
Date: 11/10/2022

OVERVIEW OF THE ACTING HEAD OF ENTITY

Mr. Kagiso Kgosiemang
Acting Head of Entity

OVERVIEW OF THE DRIVING LICENCE CARD ACCOUNT OPERATIONS

Manufacturing of the driving licence and maintenance of card layout

This service includes the provision of all the required material for the manufacturing, image capturing, personalisation, safekeeping, administration, management, quality control, transportation and distribution of driving licence cards to the DLTCs, as well as the printing and distribution of notice to collect forms. It also includes the supply, delivery, installation, commissioning, training and maintenance of equipment and facilities for the duration of the production period. Since the DLCA took over the card production facility in May 2016, it has managed to produce over 13 million cards with a staff complement of just under 50 employees.

Modernization of enrolment business process

In order to address the infrastructure challenge related to the LEUs, and introduce digital technology, the DLCA introduced the smart enrolment solution. The Smart enrolment project will provide us with the capability to collect enrolment data from multiple sources with the ultimate objective of obtaining self-service thus eliminating human intervention thus reducing the risks of fraud and corruption.

Tariff Policy

Treasury Regulation 19.5.2 and 19.5.3 requires the Trading Entity to determine the user charges with the aim to recover the full cost of providing the driving licence card, unless the relevant treasury approves lower charges and rates for user charges must be reviewed at least annually before the budget, any tariff increases are subject to approval by the relevant treasury. However, the tariff has not increased since 2014.

ACCOUNTING OFFICER'S RESPONSIBILITIES

The Accounting Officer of the Trading Entity adequately fulfilled his responsibilities embodied in the Public Finance Management Act Section 38 and 40. The Head of the Trading Entity was appointed on an acting basis, and reporting framework for the Head of Entity, was approved by the Accounting Officer.

INTERNAL AUDIT

Driving Licence Card Account Trading Entity utilises the services of the Department of Transport Internal Audit Unit. The DLCA is responsible for all its Internal Audit costs. The DLCA has entered into a co-sourcing agreement with Nexia SAB&T for the period of 3 years that runs from 01 April 2021 to 31 March 2024. Internal Audit reports functionally to the Audit Committee and administratively to the Head of Entity. The Trading Entity has an Audit Committee comprising of independent non-executive persons.

RISK AND FRAUD MANAGEMENT

Risk Management is integrated into the strategic plan, day-to-day operations of the trading Entity and quarterly reporting processes. The Management Executive Committee is responsible for the management of the Entity's risks. Continuous reviews of the strategic risks, risk mitigations and risk assessment are conducted to ensure effective management of risks. The Risk Management Committee sits on a quarterly basis to review the risks, mitigations and reports on implementation of controls. In the year under review, the Entity's Risk Management processes and oversight was improved.

The day-to-day operations of the Entity, relating to fraud/corruption and risk management, are guided by the risk management policy, risk strategy, risk framework, implementation plan, whistle blowing policy, anti-corruption and fraud prevention policy.

OVERVIEW OF THE FINANCIAL RESULTS

The Entity generates its revenue from the sale of driving licence cards. Revenue increased by 30% compared to the prior year. The increase in revenue is as a result of a high number of cards produced and delivered in 2021/22. The revenue was recognized in line with GRAP, which stipulates that revenue can only be recognised after the risks and rewards has been transferred.

Table 1: Revenue

	2021/2022			2020/21		
Sources of revenue	**Budget**	**Actual amount collected**	**Over/(under) collection**	**Budget**	**Actual amount collected**	**Over/(under) collection**
				R'000	R'000	R'000
Sale of driving licence cards	264 322	182 284	(82 038)	178 152	139 974	(38 178)
Administration Fees	23	15	(8)	53	22	(31)
Interest received	6 984	10 266	3 282	24 036	9 025	(15 011)
Gains on foreign exchange	-	387	387	-	531	531
Total	**271 306**	**192 937**	**(78 369)**	**202 241**	**149 552**	**(53 751)**

COLLECTION OF ENTITY REVENUE

Table 2: Debtor's age Analysis

Year	120+ days	90+ days	60+ days	0-30 days	Current	Total	120+ days
	R'000	R'000	R'000	R'000	R'000	R'000	% of total debt
2022	157	727	1 727	1 268	-	3 879	4%
2021	537	230	153	1 893	8 435	11 248	5%

A significant amount of long outstanding debt, at 120+ days, reported at the beginning of the year was recovered during the year. This is a reflection that the significant amount of long outstanding debt at 120+ days was only accumulated in the current year. The total debt book decreased from R 11.2 million in prior year to R3.9 million in 2021/22. The reported increase is due to delays from DLTCs in following payment process as a result not operating on full capacity

The DLCA continued to implement stringent measures in the current financial year to ensure that outstanding debt is collected. One of the measures implemented in the current financial year, was to withhold cards for the DLTCs that have long outstanding debt.

Table 3: Expenditure

Description	2021/22			2020/21		
	Budget	**Actual**	**(over) under**	**Budget**	**Actual**	**(Over) under**
	R'000	R'000	R'000	R'000	R'000	R'000
Cost of Sales	67 962	68 974	(1 012)	54 180	49 498	4 682
Contract Services	5 180	2 649	2 531		1 196	1 402
Repairs and maintenance	28 771	18 870	9 901	23 202	23 532	(330)
Depreciation, impairment and amortisation	41 759	31 736	10 023	49 906	31 644	18 262
Employee Benefits	38 278	18 692	19 586	24 042	17 534	6 508
Other Expenses	30 271	10 622	19 649	40 264	9 454	30 810
Lease payments	11 807	2 296	9 511	7 068	2 737	4 331
Debt impairment	65	231	166	81	-	81
Loss on foreign exchange	-	-	-	-	-	-
Total	**224 093**	**154 070**	**70 023**	**201 341**	**135 595**	**66 406**

In the year under review 69% of the budget was utilised. The budget for the year was under spent by R70 023 due to the cost control, opportunity costs and using of transversal contracts.

DELEGATION OF DUTIES AND RESPONSIBILITIES

During the 2015/16 financial year, the Accounting Officer delegated his powers to the Head of the Entity in terms of Section 44(1) of Public Finance Management Act, 1999 (Act no 1 of 1999) (PFMA).

Section 44(1) (a) of the PFMA states that The Accounting Officer for a department, Trading Entity or Constitutional Institution may, in writing, delegate any powers entrusted or delegated to the Accounting Officer in terms of this Act, to an Official in that department, Trading Entity or Constitutional Institution; and Section 44(1) (b) of the PFMA states that The Accounting Officer for a department, Trading Entity or Constitutional Institution may instruct any Official in that department, Trading Entity or Constitutional Institution to perform any of the duties assigned to the Accounting Officer in terms of this Act.

The duties and responsibilities were delegated by the Accounting Officer, in writing, however the Auditor-General of South Africa (AGSA) did not recognise the delegation of the powers.

In 2016/17 financial year the AGSA requested the DLCA to disclose all transactions above R 2 million that were approved by the Head of the Entity, as irregular expenditure, with the view that both parties will seek legal opinion on the matter in the 2016/17 financial year. The DLCA obtained the legal opinion, in the 2016/17 financial year from Senior Counsel who advised that DLCA was well within the legal prescripts on this matter.

The AGSA sought National Treasury's opinion on the matter to which the National Treasury advised that the framework delegating the powers of the Accounting Officer to the Head of Entity is valid.

During the year under review the DLCA was under the leadership of Dr. Nkosinathi Sishi who served as the acting Head from 1 October 2020 and was succeeded by Mr. Sandiso Thutshini on 17 November 2021.

PROGRESS

- DLCA extended the DL sms enquiry functionality to PrDP sms enquiry, where applicants could check the status of their PrDP application by smsing their ID number to 44220.
- In the year under review the DLCA completed the initiation and planning phase of the new card design. The DLCA has further crafted the new card design and the card has been approved to be ISO 18013 and TTTPF compliant.
- The new card design has been recommended by the Justice, Crime and Prevention security cluster, a Cabinet subcommittee for the card to be presented to Cabinet for the final stage of the design approval.
- In the previous financial year, the DLCA developed version one of the stakeholder management framework and in the year under review quarterly stakeholder engagements sessions were attended by the DLCA to strengthen the stakeholder management framework.

Exemptions or deviations received from national treasury

During the reporting period under review, in the few instances where it was impractical to call for bids / tenders, the Entity applied Treasury Regulations 16A.6.4 to procure goods and services. The majority being due to the nature of the raw material used in the card production process and maintenance of production machine. These deviations were reported and noted by the National Treasury as required by the practice notes.

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 throughout the Annual Report are consistent. 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 Generally Recognised Account Practice ("GRAP"), and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the Annual Financial Statements, and for the judgments made in this information. The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements. In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Trading Entity for the financial year ended 31 March 2022.

Yours faithfully,

Mr. Kagiso Kgosiemang
Head: DLCA (Acting)
Driving Licence Card Account
Date: 05|10|2022

STRATEGIC OVERVIEW

Vision

To be the trusted leader in the provision of authentic, secure and quality driving licence cards.

Mission

To achieve our vision we will:

- Prioritise service delivery towards the satisfaction of all our clients;
- Continuously evolve our delivery in line with technology and innovation;
- Foster collaborative relationships with all relevant regulatory stakeholders; and
- Inspire and empower human capital to nature excellence

DLCA Values

Value	Principle
People centered	We are here to serve you our customers. Our people are our enduring advantage. Their calibre, passion and commitment sets us apart. We value transformation and encourage diversity. Performance counts.
Accountability	We are focused on delivering, and we do what we say we will do. We hold ourselves accountable to our work, our behaviour, our ethics and our actions. We aim to deliver.
Integrity	We maintain high level of transparency, honesty, fairness, and respect when we deal with each other, our customers and our stakeholders.
Excellence	We are inspired by excellence in everything we do. We strive for exceptional business standards, superior performance and professionalism within a framework of sound governance and affordability.
Passion	We love what we do. We are passionate about our brand and promote a positive, energizing, optimistic and fun environment. Our reputation relies on advocacy and enthusiasm of every employee.

The Entity strives to put people first, render affordable services, ensure accountability and transparency whilst maintaining sustainable operations in all key strategic decisions of the Entity.

LEGISLATIVE AND OTHER MANDATES

National Road Traffic Act 93 of 1996, Section 12, stipulates that no person shall drive a motor vehicle on a public road without a driving licence and Section 13 places responsibility for issuing licences authorizing the driving of a motor vehicle to the Driving Licence Testing Centre (DLTC).

National Road Traffic Regulations 108 of 2000, governs the issuance of driver's licenses by prescribing the procedures to be undertaken by driver's licence testing centres and the card production facility when issuing the driver's licence and the payment of card production fees.

Treasury Regulations of May 2000 Paragraph 19.2.1 defines a Trading Entity as an Entity operating within the administration of a department. In 2007, National Treasury approved the establishment of the Driving Licence Card Account Trading Entity as well as that the Accounting Officer for the Department of Transport must be the Accounting Officer for the trading entity.

Treasury Regulations Paragraph 19.3.2 states that the head of the trading entity is accountable to the accounting officer of the department operating that trading entity and must forward all reports or approvals required in the Act via the accounting officer of the department.

