



NATIONAL CONSUMER COMMISSION

a member of *the dtic* group

2021-2022

ANNUAL REPORT

**NATIONAL CONSUMER
COMMISSION**

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NATIONAL CONSUMER COMMISSION

a member of **the dtic** group

PART A

GENERAL INFORMATION

REGISTERED NAME: NATIONAL CONSUMER COMMISSION

PHYSICAL ADDRESS: 1 Dr Lategan Road, SABS Campus,
Groenkloof, Pretoria

POSTAL ADDRESS: P.O. Box 36628
Menlo Park
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TELEPHONE NUMBER/S: 012 428 7000

EMAIL ADDRESS: Commissioner@thenc.org.za

WEBSITE ADDRESS: <http://www.thenc.org.za/>

EXTERNAL AUDITORS: Rain Chartered Accountants Inc

COMPANY SECRETARY: Mr Joseph Selolo

2. List Of Abbreviations/Acronyms

APP	Annual Performance Plan
CCRB	Consumer and Corporate Regulation Branch
CPA/ Consumer Protection Act	Consumer Protection Act No. 68 of 2008
DPSA	Department of Public Service and Administration
Executive Authority / the DTIC	Department of Trade, Industry, and Competition
FPP	Fraud Prevention Plan
GRAP	Generally Recognised Accounting Practices
NCC	The National Consumer Commission
NCT /Tribunal	National Consumer Tribunal
PFMA	Public Finance Management Act, Act No. 1 of 1999
Portfolio Committee	Portfolio Committee on Trade, Industry, and Competition

3. Minister of Trade, Industry & Competition's Foreword



It is my pleasure to table the Annual Report of the National Consumer Commission (NCC) for the 2021/22 financial year.

The Commission has an important mandate. The Report sets out the work completed to fulfil that mandate.

I thank the NCC team for their efforts in the past year.

A handwritten signature in black ink, appearing to read 'Ebrahim Patel', written over a horizontal line.

Mr Ebrahim Patel

Minister of Trade, Industry and Competition

4. Submission of the Annual Report To The Executive Authority

4. SUBMISSION OF THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

The Honourable Minister
Mr. Ebrahim Patel
Department of Trade, Industry, and Competition
Pretoria

Dear Sir

SUBMISSION OF NATIONAL CONSUMER COMMISSION ANNUAL REPORT 2021/22

I refer to the provisions of the Public Finance Management Act and the Shareholder Compact entered into between the Executive Authority and the National Consumer Commission.

I attach hereto, the Annual Report of the National Consumer Commission for the 2021/22 financial year, which has been drafted in accordance with National Treasury guidelines and templates.

Yours faithfully



Ms. Thezi Mabuza
Acting Commissioner
National Consumer Commission
29 July 2022

5. Commissioner's Overview



The NCC's has achieved 7 out of its 7 targets and a clean audit opinion in this 2021/2022 financial year.

The NCC enjoyed good media coverage with a positive tone, and strides were made to reach consumers through community radio stations and online platforms. In this regard, the NCC participated in the following media activities: 195 radio interviews

The NCC had to align to the directive of reducing cost as dictated by the reduction of baseline appropriations for the line items related.

The NCC could not adjust employees' salaries to match the Cost-of-Living Adjustments for the financial years 2019/20, 2020/21 and 2021/22. In 2020/21 and 2021/22, there were deficits of R1.684 million in 2021 and R82.6

(national, regional and community stations), 28 TV interviews, 156 online news clips (local, regional and national), 78 print media coverage (community, regional and national newspapers articles), 254 sound bites for national, regional and community radio stations.

The NCC issued media statements relating to the Section 24, Regulation 350 following KwaZulu Natal and Gauteng unrest, Liqui Fruit recall, Ceres Apple Juice recall, an investigation into the conduct of Elgine, an investigation into the conduct of Grandisync, Black Friday special and the CPA, Youth Month, Coca-Cola Appletiser recall, Tiger brands recall, Similac Alimentum recall, McCain recalls, and World Consumer Rights Day.