Treasury Regulations Paragraph 19.5.3 states that the Head of the Trading Entity must review rates for user charges at least annually before the budget, and any tariff increases are subject to approval by the relevant treasury. The approved rates by Treasury are gazetted by the Minister of Transport through the Government Gazette.

Treasury Regulations Paragraph 19.8.3 states that the relevant treasury may direct that the annual report and financial statements of the trading entity be incorporated into those of the department responsible for that trading entity.

Public Service Act, 1994 (Proclamation No.103 of 1994: Provide for the organisation and administration of the Public Service of the Republic, the regulation of the conditions of employment, the regulation of the conditions of employment , terms of office, discipline, retirement and discharge of members of the public service and matters connected therewith).

Protection of Personal Information (Act No. 4 of 2013: Sets out the minimum standards regarding assessing and processing of aby personal information belonging to another. The Act defines 'Processing" as collecting, retrieving , recording, organising, retrieving or the use or destruction or sharing of any such information).

DLCA ORGANIZATIONAL STRUCTURE

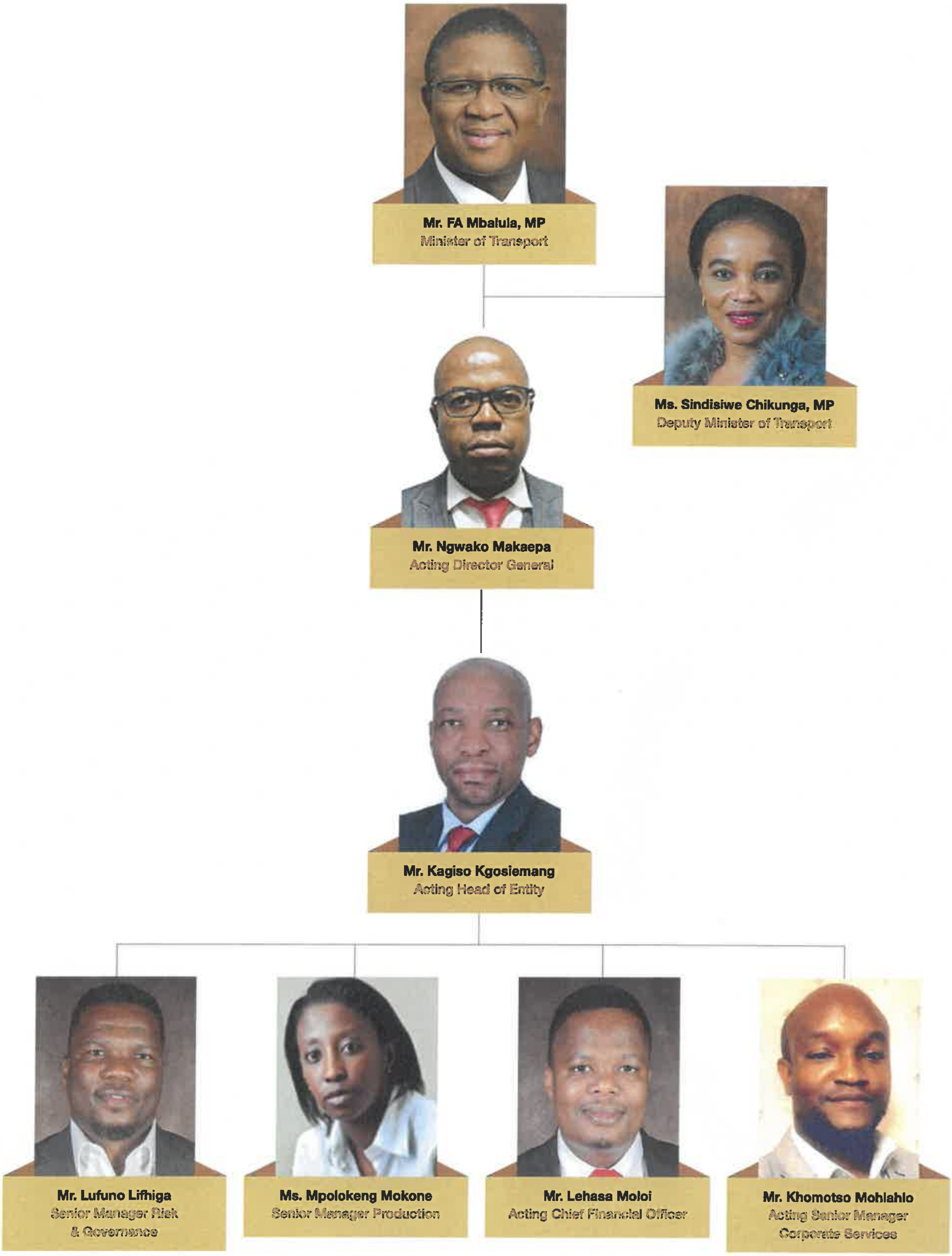
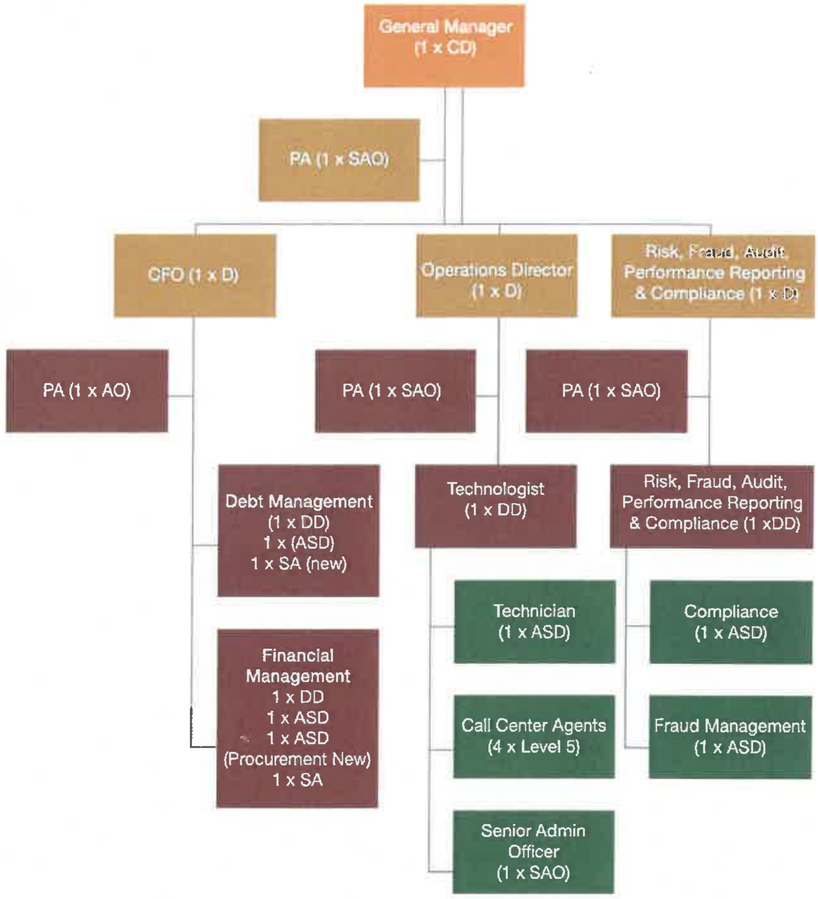


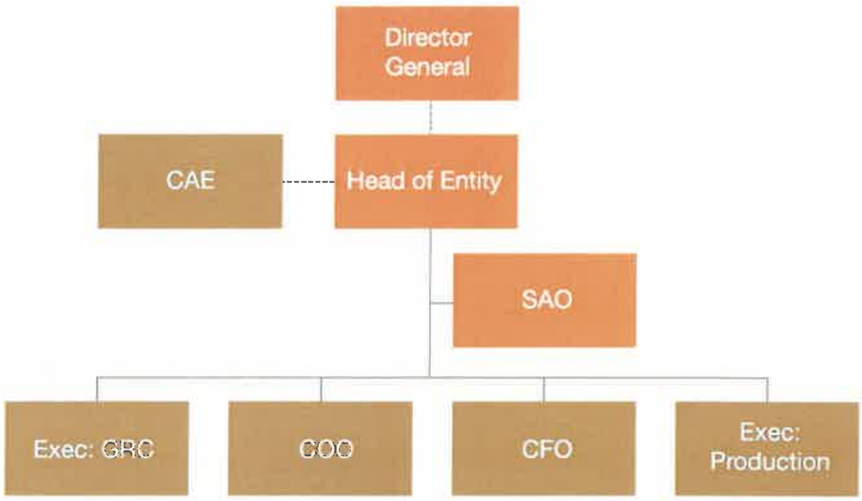
Figure 1. Approved Operational Structure



The above organogram depicts the current approved Organisational structure that was approved in 2009 by Minister Dipuo Peters. The DLCA has put forward the proposed structure for consideration as depicted below.

High-Level Proposed Structure

The Department of Transport is in the process of integrating the DLCA with the RTMC, this move will ensure the much needed stability of the DLCA and improved performance, it is for this reason that the above structure was not approved"



PART B: PERFORMANCE INFORMATION

AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The AGSA selected Production for the audit of predetermined objectives. The audit conclusion on the performance against predetermined objectives is included in the report to management.

OVERVIEW OF THE TRADING ENTITY'S PERFORMANCE

SERVICE DELIVERY ENVIRONMENT

During the period under review 100% of the driving licence card related queries/request were attended and resolved within 7 working days.

Driving Licence Web Enquiry

As part of the DLCA 2020/21 APP KPIs and service delivery improvement initiative; the DLCA extended the DL sms enquiry functionality to PrDP sms enquiry, where applicants could check the status of their PrDP application by smsing their ID number to 44220. As part of the DLCA 2021/22 APP and service delivery improvement initiatives the DLCA initiated the online smart enrolment solution, the project has been assigned to the RTMC as the delivery agent and as the DLCA as a client

Administration

Provision of strategic leadership of the Trading Entity is undertaken through the Head of the Trading Entity as delegated by the Accounting Officer (DG). The senior management is responsible for organising, managing and administering daily operations of the Trading Entity.

Manufacturing of the credit card format driving licence and maintenance layout

In its sixth year and the helm of card production, the DLCA has successfully delivered 2.2 million cards. The following table outline the production and delivery of cards per province.

Table 4: Number of cards produced and delivered

Province	Produced	Delivered	Orders received	Spoiled/cancelled orders
Eastern Cape	181142	154160	157045	3953
Free state	125375	105986	106370	2808
Gauteng	894038	773492	783457	16315
Kwa-Zulu-Natal	430731	366816	367306	7750
Limpopo	238607	189505	190106	5446
Mpumalanga	237678	192159	197432	5366
North West	135891	114394	116208	1657
Northern Cape	50350	43519	44261	1011
Western Cape	401268	335839	345216	4891
Totals	**2695080**	**2275870**	**2307401**	**49197**

From 1 April 2021 to 31 March 2022 the DLCA received 2307401 driver's license cards orders for production. From those orders received, successfully produced 2695080 cards, and 2275870 cards were delivered. The difference is due to the spoiled cards, and those orders that were received in the last week of the financial year. As at 31st March 2021 there were no card held back due to accounts in arrears.