The NCC received 3274 complaints during the 2021/22 financial year. 1639 complainants were male (50%), 1232 (38%) were female, and 403 (12%) were legal entities. The top three categories of complaints were: telecoms with 1351 (41%), Motor vehicles with 881 (27%), and retail with 470 (14%).

thousand in 2022 when comparing the total expenditure against the revenue in the Statement of Financial Performance.

The financial constraints pose a challenge to the operations at the NCC. They will lead to the inability to reach performance targets, high staff turnover in key positions, low staff morale and labour unrest if not addressed swiftly. In 2020/21 and 2021/22, the NCC had 9 and 5 resignations, respectively, due to the uncompetitive salary scales. The uncompetitive salary scales created a problem of the NCC not being able to fill advertised positions like in ICT-related positions.

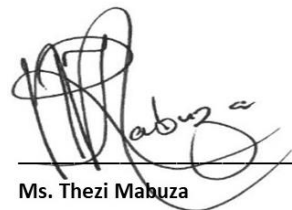
The NCC is at an advanced stage of implementing the new ICT Backend Infrastructure Upgrade Project that will include offsite data replication. It is envisaged that the project will be completed by the end of Quarter 4 of 2022/23 and will replace the ageing infrastructure.

I would like to thank the Audit & Risk Committee members and the Internal and External Auditors for the support and

The NCC's financial performance is still within the acceptable levels with an overall negative variance of 0.38%. Though the NCC is declared a "going concern" for 2022/23, there is however a trend that is emerging that may be a risk within the Strategic Framework period concerning the financial status/ viability of the NCC. to the Cost of Employment and general expenses.

guidance provided for the period under review.

I would also like to appreciate the commitment displayed by management and the staff in the improvement of internal controls.

A handwritten signature in black ink, appearing to read 'Thezi Mabuza', written over a horizontal line.

Ms. Thezi Mabuza
Acting Commissioner
National Consumer Commission
29 July 2022

6. Statement Of Responsibility And Confirmation Of Accuracy For The Annual Report

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

All information and amounts disclosed in the annual report are consistent with the Annual Financial Statements audited on behalf of the Auditor-General.

The Annual Report is complete, accurate and free from any omissions. The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

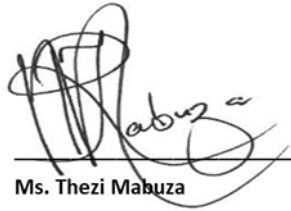
The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognized Accounting Practice (GRAP) standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and the judgements made on this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The External Auditors are engaged to express an independent opinion on the Annual Financial Statements. In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2022.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Thezi Mabuza', is written over a horizontal line.

Ms. Thezi Mabuza
Acting Commissioner
National Consumer Commission
29 July 2022

7. Strategic Overview

7.1 Vision

In pursuance of its strategic mandate, as enshrined in the CPA, the vision of the NCC is: **“To be that national consumer protection regulatory authority that is proactive and responsive to ensuring effective Consumer Protection.”**

7.2 Mission

The mission of the NCC is: **“To be that institution which tackles unfair business practice, promotes compliance and ensures redress by enforcing the law through Advocacy, Prosecutions, Investigations, coordinating efforts with other institutions and at all times continuously educate consumers, continuously educate ourselves through relevant research and being seen to be fair”.**

7.3 Values

Values are common traits and attributes that guide how the organisation will relate with its stakeholders and operate. They are intended to define and shape the culture of the NCC and guide how staff members interact both internally and with all other stakeholders. The NCC believes in and is committed to the following values:

- a) Professionalism
- b) Integrity (Ethical, Moral Standards, Honesty and Truthfulness)
- c) Transparency
- d) Credibility (Trusted and Consistent)
- e) Accountability
- f) Teamwork

8. Legislative And Other Mandates

8.1 Consumer Protection Act 68 Of 2008

8.1.1 The NCC is established in terms of Section 85 of the Consumer Protection Act No. 68 of 2008 (CPA) with jurisdiction throughout the Republic of South Africa. The NCC reports to the Department of Trade, Industry and Competition (“**the dtic**”), and particularly to the Minister, **the dtic**’s Public Entity Oversight Unit and its Consumer and Corporate Regulation Branch (CCRB).