Provision of enrolment equipment

Enrolment equipment is used to capture the facial, fingerprint and signature images that appear on the driving licence card, this technology was implemented in 2015 and thus needs to be modernized.

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Table 6: Live Enrolment Units per New DLTCs

Province	New DLTCs	LEU's re-installed 2021/22
Gauteng	Gautrain Management Agency	12
	RTMC	12
Kwa-Zulu Natal	Creighton	1
Western Cape	Saron,	1
	Langenbaan,	1
	Uniondale,	1
	Barry dale,	1
	Gans Bay	1
	Kleinmond	1
Eastern Cape	Motherwell	1
Total		**32**

In the year under review, total number of 33 units were deployed and installed at the new sites.

Table 7: Call-answering service on maintenance of Live Enrolment Units

Province	Number of LEU calls logged 2020/21	Number of LEU calls logged 2021/22
Eastern Cape	196	216
Free State	68	142
Kwa-Zulu Natal	146	214
Gauteng	560	604
Limpopo	116	163
Mpumalanga	113	157
North West	67	135
Northern Cape	114	129
Western Cape	434	523
Total	**1814**	**2283**

In the year under review, the LEU calls logged has increased as compare to the year 2020/21 due to network instability and uncertain DLCA server issues.

ORGANISATIONAL ENVIRONMENT

The temporary appointment of staff has an impact on employee morale. Employees continue to work extraordinary hours to ensure efficient service delivery.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

DLCA comply with the Treasury Regulations as amended, internally the DLCA has developed its own policies to inform and strengthen the internal controls.

PROGRESS TOWARDS ACHIEVEMENT OF DRIVING LICENCE CARD ACCOUNT TRADING ENTITY IMPACTS AND OUTCOMES

Driving Licence Card Account (DLCA) as a Trading Entity of National Department of Transport contribute towards achieving National Development Plan (NDP) 2030 through the department of Transport. The DLCA impact statements is "production of a highly secure, durable and internationally accepted driving licence card that supports participation in social and economic undertakings". DLCA in the year under review made progress towards production of highly secure and durable driving licence by producing 2.2 million cards and made a huge progress towards internationally accepted driving licence card that supports participation in social and economic undertaking by embarking on the project of designing the new driving licence card that will be internationally accepted. The table below indicates the Entity's performance against the planned deliverables and progress made towards achieving DLCA impact and outcomes.

PERFORMANCE INFORMATION FOR DRIVING LICENCE CARD ACCOUNT TRADING ENTITY

ADMINISTRATION

Purpose: To provide effective leadership, strategic management and corporate support to the Entity

Performance Outcome	Output indicator	Actual Achievement 2020/21	Planned Target 2021/22	Actual Performance 2021/22	Deviation from Planned target to actual achievement	Reason for deviation
Improved sector skills and capacity	Organizational structure approved	Memo requesting approval has been sent to the office of the Director General (DG)	Updated organizational structure approved	Memo requesting approval of the updated organisational structure has been sent to the office of the Director General (DG)	Not achieved	The Minister of Transport has pronounced the transfer of DLCA to RTMC as part of rationalization process of the roads entities and therefore DLCA was no longer required to go ahead with the proposed structure.
	Percentage of vacant positions filled	56% vacancy rate (15/27)	Vacancy rate not more than 10% of the approved organisational structure	52% vacancy rate (13/25) 13 – number of vacant positions as per the current approved structure 25 – Total number of positions as per the current approved structure	Not achieved	The new revised structure was ultimately not approved and as such position that the entity intended to fill could not be filled, the actual performance is based on the old approved structure
	Percentage of training plans implemented	8% of the training plan implemented (6/78)	100% of the training plan implemented	0% of the training plan implemented	Not achieved	Although training was conducted, the trainings conducted were not on the training plan.
Improved governance and strengthened control environment	Unqualified audit opinion	DLCA received unqualified audit opinion with findings form AGSA for the financial year 2019/20	Unqualified audit opinion (Previous Financial Year)	Unqualified audit opinion	Achieved	N/A
	Annual performance plan approved by executive authority	Approved 2021/22 Annual Performance Plan	Approved 2022/23 Annual Performance Plan	The 2022/23 Annual Performance Plan has been approved	Achieved	N/A
	Surveillance audit conducted by SABS	Annual audit of the compliance to ISO 9001 was performed by SABS	Annual audit of the compliance to ISO 9001	SABS has conducted the annual audit for compliance to ISO 9001	Achieved	N/A

PRODUCTION

Purpose: To produce and deliver a highly secure, quality and durable driving licence

Performance Outcome	Output indicator	Actual Achievement 2020/21	Planned target 2021/22	Actual Performance 2021/22	Deviation from Planned target to actual achievement	Reason for deviation
Improved transport safety and security	New production machine procured	The capturing of the current baseline architecture has been completed. The development of specifications are in progress.	New card machine procured	1. BSC and BEC for the bid were appointed. 2. Terms of reference for the bids were developed. 3. The bids were advertised and withdrawn.	Not achieved	Delay in the approval of the new card design as the bid can only be advertised once the design has been approved by Cabinet.
	New ISO 18013-compliant driving licence card rolled out	SEIAS certificate has been issued from the Presidency. Part 1 of the ISO 18013 verification completed by SABS.	Approved card design	The card design was presented to the JCPS Cabinet Committee in March 2022 and awaiting tabling at the next sitting of Cabinet.	Not achieved	The card has been presented to Cabinet, which formed the Ministerial committee to advice before the approval of the card design.
	Number of days taken to produce driving licence cards	19 working days	14 working days	29 working days Formula=network days between date order received & date posted excluding public holidays (work out the average)	Not achieved	Machine Breakdown from November 2021 to January 2022 resulted in a backlog of 639 000 cards.
	Number of cards produced annually	1 783 814	1 200 000 cards produced annually	2 275 870 cards produced annually	Achieved	The Entity had to work overtime to cover the backlog from the machine breakdown.
Improved operational efficiency in the delivery of driving licence cards	Percentage of driving licence cards delivered within a number of working days	N/A	95% of cards delivered within 7 working days	94,02% of cards delivered within 7 working days Formula = network days between date posted & date delivered excluding public holidays (all cards delivered in 7 days and less / total number of cards delivered) x100	Not achieved	The driving licence cards for the Gauteng province were produced but held back due to non –payment, this resulted in the percentage of driving licence cards delivered exceeding seven working days as Gauteng has the largest number of driving licence card orders.

INFRASTRUCTURE MANAGEMENT

Purpose: To provide effective and efficient ICT infrastructure

Performance Outcome	Output indicator	Actual Achievement 2020/21	Planned target 2021/22	Actual Performance 2021/22	Deviation from Planned target to actual achievement	Reason for deviation
Improved competitiveness through adoption of new technology	Percentage of the external calls logged and resolved within a number of working days	95% of all calls logged resolved within 7 working days (1786/1882)	95% of all calls logged resolved within 7 working days	73% of all calls logged resolved within 7 working days (98%+47%+83% +63%/4x) x100	Not Achieved	Delay in appointing SMMEs after service provider's contract ended on July 2021. Calls could not be followed up due to system challenges & insufficient capacity
	Percentage of enrolment equipment maintained	96% of enrolment equipment maintained (927/964)	95% of enrolment equipment maintained	96% of enrolment equipment maintained (824 enrolment units maintained / 855 total enrolment units scheduled for maintenance) x100	Achieved	The process of appointing a service provider for the maintenance of enrolment equipment was concluded in the third quarter, but all enrolment equipment has been maintained as per the maintenance schedule for the financial year.
	Percentage servers uptime availability for ICT systems	N/A	95% of ICT servers uptime availability [measuring uptime of the server hosting business systems]	99,25% of ICT servers uptime availability [measuring uptime of the server hosting business systems]	Achieved	Dedicated monitoring of the server uptime by DLCA and RTMC
	Percentage of project milestones implemented	N/A	100% implementation of collaboration tool project	69% implementation of collaboration tool project (11 milestones of project completed tasks /16 total project milestones)	Not achieved	DLCA lack of capacity delayed the approval of documents and migration of data took longer due to the slow internet. There is a domain issue which is contributing to the configurations of the solution.

SERVICE DELIVERY

Purpose: To improve operational effectiveness and customer service in line with Batho-Pele Principles

Performance Outcome	Output indicator	Actual Achievement 2020/21	Planned target 2021/22	Actual Performance 2021/22	Deviation from Planned target to actual achievement	Reason for deviation
Improved governance and strengthened control environment	Percentage of DLTC incidents attended to within a number of working days	100% of DLTC incidents attended to within 7 working days (251/251)	95% of DLTC incidents attended to within 7 working days.	100% of DLTC incidents attended to within 7 working days (303 calls logged / 303 calls resolved in 7 working days) x100	Achieved	100% performance is due to dedicated monitoring of calls
	Full implementation of the initiatives identified in the SDIP	1. **Service Desk Management System** – project documentation completed and infrastructure has been ordered. 2. **Mobile Bus** – bus piloted at agreed upon sites and cards successfully produced.	Implement 2 service delivery initiatives, namely prior: 1. Online smart enrolment solution 2. Adoption of ISO 10011 standards	1. As per Minister's directives, the project has been assigned to RTMC as the delivery agent and DLCA as the client. 2. ISO 10011 standards have been adopted through the development and monitoring of the ISO 10011 plan	Not achieved	The Minister has directed that the project be assigned to RTMC as the delivery agent and DLCA as the client.
Improved governance and strengthened control environment	Stakeholder Framework implemented	Stakeholder engagement framework approved by the Acting Head	Monitor and evaluate stakeholder Framework	Monitor and evaluate stakeholder framework through quarterly stakeholder engagement sessions conducted	Achieved	N/A

STRATEGY TO OVERCOME AREA OF UNDER PERFORMANCE

Performance Outcome	Output Indicator	Strategy
To provide effective leadership, strategic management and corporate support to the entity	Updated organisational structure approved	Liaise with the Executive Authority possible effects of the imminent rationalisation of the Road Entities.
	Vacancy rate not more than 10% in line with approved structure	Liaise with the Executive Authority possible effects of the imminent rationalisation of the Road Entities.
	100% of the training plan implemented	Developing a training plan that will be realistic, achievable and time bound.
Improved transport safety and security	Procurement of a new production machine	The card design has been presented to the various sub-committees of Cabinet. The design is to be presented to cabinet for approval, and the procurement for the new card and machine will run concurrently.
	Approved card design	The card design has been presented to the DG and Minister. The cards has also been presented to the various Sub-Committees and relevant Committee as part of the Cabinet's approval process. Awaiting final presentation to Cabinet.
Improved competitiveness through adoption of new technology	95% of enrolment equipment maintained	New service providers to maintain will be appointed timeously
	100% implementation of collaboration tool project	Capacitate the ICT business unit
Improved governance and strengthened control environment	Implement 2 service delivery initiatives, namely prior: 1. Online smart enrolment solution 2. Adoption of ISO 10011 standards	Smart enrolment solution to be implemented in the 2022/23 financial year. Training process to be revamped to address identified gaps.

DRIVING LICENCE CARD ACCOUNT COVID-19 PANDEMIC RESPONSE

Intervention	Budget spent
Sanitizer & Mask	R7 912.50
Disinfecting the building	R 13 225.00
Total	**R21 137**

In the year under review, DLCA has recorded nine cases of Covid19, fortunately all recorded case recovered.