8.1.2 The NCC is charged with the responsibility to enforce and carry out the functions assigned to it in terms of the CPA. The CPA seeks to promote a fair, accessible and sustainable marketplace for consumer products and services and for that purpose, to establish national norms and standards relating to consumer protection. It further seeks to provide for improved standards of consumer information, prohibit certain unfair marketing and business practices, promote responsible consumer behaviour and promote a consistent legislative and enforcement framework relating to consumer transactions and agreements.

8.1.3 The main functions of the NCC, insofar as consumer complaints are concerned, are to:

- a) Conduct investigations against suppliers allegedly engaging in prohibited conduct.
- b) Promote the resolution of disputes between consumers and suppliers, and to
- c) Promote compliance with the CPA through advocacy, education and awareness.

8.2 Constitutional Mandates

8.2.1 Through its legislative mandate and its promotion of fair business practices, the NCC plays a significant role in upholding and preserving the principles enshrined in the

Bill of Rights. Specifically, the NCC has a direct impact on the following areas within the Constitution of the Republic of South Africa, under the **Bill of Rights** section:

- a) **Section 9: Equality** – Through remaining accessible to diverse groupings of consumers, the NCC plays its role in ensuring that parties have the right to equal protection and
- b) benefit of the law. Additionally, the NCC strives through its value system to respect human diversity and ensure that no form of discrimination, if any, is tolerated.
- c) **Section 10: Human dignity** – The NCC ensures that prohibited conduct on the part of suppliers of goods and services, as well as the relevant action thereto, does not impair human dignity.
- d) **Section 14: Privacy** – The NCC ensures that the privacy of persons is protected.
- e) **Section 33: Just administrative action** – The NCC ensures it applies the rules of natural justice and issues reasons for its decisions.
- f) **Schedule 4 of the Constitution** provides that consumer protection is an area of concurrent jurisdiction between national and provincial governments. This means that both levels of government assume responsibility in so far as consumer protection is concerned. Section 146 (2) (b) of the Constitution provides that national legislation applies uniformly in the country as a whole and prevails over provincial legislation if, amongst other things, the following conditions are met:
- g) The national legislation deals with a matter that cannot be regulated effectively by legislation enacted by the respective provinces individually;

- h) The national legislation deals with a matter that, to be dealt with effectively, requires uniformity across the nation, and the national legislation provides that uniformity by establishing:
 - i) Norms and standards;
 - ii) Frameworks; or
 - iii) (c) National policies

- i) The national legislation is necessary for the-
 - i) Protection of the common market in respect of the mobility of goods, services, capital and labour;
 - ii) Promotion of economic activities across provincial boundaries;
 - iii) Promotion of equal opportunity or equal access to government services;

The CPA entrenches national consumer protection policy as well as norms and standards.

9. Organisational Structure

The NCC is a public entity and is listed as a schedule 3A entity in terms of the Public Finance Management Act, No. 1 of 1999 (PFMA). The entity is a key national regulator that is wholly funded by the fiscus through its Executive Authority, namely, **the dtic**. The NCC's divisions and high-level structure is depicted as follows:





NATIONAL CONSUMER COMMISSION

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PART B

PERFORMANCE INFORMATION

1. Auditor's Report: Predetermined Objectives



- 1.1.** In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.
- 1.2.** Our procedures address the usefulness and reliability of the reported performance information, which must be based on the commissioner's approved performance planning documents. We have not evaluated the
- 1.3.** We 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 selected programme presented in the accounting authority's annual performance report for the year ended 31 March 2022:
- **Programme 1:** To promote accessible consumer protection (Pages 28-29 in report)
- 1.4.** We performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information

completeness and appropriateness of the performance indicators included in the planning documents.

Our procedures do not examine whether the actions taken by the accounting authority enabled service delivery. Our 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, our findings do not extend to these matters.

to determine whether it was valid, accurate and complete.

1.5. We did not identify any material findings on the usefulness and reliability of the reported performance information for **Programme 1: To promote accessible consumer** protection.

2. Situational Analysis



2.1. Service Delivery and Organizational environment

2.2.1. Consumer Protection is an integral part of a modern and effective State. Confident consumers are one of the important drivers of competitiveness. By demanding competitive prices, improved product quality and better service, consumers provide an impetus for innovation and enhanced performance by businesses. The CPA is a critical part of **the dtic's** overall strategy to improve the competitiveness of business in South Africa.