LINKING PERFORMANCE WITH BUDGETS

During the 2021/22 financial year, the expenditure for the Entity was R154 million, which represents an increase as compared to the 2020/21 financial year were the entity recorded expenditure of R135 million. Costs of sales increased from R49 million to R69 million compared to 2020/21 financial year. This is due to the low demand of driving licence cards by public and extension of expired driving licence.
The general expenditure costs also increased from 9 million to 10 million compared to 2020/21 financial year. This is due to reduction in courier services costs and internal catering cost was stopped.

Table 8. Budget vs. Actual Expenditure

Description	2021/22			2020/21		
	Budget	Actual	(over) under	Budget	Actual	(Over) under
	R'000	R'000	R'000	R'000	R'000	R'000
Cost of Sales	67 962	68 974	(1 012)	54 180	49 498	4 682
Contract Services	5 180	2 649	2 531		1 196	1 402
Repairs and maintenance	28 771	18 870	9 901	23 202	23 532	(330)
Depreciation, impairment and amortisation	41 759	31 736	10 023	49 906	31 644	18 262
Employee Benefits	38 278	18 692	19 586	24 042	17 534	6 508
Other Expenses	30 271	10 622	19 649	40 264	9 454	30 810
Lease payments	11 807	2 296	9 511	7 068	2 737	4 331
Debt impairment	65	231	166	81	-	81
Loss on foreign exchange	-	-	-	-	-	-
Total	**224 093**	**154 070**	**70 023**	**201 341**	**135 595**	**66 406**

FUTURE OUTLOOK

- An estimated 30% increase in performance is expected in the 1st quarter of 2022/23 financial year due to high demand for renewal of driving Licence.
- The Entity applied for retention of current year surplus to finance its future capital projects.

CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

To enhance service delivery, the Entity acquired new Live Enrolment Units (LEU), which have been piloted to Driving licence Testing Centers (DLTCs) during the 2017/18 financial year. The LEUs are fully rolled out during the 2019/20 financial year, 33 new LEU's have been re-installed in new DLTC's

PHYSICAL ASSET VERIFICATION

In order to ensure that proper control systems exist for assets and that all preventative mechanisms are in place to eliminate theft, losses, wastage and misuse, and the stock levels are at an optimum and economical level, the Driving Licence Card Account performs annual physical asset verification to confirm the existence and valuation of these assets.

MAINTENANCE OF LIVE CAPTURE UNITS (LCU) AND LIVE ENROLMENT UNITS (LEU)

Most of the LCUs had reached the end of their useful lives and the where replaced by the LEU. However, some DLTCs still using the LCUs due to the network point and security issues that could not allow the installation of LEUs. The DLCA has appointed service provider for annual maintenance of both the units.

PART C: GOVERNANCE

INTRODUCTION

Commitment by the Entity to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the entity has good governance structures in place to effectively, efficiently and economically utilise the state resources.

RISK MANAGEMENT

The Accounting Officer of the Department of Transport takes responsibility for implementing Enterprise Risk Management in accordance with the DLCA Risk Management Strategic Framework, as informed by the National Treasury Public Sector Risk Management Framework. This responsibility was delegated to the Head of Entity in terms of section 44 of PFMA. To further embed risk management within the Entity, the Risk Management Policy was adopted, which sets out the Entity's overall intention with regard to Risk Management. During the period under review, DLCA assessed its risks relative to its Strategic and Annual Performance Plan. Risk management is a standing agenda item at operations Committee, Executive Committee and Audit Committee where risk management related matters are discussed. Strategic and operational risk assessments are conducted on a quarterly basis, in order to review and update the existing risks and identify emerging risks.

The Risk Management Committee meets on a quarterly basis and provides guidance and direction over the entire system of risk management, and furnishes the Head of Entity with the reports in respect of performance of risk management. The Risk Management Committee ratifies, prioritises and further recommends to the Accounting Officer which significant risks are mitigated with an appropriate risk response/treatment, in order to meet the Entity's strategic objectives.

The Audit Committee provides an independent oversight of the Entity's system of risk management. The Audit Committee is furnished with quarterly risk management progress reports and risk profiles, and registers to execute their independent oversight role. The Audit Committee's evaluation of the risk management process is in relation to the progress of implementation of the Entity's annual risk management implementation plan and significant/strategic risks faced by the Entity – and their relevant risk response/treatment strategies. This process is conducted quarterly and feeds into the evaluation of the performance environment of the Entity during quarterly performance reviews.

The Entity's management is committed to maintaining the highest standards of governance, as this is fundamental to the management of public finances and resources. In assessing adherence to the governance principles, a compliance function is in place whereby the level of compliance with applicable legislations is monitored at regular intervals.

The Entity embraces the four values underpinning good governance: fairness, accountability, transparency and responsibility.

FRAUD AND CORRUPTION

Whistle blowing is encouraged through the whistle-blowing policy, which requires officials to report incidents of actual or suspected fraud or corruption to the national anti-corruption hotline, presidency hotline and Department of Transport anti-fraud hotline. The forensic and investigation section within the Department of Transport deals with cases reported to the national anti-corruption hotline, and is responsible for the implementation of the Anti-corruption and Fraud prevention policy. The Entity is currently implementing its own Anti-Fraud and Corruption Prevention Plans.

MINIMISING CONFLICT OF INTEREST

The Entity is currently using the Supply Chain Management Processes and Policies as implemented by the Department of Transport. The process requires the disclosure of conflict of interest from all those involved during the procurement process.

CODE OF CONDUCT

The Trading Entity is adhering to the Public Service Code of Conduct as enforced and monitored by the Department of Transport.

The Code act as a guide to employees of the DLCA and its stakeholders as what is expected of them from ethical point of view, both in their individual capacity and in their relationship with others.

HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Trading Entity is adhering to the Health, Safety and Environmental Standards as enforced and monitored by the Health and Safety Committee.

PORTFOLIO COMMITTEES

The entity is accountable to Portfolio committee of the Department of Transport

SCOPA RESOLUTIONS

None

PRIOR MODIFICATIONS TO AUDIT REPORTS

None

INTERNAL CONTROL

To enable the DLCA to meet its responsibility to provide reliable financial information, the DLCA maintains accounting systems and practices, adequately supported by a system of internal controls. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management authority and that the assets are adequately safeguarded. Internal Audit monitor the effectiveness and efficiency of the internal control systems, report their findings and make recommendations to management and the Audit Committee of the Entity, and monitors whether corrective action has been taken. These controls focus on critical risk areas in line with the principles of the cost of control versus the benefit thereof.

INTERNAL AUDIT

The mission of Internal Audit is to provide an independent, objective assurance and consulting service – designed to add value and improve the DLCA's operations, and to help accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Internal Audit unit's formal scope of work is to determine whether the organisation's network of risk management, control and governance processes as designed and represented by management, is adequate and functioning in a manner to ensure the achievement of its objectives. Internal Audit evaluates and improves the overall adequacy and effectiveness of:

GOVERNANCE

The Internal Audit's activity assesses and makes appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organisation;
- Ensuring effective organisation performance management and accountability;
- Communicating risk and control information to appropriate areas of the organisation; and
- Coordinating the activities of and communicating information among the executive authority, internal and external auditors and management.

RISK MANAGEMENT

The Internal Audit activity evaluates the effectiveness, and contributes to the improvement of risk management processes. Determining whether risk management processes are effective is a judgment resulting from the Internal Auditor's assessment that:

- Organisational objectives support and align with the organisation's mission;
- Significant risks are identified and assessed;
- Appropriate risk responses are selected that align risks with the organisation's risk appetite;
- Relevant risk information is captured and communicated in a timely manner across the; and organisation, enabling staff and management to carry out their responsibilities.

CONTROLS

The Internal Audit's activity evaluates the adequacy and effectiveness of the internal controls and recommendations for improvement, which should encompass the following:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets;
- Compliance with laws, regulations and contracts;
- Key activities and objectives of internal audit;
- Driving Licence Production Process;
- Contract Management;
- Asset Management;
- Business Planning;
- Debtors Management;

- Follow-up Audits; and
- Year-end Reporting.

AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2022.

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has complied with its responsibilities arising from sections 51(1) (a) (ii), 76 (4) (d) and 77 of the Public Finance Management Act (PFMA) as well as Treasury Regulation 27.1. Furthermore, the Audit Committee has adopted a Charter and has regulated its affairs in compliance with this Charter as well as discharged all its responsibilities as contained therein.

MEMBERSHIP AND ATTENDANCE

In terms of membership, the Audit Committee is currently comprised of three external independent members. For the financial year, the Audit Committee convened seven times. A list of the members and their respective qualifications as well as a record of their attendance is provided below:

Name	Qualifications	Areas of Expertise	Date Appointed	Contract Expiry / Resignation	Number of Meetings Attended
Dr. Prittish Dala (Chairperson)	PhD (IT), M.IT, BSc Hons (Computer Science), B.IT, CISA, CISM, CISSP, CRISC, CGEIT, CEH, CHFI, CDPSE and LA27001.	Internal and External Audit, Risk Management, Governance, Compliance, ICT, Cyber Security, Forensics and Privacy.	June 2020	May 2023	7 out 7
Mr. Xolile Sikhakhane	MPhil (Internal Auditing), Post Graduate Diploma (Internal Auditing), BCom (Internal Auditing), BTech (Taxation), NDip (Cost and Management Accounting) and CIA.	Internal and External Audit, Risk Management, Governance, Financial Management and Reporting.	June 2020	May 2023	5 out 7
Ms. Miseria Nyathi	Bcom, Bcom Hons and MBA (Corporate Governance).	Internal and External Audit, Risk Management, Governance, Financial Management and Reporting, Human Resource Management, Strategy and Performance Information.	June 2020	May 2023	7 out 7
Adv. Thato Mohapi	LLM, LLB and (Corporate Law).	Legal, Compliance, Governance and Human Resource Management.	June 2020	February 2022 (Resigned)	6 out 7

THE EFFECTIVENESS OF INTERNAL CONTROL

The Internal Audit function is outsourced and continues to provide assurance in terms of control, governance and risk management as per the approved risk-based audit plan. The Audit Committee considered reports from the internal and external auditors, which revealed that the control environment is generally adequate and effective. However, the Audit Committee has identified compliance monitoring as an area of concern that should be addressed to further improve the overall adequacy and effectiveness of the control environment.

IN-YEAR MANAGEMENT AND MONTHLY AND QUARTERLY REPORTS

The Entity has reported quarterly to the National Treasury as is required by the PFMA. Furthermore, the Audit Committee as well as assurance providers provided management with recommendations to improve the quality of financial and non-financial information (performance information, information communication technology, risk management, human resource management, legal and compliance) and reporting during the year under review. The Audit Committee was satisfied with the content and quality of the financial and non-financial quarterly reports submitted during the year under review.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the:

- Unaudited financial statements with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management;
- Changes in accounting policies and practices;
- Compliance with legal and regulatory provisions;
- Basis for the going concern assumption, including any financial sustainability risks and issues;
- Unaudited information on predetermined objectives with due consideration of the independent assurance provided by IA as well as the assurance provided by Management;
- Auditor-General South Africa's (AGSA) audit and management reports, with due consideration of the responses provided by Management; and
- Audited financial statements as well as the information on predetermined objectives to be included in the annual report for any significant adjustments resulting from the audit.

AUDITOR-GENERAL OF SOUTH AFRICA REPORT

The Audit Committee concurs with the conclusions of the AGSA on the annual financial statements and is of the opinion that the audited annual financial statements may be read together with the audit report of the AGSA.

We would like to express our appreciation to the Acting Head of the Entity for his leadership and support as well as all other assurance providers and most importantly the management team for maintaining the "clean" audit outcome (unqualified with no material findings).

P.Dala

Dr. Prittish Dala
Chairperson of the Audit Committee
Date: 10 August 2022

PART D: HUMAN RESOURCES

INTRODUCTION

The approved Entity structure does not take into account the positions in production as it was approved before the take-over of production facility. Since the take-over of the production facility, there was a need to create the Corporate Services, Supply Chain Management, Production and Service Delivery functions to ensure the effective operations of the Entity. Some Officials from the Department of Transport were seconded, and other officials were appointed on a contract basis to perform the functions whilst the Entity was in the process of developing the structure, which will include the functions on the establishment.

The Entity contracted 20 staff members from Prodiba to work in registration, production, quality control and stores. In the year under review, DLCA review and update organisational structure that will cater for new direction and new driving card processes.

Contract positions were created to ensure business continuity. These employees could not be appointed permanently, as their positions were not in the approved structure, however, their services are the most vital in the production and delivering of the driving licence cards.

HUMAN RESOURCES OVERSIGHT STATISTICS

Personnel related expenditure

The following tables summarise the final audited personnel-related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- Amount spent on personnel
- Amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 10: Personnel costs by salary band for the period 1 April 2021 to 31 March 2022

Salary band	Personnel expenditure R'000	% of total personnel costs	No. of employees	Average personnel cost per employee R'000
Senior and Top management (Levels 13-16)	2 334	12%	2	1 167
Highly skilled supervision (Levels 9-12)	3 220	16%	6	537
Highly skilled production (Levels 1-8)	14 107	72%	37	381
Total	**19 661**	**100%**	**45**	**2 085**

Table 11: Salaries, Overtime, Homeowner's Allowance and Medical Aid by salary band for the period 1 April 2021 to 31 March 2022

Salary band	Basic salary		Overtime		Home owners allowance		Medical aid	
	Amount R'000	% of total personnel costs	Amount R'000	Overtime as a % of total personnel costs	Amount R'000	HOA as a % of total personnel costs	Amount R'000	Medical aid % of total personnel
Senior and Top management (Levels 13-16)	2 334	11,87%	-	-	-	-	-	-
Highly skilled supervision (Levels 9-12)	2 939	14,95%	185	0,94%	33	0,17%	62	0,31%
Highly skilled production (Levels 1-8)	13 167	66,86%	860	4,38%	33	0,17%	47	0,24%
Total	**18 441**	**93,68%**	**1 045**	**5,32%**	**66**	**0,34%**	**109**	**0,55%**

Level 13 – 16: Senior Managers and above
Highly skilled Supervision: Officials on salary level 9 – 12
Highly skilled Production: Officials on salary level 1 – 8

Employment and Vacancies

The Entity has identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 12: Employment and vacancies by salary band as at 31 March 2021

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Senior and Top management (Levels 13-16)	4	1	75%	2
Highly skilled supervision (Levels 9-12)	10	5	55%	0
Highly skilled production (Levels 1-8)	11	6	58%	31
Total	**25**	**12**	**56%**	**33**

The Driving Licence Card Account (DLCA) at the end of the 2021/22 financial year has 12 filled posts, 15 vacant posts and 33 employees that are in contract. The majority of the DLCA staff are in contract.

Filling of SMS Posts

Table 13: SMS post information as at 31 March 2021

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 14	1	-	-	1	100%
Salary Level 13	3	1	33%	2	67%
Total	**4**	**1**	**25%**	**3**	**75%**

REASONS FOR VACANCIES NOT FILLED WITHIN SIX MONTHS

There was a need to revise the organizational structure after the take-over of the production facility, to include functions and positions, which are currently not on the structure. The Minister of Transport has pronounced the transfer of DLCA to RTMC as part of rationalization process of the roads entities and therefore DLCA was no longer required to go ahead with the proposed structure.

EMPLOYMENT CHANGE

Table 14: Annual turnover rates by salary band for the period 1 April 2021 to 31 March 2022

Salary Band	Number of employees at beginning of period -1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Management (Levels 13-14)	3	-	-	-
(Levels 1-12)	41	5	1	-
Total	**44**	**5**	**1**	**-**

Table 15: Reasons why staff left the Entity for the period 1 April 2021 to 31 March 2022

Termination type	Number	% of Total Resignations
Death	-	-
Resignation	1	-
Expiry of contract	-	-
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-

EMPLOYMENT EQUITY

Table 16: Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2021

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and Managers	5	-	-	-	1	-	-	-	**6**
Professionals	-	-	-		2	-	-	-	**2**
Technicians and associate professionals	9	4	-	4	17	1	1	1	**37**

The DLCA constitute of 51% Females and 49% Males; and 76% Black, 11% Coloured, 2% Indian and 11% white.

Table 17: Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2021

Occupational band	Male	Female	Total
Top Management	1	-	1
Senior Management	1	1	2
Professionally qualified and experienced specialists and mid-management	3	-	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	2	2
Semi-skilled and discretionary decision-making	16	19	35
Unskilled and defined decision making	1	1	2
Total	**22**	**23**	**45**

Table 18: Recruitment for the period 1 April 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	-	-	-	-	-	-	-	-	-

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	-	-	-	-	-	-	-	-	-
Semi-skilled and discretionary decision-making	-	-	-	-	-	-	-	-	-
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

There were no promotions of any occupations band for the period 1 April 2020 to 31 March 2021.

There were no terminations of any occupation band for the period 1 April 2020 to 31 March 2021.

SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here:

Table 19: Signing of Performance Agreements by SMS members as at 31 March 2022

SMS Level	Total number of funded SMS posts	Total number of SMS Members	Total number of signed performance agreements	Signed performance agreements as a % of total number of SMS members
Salary level 13	3	2	2	100%
Total	**3**	**2**	**2**	**100%**

Table 20: Annual Leave for the period 1 January 2021 to 31 December 2021

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	17	2	8.5
Skilled (Levels 3-5)	175	10	17.5
Highly skilled production (Levels 6-8)	523	22	23.8
Highly skilled supervision (Levels 9-12)	51	4	12.75
Senior management (Levels 13-16)	33	2	16.5
Total	**799**	**40**	**79.05**

Table 21: Sick Leave for the period 1 January 2021 to 31 December 2021

Salary band	Total days taken	Number of employees using sick leave	Average per employee
Lower skilled (Levels 1-2)	15	1	15
Skilled (Levels 3-5)	31	7	4.42
Highly skilled production (Levels 6-8)	53	11	4.81
Highly skilled supervision (Levels 9-12)	0	0	0
Senior management (Levels 13-16)	6	2	3
Total	**105**	**21**	**27.23**

UTILISATION OF CONSULTANTS

The following tables relate to information on the utilisation of consultants in the Entity. In terms of the Public Service Regulations "consultant" means a natural or juristic person or a partnership, who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to an Entity against remuneration received from any source:

(a) The rendering of expert advice.
(b) The drafting of proposals for the execution of specific tasks.
(c) The execution of a specific task, which is of a technical or intellectual nature, but excludes an employee of a department.

Table 22: Report on consultant appointments using appropriated funds for the period 1 April 2021 to 31 March 2022

Name of the consultant	Duration (work days)	Services Rendered	Contract value in Rand
Nexia SAB and T	01 April 2021 – 31 March 2022	Internal Audit	382 055.50
Titan Centre of Excellence	01 April 2021 – 31 March 2022	Background check	5 055.40
BEE online	01 April 2021 – 31 March 2022	BEE verification	12 650.00
SABS	01 April 2021 – 31 March 2022	ISO audit	16 876.25
CSIR	01 April 2021 – 31 March 2022	Technical Advisory on new driving licence card	2 231 931.50
Total			**2 648 568.56**

Report of the auditor-general to Parliament on the Driving Licence Card Account

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Driving Licence Card Account set out on pages 46 to 86, 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 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 Driving Licence Card Account as at 31 March 2022, and its financial performance and cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the trading 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.

Responsibilities of the accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting officer is responsible for assessing the trading 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 trading entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

8. 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.

9. 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 audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 25, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the trading 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 trading 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.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the trading entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 2 – Production	20

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the 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.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Production

Other matters

15. I draw attention to the matters below.

Achievement of planned targets

16. Refer to the annual performance report on pages 19 to 22 for information on the achievement of planned targets for the year and management's explanations provided for the under and over achievement of targets.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Production. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the trading entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

19. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

20. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes forewords by the Executive Authority and the Accounting Officer, an overview by the acting Head of Entity and a report from the Audit and Risk Committee. The other information does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

21. My opinion on the financial statements and 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.

22. 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 selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

23. I did not receive the other information prior to the date of this report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract the auditor's report and re-issue an

amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

24. 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 programme and on the trading 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 trading entity's internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
   - conclude on the appropriateness of the accounting officer'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 Driving Licence Card Account 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 trading 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 officer 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 officer 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.

PART E: FINANCIAL PERFORMANCE

Accounting Officer's Responsibilities and Approval

The Accounting officer is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting officer to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

The Accounting officer has reviewed the entity's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although the Accounting Officer is primarily responsible for the financial affairs of the entity, he is supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on pages 37 to 40.

The annual financial statements set out on pages 43 to 86, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 July 2019 and were signed on its behalf by:

Acting Head of Entity: Mr. Kagiso Kgosiemang

REPORT ON THE FINANCIAL STATEMENTS

Annual Financial Statements

for the period ended 31 March 2022

Index

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

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

The Accounting Officer has reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity. Although the Accounting Officer is primarily responsible for the financial affairs of the entity, he is supported by the entity's external auditors.

The annual financial statements set out in the next pages, which have been prepared on the going concern basis, were approved by the Acting Head on 31 July 2022.