2.2.2. In implementing its revised consumer protection framework, the dtic intended to create an environment where a culture of consumer rights and responsibilities prevails. Such an environment is not only beneficial to consumers but to businesses as well. The enforcement of the CPA assists in regulating the conduct of suppliers of goods and or services to consumers. If left unchecked, unethical traders will merely serve to hinder the creation of a fair, competitive and equitable marketplace for all. Before the enactment of the CPA, South Africa lagged behind other international

jurisdictions in protecting its consumers. The global and domestic trading environment has changed significantly over time.

2.2.3. The need to enforce the CPA is critical to:

- a) Establishing a legal framework for the achievement of a fair, accessible, responsible and sustainable market.
- b) Reducing any disadvantages experienced in accessing the supply of goods and services by low income, low literacy, rural and vulnerable consumers.
- c) Promoting fair business practices.
- d) Protecting consumers from unfair and deceptive conduct.
- e) Improving consumer awareness.
- f) Providing for an accessible, efficient and effective system of redress.

2.2.4. The CPA applies to:

- a) Suppliers (for-profit or non-profit) that promote or supply goods or services to consumers across all sectors of the economy, unless exempt;
- b) Government institutions or any entity contracted by the State to provide goods or services to consumers;
- c) Franchise offers, solicitations and agreements; and to
- d) Any business-to-business transaction is subject to a stipulated R2m turnover per annum threshold.

2.2.5. Consumer Protection is a concurrent functional area of national and provincial legislative competence. Provincial consumer protection authorities exist in all provinces of South Africa. Provincial consumer courts have jurisdiction over complaints of unfair business practices in terms of their respective legislation. A consumer court can declare a business practice unfair and in contravention of a provincial legislation and order appropriate redress in favour of a consumer, all in terms of the provincial legislation which created it.

- 2.2.6. To improve service delivery, each division of the NCC continues to improve and implement its standard operating procedures.
- 2.2.7. The NCC's External Audit and Risk Committee have met five times in the financial year per its approved charter. Risk management is core to the functioning of the NCC. The NCC's Internal Risk Management Committee operated effectively and matters relating to risk were also dealt with at management meetings.
- 2.2.8. The NCC's budget makes provision for the funding for 79 positions. This number of positions is particularly small when compared with similar entities operating nationally and internationally. The NC continues to operate in a very constrained fiscal environment. Being a service-oriented entity, the majority of the NCC's budget is apportioned to remuneration. Except for funds received through the dtic and investment income earned through interest received, the NCC receives no additional funding.
- 2.2.9. As an entity of the state, the remuneration scale adopted by the NCC has been mirrored that of the Department of Public Service and Administration (DPSA) for national government departments. Similar benefits, terms and conditions as determined by the DPSA have also been adopted. the dtic has established a bargaining forum for its entities, the NCC included. A performance management system including performance agreements and regular performance reviews is embedded in the administration of the NCC. Performance agreements are primarily informed by the job descriptions of each post. All such agreements and reviews are subject to scrutiny by respective internal moderating committees.
- 2.2.10. There has been a consistent increase in demand for the resources of the NCC, particularly in administering the country-of-origin labelling requirements relating to imported textiles and leather goods as well as the recall of unsafe and or defective products. The number of product recalls that NCC is dealing with daily continues to

increase over time, and as such, a need exists to restructure the existing resources to discharge these mandates. The demands placed on the NCC's Legal Services Division to file and prosecute matters at the National Consumer Tribunal also demand urgent additional resources.

2.2.11. The NCC has commenced with the establishment of an Opt-Out Register. The Executive Authority provided funding in January 2019 to the NCC to commence with the procurement of goods and services in relation to the Opt-Out Registry project. The NCC is compelled to realign its resources to also operate the Opt-Out Registry and execute the annual deliverables/ milestones of the said Registry. It is envisaged that apart from injecting capital concerning establishment costs, the register would be self-funded, once operational.