Acting Head of the Entity: Mr Kagiso Kgosiemang

Statement of Financial Position as at 31 March 2022

Figures in Rand thousand	Note(s)	2022	2021 Restated*
Assets			
Current assets			
Inventories	3	8 370	48 821
Receivables from exchange transactions	4	3 879	11 248
Receivables from non-exchange transactions	5	107	133
Prepayments	6	-	1
Cash and cash equivalents	7	400 907	300 263
		413 263	**360 466**
Non-current assets			
Property, plant and equipment	8	60 428	83 034
Intangible assets	9	388	1 386
		60 816	**84 420**
Total Assets		**474 079**	**444 886**
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	10	25 722	35 052
Trade and other payables from non-exchange transactions	11	-	356
		25 722	**35 408**
Total Liabilities		**25 722**	**35 408**
Net Assets		**448 357**	**409 478**
Accumulated surplus		448 359	409 478

Statement of Financial Performance

Figures in Rand thousand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods	12	182 284	139 974
Gain on foreign exchange	12	387	531
Recoveries		-	62
Interest revenue	13	10 266	9 025
Total revenue from exchange transactions		**192 937**	**149 592**
Revenue from non-exchange transactions			
Taxation revenue			
Administration fees	12	15	22
Total revenue	12	**192 952**	**149 614**
Expenditure			
Contracted services	14	(2 649)	(1 196)
Cost of sales	15	(68 974)	(49 498)
Debt Impairment	16	(231)	-
Depreciation, amortisation and impairment	17	(31 736)	(31 270)
Employee related costs	18	(18 692)	(17 534)
General Expenses	19	(10 622)	(9 454)
Lease rentals on operating lease	20	(2 296)	(2 737)
Repairs and maintenance	21	(18 870)	(23 532)
Total expenditure		**(154 070)**	**(135 221)**
Surplus for the period		**38 882**	**14 393**

* See Note 33

Statement of Changes in Net Assets

Figures in Rand thousand	Accumulated surplus / (deficit)	Total net assets
Balance at 01 April 2020	**395 085**	**395 085**
Changes in net assets		
Surplus for the year	14 393	14 393
Total changes	14 393	14 393
Opening balance as previously reported	409 104	409 104
Adjustments		
Correction of errors	373	373
Balance at 01 April 2021 as restated*	**409 477**	**409 477**
Changes in net assets		
Surplus for the year	38 882	38 882
Total changes	38 882	38 882
Balance at 31 March 2022	**448 359**	**448 359**

* See Note 33

Cash Flow Statement

Figures in Rand thousand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		190 295	150 096
Interest income		10 266	9 025
Other Income		15	84
		200 576	159 205
Payments			
Employee costs		(18 709)	(17 255)
Suppliers		(71 924)	(100 687)
		(90 633)	(117 942)
Net cash flows from operating activities	22	**109 943**	**41 263**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(9 299)	(3 313)
Net cash flows from investing activities		**(9 299)**	**(3 313)**
Net increase/(decrease) in cash and cash equivalents		**100 644**	**37 950**
Cash and cash equivalents at the beginning of the year		300 263	262 313
Cash and cash equivalents at the end of the year	7	**400 907**	**300 263**

* See Note 33

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	245 436	18 886	**264 322**	182 284	**(82 038)**	26.1
Gain on foreign exchange	-	-	**-**	387	**387**	
Interest revenue	10 238	(3 254)	**6 984**	10 266	**3 282**	26.2
Total revenue from exchange transactions	**255 674**	**15 632**	**271 306**	**192 937**	**(78 369)**	
Revenue from non-exchange transactions						
Taxation revenue						
Administration fees	55	(32)	**23**	15	**(8)**	
Total revenue	**255 729**	**15 600**	**271 329**	**192 952**	**(78 377)**	
Expenditure						
Employee related costs	(31 633)	(6 645)	**(38 278)**	(18 692)	**19 586**	26.3
Depreciation, impairment and amortisation	(52 132)	10 373	**(41 759)**	(31 736)	**10 023**	26.4
Repairs and maintenance	(23 862)	(4 909)	**(28 771)**	(18 870)	**9 901**	26.6
Lease rentals on operating lease	(2 065)	(9 742)	**(11 807)**	(2 296)	**9 511**	26.9
Debt Impairment	(85)	20	**(65)**	(231)	**(166)**	
Contracted Services	(7 422)	2 242	**(5 180)**	(2 649)	**2 531**	26.5
Cost of sales	(74 646)	6 684	**(67 962)**	(68 974)	**(1 012)**	26.8
General Expenses	(25 497)	(4 774)	**(30 271)**	(10 622)	**19 649**	26.7
Total expenditure	**(217 342)**	**(6 751)**	**(224 093)**	**(154 070)**	**70 023**	
Surplus before taxation	**38 387**	**8 849**	**47 236**	**38 882**	**(8 354)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**38 387**	**8 849**	**47 236**	**38 882**	**(8 354)**	

* See Note 33

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Assets						
Current assets						
Inventories	20 148	(8 837)	**11 311**	8 370	**(2 941)**	
Receivables from exchange transactions	25 297	(3 475)	**21 822**	3 879	**(17 943)**	
Receivables from non-exchange transactions	-	-	-	107	**107**	
Cash and cash equivalents	120 570	252 079	**372 649**	400 907	**28 258**	
	166 015	**239 767**	**405 782**	**413 263**	**7 481**	
Non-current assets						
Property, plant and equipment	209 504	(142 555)	**66 949**	60 428	**(6 521)**	
Intangible assets	34 768	(32 455)	**2 313**	388	**(1 925)**	
	244 272	**(175 010)**	**69 262**	**60 816**	**(8 446)**	
Total Assets	**410 287**	**64 757**	**475 044**	**474 079**	**(965)**	
Liabilities						
Current liabilities						
Payables from exchange transactions	8 469	10 237	**18 706**	25 722	**7 016**	
Provisions	220	(220)	-	-	-	
	8 689	**10 017**	**18 706**	**25 722**	**7 016**	
Total Liabilities	**8 689**	**10 017**	**18 706**	**25 722**	**7 016**	
Net Assets	**401 598**	**54 740**	**456 338**	**448 357**	**(7 981)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	401 598	54 740	**456 338**	448 357	**(7 981)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	245 491	29 489	**274 980**	190 295	**(84 685)**	
Interest income	25 112	-	**25 112**	10 266	**(14 846)**	
Other receipts	-	-	-	15	**15**	
	270 603	**29 489**	**300 092**	**200 576**	**(99 516)**	
Payments						
Employee costs	(25 112)	(13 166)	**(38 278)**	(18 709)	19 569	
Suppliers	(147 433)	5 942	**(141 491)**	(71 924)	69 567	
	(172 545)	**(7 224)**	**(179 769)**	**(90 633)**	**89 136**	
Net cash flows from operating activities	**98 058**	**22 265**	**120 323**	**109 943**	**(10 380)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(3 879)	(19 721)	**(23 600)**	(9 299)	**14 301**	
Purchase of other intangible assets	(6 958)	1 958	**(5 000)**	-	**5 000**	
Net cash flows from investing activities	**(10 837)**	**(17 763)**	**(28 600)**	**(9 299)**	**19 301**	
Net increase/(decrease) in cash and cash equivalents	87 221	4 502	**91 723**	100 644	**8 921**	
Cash and cash equivalents at the beginning of the year	-	-	-	300 263	**300 263**	
Cash and cash equivalents at the end of the year	**87 221**	**4 502**	**91 723**	**400 907**	**309 184**	

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

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

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

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables from exchange transactions and non-exchange transactions

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 surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Provision for impairment is done at amortised cost.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Contingent liabilities

Management considers the existence of possible obligations which may arise from legal action as well as the possible noncompliance of the requirements of completion of guarantees. The estimation of the amounts disclosed is based on the expected possible outflows of economic benefits should there be a present obligation.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Effective interest rate and deferred settlement terms

The entity used the effective interest rate as determined by National Treasury to discount future cash flows.

Allowance for doubtful debts

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

Useful lives and residual values

The entity re-assesses the useful lives and residual values of property, plant and equipment and intangible assets on an annual basis and in doing so considers the condition in use of the individual assets to determine the remaining period over which the asset will be used.

Property, plant and equipment and Intangible assets

The carrying amounts of property, plant and equipment and intangible assets are affected with the annual review of useful lives, current residual values and depreciation and amortisation methods. Property, plant and equipment and intangible assets are also affected with the determination of the fair value of certain assets on initial recognition.

Non-financial assets

The entity reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss.

1.5 Intangible assets

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

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

Initial recognition

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.

Intangible assets are initially recognised at cost

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

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

Subsequent measurement

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

Accounting Policies

1.5 Intangible assets (continued)

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Useful life
Computer software-acquired	Straight line	4

Derecognition

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 Inventories

Intial recognition

Inventory is recognised as an asset when:
- it is controlled by the entity;
- as a result of a past event (acquisition or production thereof);
- from which it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost (or fair value) of the inventory can be measured reliably.

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale.
Net realisable value is reviewed on the annual basis.
Initial measurement

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Subsequent measurement

Accounting Policies

1.6 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. 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. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Cash and cash equivalents

Cash and cash equivalents are measured at cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

1.8 Receivables from exchange and non-exchange transactions

Identification

Receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

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

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

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

The transaction amount (for purposes of this Standard) for a receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises receivables as follows:

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

Initial measurement
The entity initially measures receivables at their transaction amount.

Subsequent measurement

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

Accounting Policies

1.8 Receivables from exchange and non-exchange transactions (continued)

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

Accrued interest

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

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

Impairment losses

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

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

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

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

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

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

Derecognition

The entity derecognises a receivable, or a part thereof, when:

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

- derecognise the receivable; and

- recognise separately any rights and obligations created or retained in the transfer.

Accounting Policies

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

1.9 Trade and other payables from exchange and non-exchange transactions

Trade and other payables from exchange and non-exchange transactions are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, such as salaries, bonuses, and other contributions are recognised in the period in which the service is rendered and are not discounted.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for this benefit. The entity recognises termination benefits when the employment of employee has been terminated.

1.11 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.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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

Accounting Policies

1.11 Property, plant and equipment (continued)

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. Trade discounts and rebate are deducted in arising at the cost.

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

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

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

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

Item	Depreciation method	Average useful life
Machinery	Straight line	25 years
Furniture and fixtures	Straight line	10 years
Office equipment	Straight line	3-10 years
IT equipment	Straight line	4-5 years
Uninterrupted Power Supply	Straight line	6 years
Other property, plant and equipment	Straight line	4 years
Live Enrolment Unit	Straight line	6 years
Live Capture Unit	Straight line	6 years

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

1.12 Impairment of cash-generating assets

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimates unless expectations differ from the previous estimate.

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.

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.

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

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Value in use

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

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

Cash-generating units

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

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

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

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

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

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

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

Reversal of impairment loss

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

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

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

Accounting Policies

1.13 Impairment of non-cash-generating assets

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimates unless expectations differ from the previous estimate.

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

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Reversal of an impairment loss

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

Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

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

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

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

1.14 Related parties

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

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

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

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

Key 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 annual financial statements.

1.15 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessee

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

Accounting Policies

1.16 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.

Classification

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

Class	**Category**
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at cost

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

Class	**Category**
Trade and other payables from exchange	Financial liability measured at amortised cost
Trade and other payables from non-exchange	Financial liability measured at amortised cost

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 measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

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 accounts 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 fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Accounting Policies

1.16 Financial instruments (continued)

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Accounting Policies

1.16 Financial instruments (continued)

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.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The 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.

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.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.17 Revenue from exchange transactions

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

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

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

Accounting Policies

1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

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.

Recognition

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

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

Measurement

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

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

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.19 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all deficits of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.20 Taxation

The entity has been exempted from income tax in terms of the provisions of section 10(1)(cA)(I) of the Income Tax Act 58 of 1962.

1.21 Commitments

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

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

Accounting Policies

1.22 Translation of foreign currencies Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.23 Comparative figures

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

1.24 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.25 Fruitless and wasteful expenditure

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

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

1.26 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -
(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

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

Accounting Policies

1.26 Irregular expenditure (continued)

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

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

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

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

1.27 Budget information

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

The approved budget covers the fiscal period from 01/04/2021 to 31/03/2022.

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

Comparative information is not required.

1.28 Events after reporting date

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

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

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

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:

	Expected impact:
GRAP 104: Financial Instrument	No material impact
GRAP 25: Employee Benefits	No material impact

3. Inventories

	2022	2021
Raw materials, components	8 363	48 360
Finished goods	7	461
	8 370	**48 821**

Inventory pledged as security

No Inventory was pledged as security

4. Receivables from exchange transactions

	2022	2021
Trade debtors	43 215	23 401
Cards produced but not yet delivered	(38 439)	(11 487)
Trade and other receivables impairments	(897)	(666)
	3 879	**11 248**

No receivables from exchange transactions were pledged as security.

The fair value of trade and other receivables is equal to the invoice amounts related to these receivables.

The impairment of trade receivables has been determined with reference to past default experience and the current economic environment. Interest was charged on overdue accounts over 120 days.

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

4. Receivables from exchange transactions (continued)

Other receivables from exchange transactions past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2022, balances were R3 879 (2021: R11 248) net of impairment.

It is uneconomical to initiate legal action or to continue legal pursuit on defaulting debtors as at 31 March 2022. The ageing of amounts past due but not impaired is as follows:

March 2022	Not impaired Current	Not impaired 30 days	Impaired 60 days	Impaired 90 days	Impaired 120 days	Total
Outstanding balance in R	26 783	12 924	2 060	1 039	409	43 215
Impaired	-	-	(333)	(312)	(252)	(897)
Unearned income	(26 783)	(11 656)	-	-	-	(38 439)
	-	**1 268**	**1 727**	**727**	**157**	**3 879**
Outstanding balance in %	- %	33 %	45 %	18 %	4 %	100 %

March 2021	Not impaired Current	Not impaired 30 days	Impaired 60 days	Impaired 90 days	Impaired 120 days	Total
Outstanding balance in R	19 922	1 893	239	394	953	23 401
Impaired	-	-	(86)	(164)	(416)	(666)
Unearned income	(11 487)	-	-	-	-	(11 487)
	8 435	**1 893**	**153**	**230**	**537**	**11 248**
Outstanding balance in %	75 %	17 %	1 %	2 %	5 %	100 %

Other receivables from exchange transactions

The amount of the provision was R897 at 31 March 2022 (2021: R666).

The ageing of these loans is as follows:

Impairment of trade and other receivables from exchange transactions

	2022	2021
Opening Balance	(666)	(728)
Movement during the period	(231)	62
	(897)	**(666)**

5. Receivables from non-exchange transactions

	2022	2021
Other receivables from non-exchange transactions	107	133

No receivables from non-exchange transactions were pledged as security.

6. Prepayments

	2022	2021
Live Enrolment Unit	-	1

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1	1
Bank balances	184 146	90 924
Short-term deposits	216 760	209 338
	400 907	**300 263**

None of the cash and cash equivalents are considered to be impaired and consequently no provision was raised for the irrecoverability of these financial assets. No restrictions have been placed on the use of cash and cash equivalents for the operating of the entity.

The entity had the following bank accounts

Account number/description	**Bank statement balances**			**Cash book balances**		
	31/03/2022	**31/03/2021**	**31/03/2020**	**31/03/2022**	**31/03/2021**	**31/03/2020**
ABSA Bank- Cheque Acc	175 501	86 552	58 893	175 501	86 552	58 893
FNB- Cheque Acc	8 646	4 372	1 339	8 646	4 372	1 339
FNB- Short period	216 759	209 338	202 075	216 759	209 338	202 075
Petty Cash	1	1	6	1	1	6
Total	**400 907**	**300 263**	**262 313**	**400 907**	**300 263**	**262 313**

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

8. Property, plant and equipment

	31 March 2022			31 March 2021		
	Cost	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Computer Equipment	19 840	(9 163)	10 677	11 988	(7 290)	4 698
Furniture	8 213	(4 702)	3 511	8 213	(4 195)	4 018
Live Capture Unit	86 917	(86 917)	-	86 917	(86 917)	-
Office Furniture & equipment	1 884	(906)	978	1 605	(677)	928
Live Enrolment Unit	165 543	(121 032)	44 511	165 543	(93 670)	71 873
Uninterrupted Power Supply	7 490	(7 490)	-	7 490	(7 490)	-
Machinery	19 152	(18 401)	751	19 152	(17 635)	1 517
Total	**309 039**	**(248 611)**	**60 428**	**300 908**	**(217 874)**	**83 034**

Reconciliation of property, plant and equipment - March 2022

	Opening balance	**Additions**	**Depreciation**	**Total**
Computer Equipment	4 697	7 852	(1 872)	10 677
Furniture	4 018	-	(507)	3 511
Office Furniture & equipment	928	279	(229)	978
Live Enrolment Unit	71 873	-	(27 362)	44 511
Machinery	1 517	-	(766)	751
	83 033	**8 131**	**(30 736)**	**60 428**

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - March 2021

	Opening balance	Additions	Depreciation	Impairment loss	Total
Computer Equipment	1 827	3 776	(905)	-	4 698
Furniture	4 567	-	(549)	-	4 018
Live Capture Unit	60	-	(60)	-	-
Office Furniture & equipment	359	705	(136)	-	928
Live Enrolment Unit	99 712	-	(27 590)	(249)	71 873
Machinery	2 283	-	(766)	-	1 517
	108 808	4 481	(30 006)	(249)	83 034

Pledged as security

No property, plant and equipment assets were pledged as security.

9. Intangible assets

	31 March 2022			31 March 2021		
	Cost	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software-acquired	11 998	(11 610)	388	11 998	(10 612)	1 386

Reconciliation of intangible assets - March 2022

	Opening balance	Amortisation	Total
Computer software-acquired	1 386	(998)	388

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

9. Intangible assets (continued)

Reconciliation of intangible assets - March 2021

	Opening balance	Amortisation	Total
Computer software-acquired	2 401	(1 015)	1 386

Pledged as security

No intangible assets were pledged as security.

10. Trade and other payables from exchange transactions

	2022	2021
Trade payables	1 785	27 003
Income received in advanced	14 130	1 058
Accrued leave pay	773	790
Accrued expense	8 579	5 206
Department of Transport	455	995
	25 722	**35 052**

11. Trade and other payables from non-exchange transactions

	2022	2021
Department of Public Service and Administration	-	356

12. Revenue

	2022	2021
Sale of goods	182 284	139 974
Gain on foreign exchange	387	531
Recoveries	-	62
Interest received	10 266	9 025
Administration fees	15	22
	192 952	**149 614**

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

	2022	2021
Sale of goods	182 284	139 974
Interest received	10 266	9 025
Recoveries	-	62
Gain on foreign exchange	387	531
	192 937	**149 592**

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

	2022	2021
Taxation revenue		
Administration fees	15	22
Transfer revenue		

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

13. Investment revenue

Interest revenue		
Bank	10 205	8 824
Interest charged on trade and other receivables	61	201
	10 266	**9 025**

14. Contracted services

Auditing fees - Internal	382	1 109
Consulting - Other	2 267	87
	2 649	**1 196**

15. Cost of sales

Sale of goods		
Cost of goods sold	68 974	49 498

16. Debt impairment

Debt impairment	231	-

17. Depreciation, amortisation and impairments

Computer equipment	1 873	905
Computer software-acquired	999	1 014
Furniture	507	550
Live Capture Unit	-	60
Live Enrolment Unit	27 362	27 839
Office, furniture and equipment	229	136
Machinery	766	766
	31 736	**31 270**

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021
18. Employee related costs		
Basic	15 639	15 743
Non - executive emoluments	208	208
Bonus	-	260
Medical aid - company contributions	124	117
UIF	105	68
SDL	161	143
Leave pay provision charge	(3)	278
Travel, motor car, accommodation, subsistence and other allowances	34	20
Overtime payments	888	65
13th Cheques	302	94
Acting allowances	275	286
Housing benefits and allowances	70	69
Other allowance	32	7
Pension Fund	178	176
Non-pensionable allowance	679	-
	18 692	**17 534**

Remuneration of Acting Head: Sandiso Thutshini		
Annual Remuneration	-	-
Car Allowance	-	-
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	-	-
	-	**-**

Mr. Sandiso Thutshini was appointed as an Acting Head as at 15th November 2021. No remuneration was paid as he is acting in a position that is equal to his current position.

Remuneration of Acting Chief Financial Officer: Mr. Lehasa Moloi		
Annual Remuneration	777	753
Acting Allowance	166	232
Performance Bonuses	-	19
Contributions to UIF, Medical and Pension Funds	12	12
Other	5	-
	960	**1 016**

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021
18. Employee related costs (continued)		
Remuneration of Senior Manager - Production and Infrastructure: Ms. Mpolokeng Mokone		
Annual Remuneration	1 097	1 097
Car Allowance	-	-
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	13	13
Other	1	1
	1 111	**1 111**
Remuneration of Risk, Governance and Compliance - Senior Manager: Mr. Lufuno Lifhiga		
Annual Remuneration	1 057	1 057
Car Allowance	-	-
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	12	12
	1 069	**1 069**
Remuneration of Acting Head-Dr. Nkosinathi Sishi		
Annual Remuneration	-	-
Car Allowance	-	-
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	-	-
	-	**-**

The Acting Head Mr Nkosinathi Sishi resigned on 30 October 2020. No remuneration was paid as he was acting in a position that is lower than his current position.

19. General expenses		
Advertising	28	56
Auditors remuneration	3 365	3 511
Bank charges	328	255
Bursaries	41	67
Cleaning	103	249
Computer expenses	1 775	76
Entertainment	68	45
Postage and courier	2 358	2 164
Printing and stationery	272	120
Security	1 004	924
Storage	187	215
Subscriptions and membership fees	89	184
Telephone and fax	463	401
Training	29	245
Travel - local	512	942
	10 622	**9 454**

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021
20. Lease rentals on operating lease		
Premises - Contractual amounts	2 218	2 092
Equipment - Contractual amounts	78	81
Mobile Truck - Contractual amounts	-	564
	2 296	**2 737**
21. Repairs and Maintenance		
Live Capturing Unit support	5 384	147
Other repairs and maintenance	6 241	6 995
Live Enrolment Unit post realisation	7 245	16 390
	18 870	**23 532**
22. Cash generated from operations		
Surplus	38 882	14 393
Adjustments for:		
Depreciation, amortisation and impairment	31 736	31 270
(Gain)Loss on foreign exchange	(1 588)	(2 165)
Debt impairment	253	-
Changes in working capital:		
Inventories	40 451	(32 585)
Receivables from exchange transactions	7 369	10 148
Other receivables from non-exchange transactions	26	(26)
Prepayments	1	-
Trade and other payables from exchange transactions	(6 831)	19 872
Trade and other payable from non-exchange transactions	(356)	356
	109 943	**41 263**

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

23. Commitments

Authorised operational expenditure

Already contracted for but not provided for		
• Cost of Sales	67 336	3 370
• Contracted Services	3 257	5 893
• General expenses	2 191	1 901
• Repairs and Maintenance	7 372	8 858
	80 156	**20 022**
Total operational commitments		
Already contracted for but not provided for	80 156	20 022

The commitment relates to the transactions that will result in the outflow of resources.