2.2.12. Despite the challenges mentioned hereinbefore, the NCC continues to deliver on its strategy; to enforce the CPA. The investigation of consumer complaints and consumer education and awareness remains at the heart of the NCC's enforcement mandate. However, as stated hereinbefore and given the impact on consumers and on the economy, the recall of unsafe and/or defective products also receives priority.

2.2.13. The NCC acknowledges that it will be impossible for it to investigate every complaint it receives. It does not have the resources to do so. Moreover, the NCC has come to learn that the vast majority of consumers, lodging complaints, are seeking quick and cost-effective redress of their disputes. The NCC is in urgent need of additional funding.

2.2. Key policy developments and legislative changes

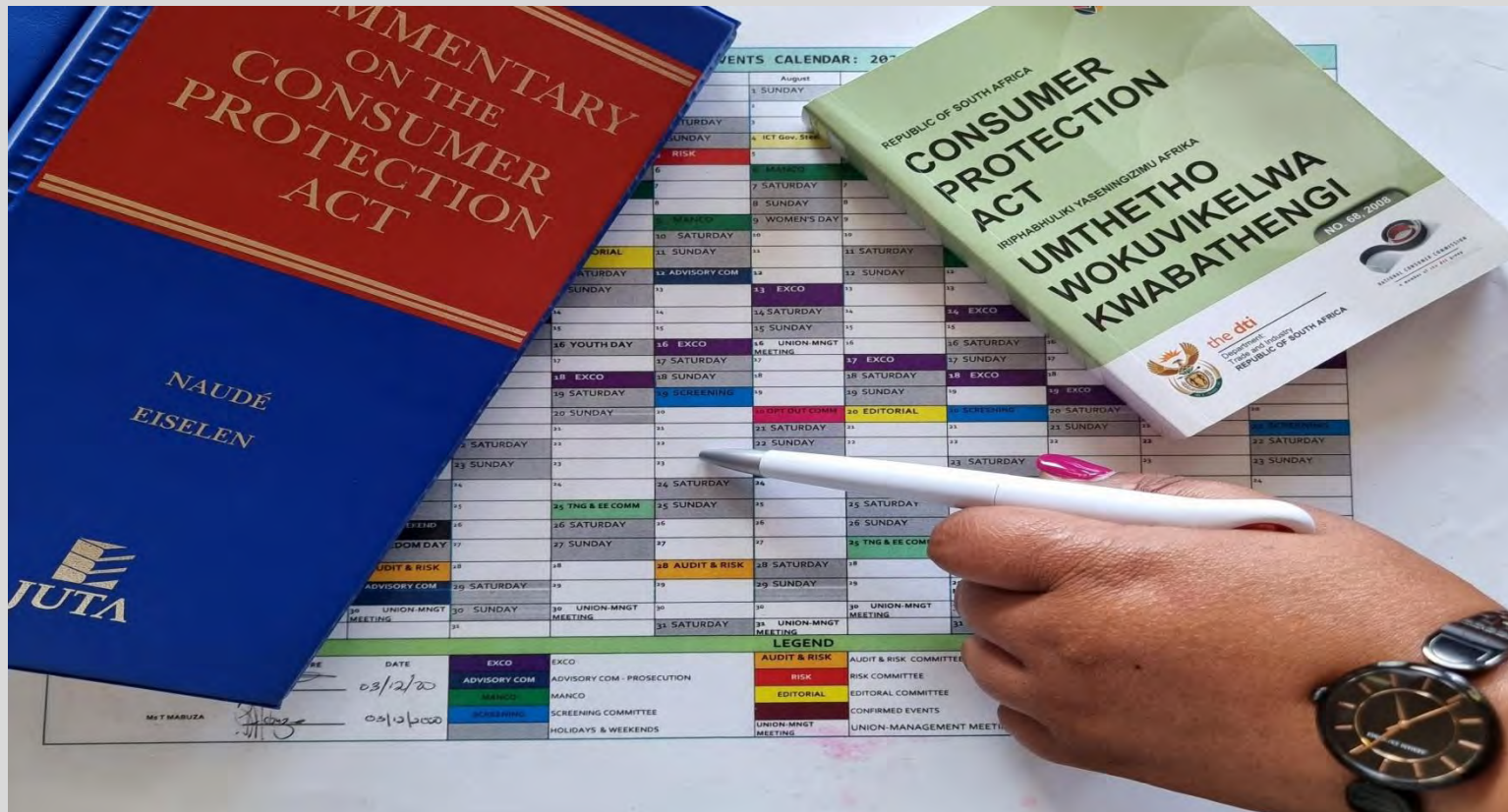
There were no new policy developments or legislative changes noted by the NCC.

2.3. Strategic Outcome Oriented Goals

The following are three strategic objectives that were pursued by the NCC in the year under review:

- a) Accessible and coherent consumer protection;
- b) To promote a fair marketplace; and
- c) To promote the supply of safe goods to consumers.

3. Performance Information by Programme/ Activity/ Objective



3.1. Strategic objective (Programme 1): To promote accessible consumer protection

Programme 1 contributed to the achievement of the NCC's strategic outcomes by ensuring consumer protection and consumer safety through the facilitation of an environment that enables the resolution of disputes between consumers and suppliers in an expedient, cost-effective, fair and transparent manner. The functions of this objective were performed by the Legal Division and the Education Compliance and Awareness Division. The main functions are to:

- a) Regularly monitor accredited ombud schemes;
- b) Conduct business compliance initiatives;
- c) Conduct consumer awareness initiatives;
- d) Issue explanatory notes and /or non-binding opinions on the interpretation of provisions of the CPA.

<i>Strategic Objective: Accessible and coherent consumer protection</i>							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
To promote accessible	1. Accredite	Assessment reports on	Achieved.	Submit assessme	Achieved.	None	None

<i>Strategic Objective: Accessible and coherent consumer protection</i>							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
Consumer Protection	d Ombud Scheme/s monitored regularly	accredited Ombuds approved by the Commission er	Assessment reports (One per quarter on each accredited Ombuds) on CGSO and MIOSA, being accredited Ombuds were drafted and approved by the Commissioner.	nt reports (one per quarter on each accredited Ombud Scheme) to the Commissi oner for approval	Assessment reports (One per quarter on each accredited Ombuds) on CGSO and MIOSA, being accredited Ombuds were drafted and approved by the Commissioner.		

Strategic Objective: Accessible and coherent consumer protection							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
	2.	Number of business compliance initiatives conducted	Achieved 15 Business Compliance initiatives conducted	15 Business compliance Initiatives conducted	Achieved 18 Business compliance Initiatives conducted	3 additional Business compliance Initiatives were conducted above the planned target	Additional business initiatives were conducted in Q4 as the NCC celebrated World Consumer Rights Day on 15 March 2022.
	3.	Number of consumer awareness initiatives conducted	Achieved 27 consumer awareness initiatives conducted	32 consumer awareness initiatives conducted	Achieved 43 Consumer Awareness initiatives conducted	11 additional consumer awareness initiatives were conducted above the planned target.	The NCC intensified the use of technology to reach consumers.

<i>Strategic Objective: Accessible and coherent consumer protection</i>							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
	4. Issue explanatory notes and /or non-binding opinions on the interpretation of provisions of the CPA	Percentage (%) of requests for explanatory notes and /or non-binding opinions on the interpretation of provisions of the CPA	Achieved 100% (i.e., 487 out of 487) of registered requests for explanatory notes and /or non-binding opinions were provided within an average of 5,42 days	95 % of registered requests for explanatory notes and /or non-binding opinions provided within an	Achieved 100% (i.e. 369 out of 369) of registered requests for explanatory notes and /or non-binding opinions were provided within 5.6 days	The target was exceeded by 5%	The mentoring, coaching and efficient use of newly recruited staff and interns led to increased performance.

<i>Strategic Objective: Accessible and coherent consumer protection</i>							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
		provided within a pre- defined time period		average of 7 days			

3.2. Strategic objective (Programme 2): To promote a Fair Marketplace

Programme 2 contributed to the achievement of the NCC's strategic outcomes by ensuring compliance with the CPA as well as influencing reform of business practices that are inconsistent therewith.