The entity procured courier services from DSV Road (Pty) Ltd for delivery of cards. The courier commenced in December 2020 for a period of 36 months.

Rates
- Kilogram (0-5kg) is R65.49.
- Kilometre rate: Urban area is R1.58.
- Kilometre rate: Rural area is R2.44.
- Kilometre rate: Remote area is R2.99.
- All rates above are quoted excluding VAT.
- The estimated increase for 2022 is 6.5%.

The Entity has a contract with Vodacom for the bulk SMS and cellphones. The billing for SMS is charged per SMS sent to the applicant. The billings are 0.15 cents per SMS and cellphone is charged per calls made per month. The cellphone contracts for qualifying employees as well as internet modems are also procured through Vodacom in participation on the National Treasury cellphone transversal contract.

The Entity has a contract with Maputunuka ICT for the LEU and LCU maintenance for the period for 3 years at the labour rate of R 450.00 per hour.

The Entity has a contract with Binda Communication for the LEU and LCU maintenance for the period for 3 years at the labour rate of R 450.00 per hour.

The Entity has a contract with Liquid Capital (formerly Neotel) for the internet and calls. The billing is charged per data and calls usage per month.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	2 395	1 364
- in second to fifth year inclusive	8 341	138
	10 736	**1 502**

The Entity entered into a lease agreement for two printers. The lease terms are 36 months with an option of renewal. The monthly rentals are R2 249.64 and R4 267.31 with no escalation clause. The contract for the former machine commenced in July 2020 and is set to expire in June 2023. The latter commenced in January 2021 and will expire in December 2023.

The Entity has a contract with SITA for the lease of building for the period of 5 years commencing from 01 November 2021- 31 October 2026 with escalation clause of 6% every year.

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

24. Related parties

The Driving Licence Card Account is a trading entity that reports to and is controlled by the Department of Transport. Balances arise from transactions with Department of Transport due to payments made on behalf of the Driving Licence Card Account by the Department. These payments were made to consultants and other service providers.

Related party balances

	2022	2021
Amounts included in Trade Payables regarding related parties		
Department of Transport	455	995

Related party transactions

	2022	2021
Payment made to related parties		
Department of Transport	2 938	1 960

Remuneration of management

Executive management

*Refer to note 18" Employee related costs"

25. Non-Executive management

No emoluments were paid to the member or any individuals holding a prescribed office during the year.

A new audit committee was appointed during the Financial year, for a 3-year contract ending in 2023.

Non-executive

31 March 2022

	Committees fees	Total
Dr. Prittish Dala (Chairperson)	80	80
Adv. Thato Mohapi	56	56
Mr. X Sikhakhane	-	-
Mrs. Miseria Nyathi	72	72
	208	**208**

31 March 2021

	Committees fees	Total
Dr. Prittish Dala (Chairperson)	80	80
Mrs. Miseria Nyathi	64	64
Mr. X Sikhakhane	-	-
Adv. Thato Mohapi	64	64
	208	**208**

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

26. Budget differences

Differences between budget and actual amounts basis of preparation and presentation

26.1 Sales of goods

The sale of goods figure has not exceeded the budget amount due to a decrease in the number of cards that were billed.

26.2 Interest received

Interest received is higher than budgeted as there is improved liquidity in the accounts, also as a result of the major projects not yet realised.

26.3 Employee related costs

Employee costs below budget due to the structure that is still not approved.

26.4 Depreciation, amortisation and impairment

Depreciation and amortisation costs were below budget due to the timing differences with regard to the deployment of new production machine.

26.5 Contracted services

Contract services has not exceeded budget amount due to a minimal use of consultants.

26.6 Repairs and maintenance

The budget for repairs and maintenance has not exceeded the budgeted amount due to saving on rate hour charged by new service provider.

26.7 General expenses

Other expenditures were below budget due to cost control on stationery, travel and accommodation, bursaries, legal costs, advertising, facilities management, foreign exchange loss and entertainment expenses.

26.8 Cost of Sales

The cost of sales figure has slightly exceeded budgeted amount due to the cost testing machine for watermark paper. This cost was unforeseen.

26.9 Lease rental on operating lease

Lease rental costs were below budget amount due to procurement process to acquire new building was not finalised in the current period under review.

Budget Amount

The budget amounts presented on the statement of comparison of budget and actual amounts are from 01 April 2021 to 31 March 2022.

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

27. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the EXCO and includes a note to the annual financial statements.

Material and maintenance of production machine were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Head of the Entity who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Deviation		
Sole provider	88 561	21 134
National Treasury approval	10 926	4 107
Extensions and variations	57	25
Emergency	-	15
Three quotations not obtained	112	-
	99 656	**25 281**

28. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At amortised cost	At cost	Total
Trade and other receivables from exchange transactions	3 879	-	3 879
Other receivables from non-exchange transactions	107	-	107
Cash and cash equivalents	-	400 907	400 907
	3 986	**400 907**	**404 893**

Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	25 720	25 720

2021

Financial assets

	At amortised cost	At cost	Total
Trade and other receivables from exchange transactions	11 248	-	11 248
Other receivables from non-exchange transactions	133	-	133
Cash and cash equivalents	-	300 263	300 263
	11 381	**300 263**	**311 644**

Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	35 052	35 052
Taxes and transfers payable (non-exchange)	356	356
	35 408	**35 408**

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

29. Risk management

Foreign currency risk management

Foreign currency exposures arise from the purchase of material. When orders are placed the risk is assessed to determine whether or not forward cover is required.

Forward exchange contracts - recognised transactions

No forward exchange contracts were entered into during the financial years ended 31 March 2022 and 31 March 2021.

Material	68 974	49 603

Interest rate risk management

The entity is exposed to interest rate risk as it places funds in the current account at floating interest rates. Interest rate risk is managed through effective cash management. The net interest income at 31 March 2022 was R10 266 (2021: R9 025)

The interest rate re-pricing profile at 31 March 2022 is summarised as follows:

Cash and cash equivalents	400 907	300 263
% of total bank statements	100	100

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The company manages liquidity risk through the compilation and monitoring of cash flow forecasts as well as ensuring that there are adequate banking facilities. The data for this analysis is determined from internal reports presented to key management personnel. It is based on information that is managed internally on the entity's financial management system.

The maturity profiles of the financial instruments are summarised as follows:

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

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

29. Risk management (continued)

2022	Within 1 month	1-3 months	3-12 months	1-5 years	Total
	R'000	R'000	R'000	R'000	
Receivables from non-exchanged transactions	107	-	-	-	107
Receivables from exchanged transactions	-	2 995	884	-	3 879
Cash and cash equivalents	400 907	-	-	-	400 907
Subtotal	401 014	2 995	884	-	404 893
	401 014	**2 995**	**884**	**-**	**404 893**

					Total
Trade and other payables from exchange transactions	25 720	-	-	-	25 720
Subtotal	25 720	-	-	-	25 720
	25 720	**-**	**-**	**-**	**25 720**

2021	Within 1 month	1-3 months	3-12 months	1-5 years	Total
	R'000	R'000	R'000	R'000	
Receivables from non-exchanged transactions	133	-	-	-	133
Receivables from exchanged transactions	8 435	2 046	767	-	11 248
Cash and cash equivalents	300 263	-	-	-	300 263
	308 831	2 046	767	-	311 644
	308 831	**2 046**	**767**	**-**	**311 644**

					Total
Trade and other payables from exchange transactions	35 052	-	-	-	35 052
Trade and other payables from no-exchange transactions	356	-	-	-	356
	35 408	-	-	-	35 408
	35 408	**-**	**-**	**-**	**35 408**

Credit risk

Potential concentrations of credit risk consist mainly of cash and cash equivalents and trade receivables. The DLCA limits its counterparty exposures from its bank accounts by only dealing with well-established financial institutions of high quality credit standing.

Trade receivables comprise a large number of customers within the government sphere and spread throughout the country. Trade and other receivables are shown net of impairment.

At 31 March 2022, the DLCA did not consider there to be any significant concentration of credit risk which had not been adequately provided for. The amount in the statement of financial position is the maximum exposure to credit risk.

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

29. Risk management (continued)

Market risk

Foreign exchange risk

The entity does not hedge foreign exchange fluctuations.

Fair value of financial instruments

In the opinion of the entity management the book value of the financial instruments approximates their fair value. The following methods and assumptions were used by the Driving Licence Card Account in establishing fair values:

Financial instruments not traded in an active market at 31 March 2021 and 31 March 2022 the carrying amounts of cash and deposits, accounts receivable, accounts payable at cost and short-term borrowings approximated their fair values due to the short term maturities of these assets and liabilities.

Related party debt

The carrying amounts of related party debt approximate their fair values.

30. Contingencies

Contingent liabilities

Section 53(3) of the PFMA states that a public entity may not accumulate surpluses unless prior written approval of the National Treasury has been obtained. The retention for the current year surplus of R 379,173,000.00 has not yet been approved.

31. Irregular expenditure

Opening balance as previously reported	291 730	267 651
Add: Irregular Expenditure - Current year	10 882	24 079
Balance before condoned	**302 612**	**291 730**
Closing balance	**302 612**	**291 730**

Analysis of expenditure awaiting condonation per age classification		
Current year	10 882	5 492
Prior years	291 730	286 238
	302 612	**291 730**

The irregular expenditure disclosed in the current year emanates from non-compliance in the prior years, which has not yet been condoned

Calculation of evaluation points

The irregular expenditure was incurred as a result of a different interpretation of Practice note SCM 2 of 2006 in prior years.

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

31. Irregular expenditure (continued)

Framework

The delegation of authority framework was entered into between the Department of Transport and DLCA in 2016/2017. The AGSA asserts that expenditure incurred before these delegations were in place is irregular. Expenditure incurred during 2021/2022 relating to these contracts is R 10 882 122.00

DLCA will apply for condonation relating to irregular expenditure as reported in the 2022/2023 financial year.

Acting Allowance

During the 2019/20 financial year an internal investigation was conducted concerning the acting allowance of two officials. The investigation required the entity to consult the Department of Transport legal services branch about the investigation. If the legal department concurs with the investigation outcomes and its recommendations, this may lead to irregular expenditure of R 451,960.00. As at the date of reporting, no response has been received from the Department.

32. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

33. Prior period errors

The computer equipment depreciation was incorrectly calculated. This error only affected the period ended 2021.

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Property, plant and equipment	-	373
Statement of financial performance		
Depreciation expense	-	(373)

34. Comparative figures

Certain comparative figures have been reclassified.

The cost amount of R1,168,000.00 for office furniture was reclassified to computer equipment on the property, plant and equipment note. The eye-test units were incorrectly classified under office furniture.

35. Events after the reporting date

Surplus retention and surrender

The 2020/2021 surplus retention of R276,237,000.00 was partially approved for R200,000,000.00 on 24th June 2022. DLCA is to repay R76,237,000.00 to National Treasury by 15th August 2022.

Impact of COVID 19

The Entity has determined that these events are non-adjusting subsequent events. The duration and impact of the COVID 19 pandemic, as well as the effectiveness of the government responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and the results of the Entity for future periods.

The Entity is not aware of any other material event which occurred after the reporting date and up to the date of this report.

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