The functions in this objective are performed by the Legal Division and the Enforcement and Investigations Division. The main functions are to:

- a) Conduct investigations and produce reports

b) Take further enforcement action against non-compliant suppliers

<i>Strategic Objective: Accessible and coherent consumer protection</i>							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
To promote a fair marketplace	5. Investigations conducted and reports produced.	Percentage of finalized investigation within a predetermined time period	Achieved 86 % (289 of 337) of approved investigations conducted and reports produced in 50 days	80% of approved investigations conducted . Reports with recommendations produced	Achieved: 94.71% (412 of 435) of approved investigations conducted and reports produced in 101.86 days.	The target was exceeded by 14.71%	The mentoring, coaching and efficient use of newly recruited staff and interns led to increased performance.

<i>Strategic Objective: Accessible and coherent consumer protection</i>							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
				in 102 days.			
	6. Further enforcement action taken against non- compliant suppliers	Percentage of further enforcement action taken within a predetermi ned time period.	Achieved 100 % (130 out of 130) of further enforcement actions were taken against non-compliant suppliers, within 50 days of approval.	Further enforcement action taken against non- compliant suppliers in 90 % of approved matters	Achieved 100% (166 out of 166) of further enforcement action taken against non- compliant suppliers in 90 % of approved matters within	The target was exceeded by 10%	The mentoring, coaching and efficient use of newly recruited staff and interns led to increased performance.

<i>Strategic Objective: Accessible and coherent consumer protection</i>							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
				within 45 days of approval	45 days of approval		

3.3. Strategic objective (Programme 2): To Promote the supply of Safe Goods to Consumers



Programme 3 contributed to the achievement of the NCC's strategic outcomes of ensuring that consumers receive and consume safe goods

The functions concerning this objective are performed by the Enforcement and Investigation Division. The main function of this programme is to: Administer and monitor product recalls.

<i>Strategic Objective: Accessible and coherent consumer protection</i>							
Goal/ Outcome	Output	Output Indicator	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
Promote the supply of Safe Goods to consumers	7. Administer and monitor product recalls	Report on all product recalls and monitoring thereof.	Achieved 4 quarterly reports on the administration and monitoring of product recalls produced	Produce quarterly reports on the administration and monitoring of product recalls	Achieved 4 quarterly reports on the administration and monitoring of product recalls produced	None	None

3.4. Key Achievements of Programmes

3.4.1. This Financial Year has seen an increase in product recalls. The NCC administered 85 product recalls.

- a) Out of the 85 product recalls, 55 were for Motor vehicles, 10 were for medical devices, 2 were for clothing & accessories, 14 for foodstuffs, 3 Toys or Kids' devices and 1 household device. The foodstuffs required immediate attention to mitigate the imminent risks associated with their consumption, and as such, the priority was on the recalls of Similac (baby formula) as a result of the presence of salmonella; the McCain's Frozen Green beans due to the presence of glass particles and the Apple Juice Recall because the juice contained elevated levels of the mycotoxin Patulin.

- b) The percentage expression of the recalls is 64.70% for Motor Vehicles, 16.47% for Foodstuffs, 3.53% for Toys or Kids' devices, 2.35% for Clothing & Accessories, 11.76% for Medical Devices and 1.18% for Household Devices.

3.4.2. There was also an increase in the number of enforcement actions taken against non-compliant suppliers. In this financial year. 166 were taken for further enforcement against non-compliant suppliers. These resulted in:

- a) Redress to consumers to the amount of R5 010 099.21.

- b) Administrative fines to the value of R350 000.00.

- 3.4.3. The NCC, in collaboration with the South African Police Services, the National Prosecuting Authority and other law enforcement agencies, the NCC investigated two pyramid schemes. As a result of this collaboration, a total of R9 375 619.56 was preserved.
- 3.4.4. In this financial year, non-compliant clothing, textiles, footwear and leather goods, with a declared customs value of R21,182,622.78, were destroyed or returned to the country of origin. The re-exportation back to the country of origin or destruction prevents the proliferation of non-compliant goods into the South African market and thus contributes to the preservation of South African companies and thus the preservation of jobs in the footwear, leather, clothing, and textiles manufacturing sector.

3.5. Joint Key Performance Indicators

3.5.1. These Joint Key Performance Indicators (JKPIs) were introduced by **the dtic** for the first time in this financial year. All entities of **the dtic** contribute to these JKPIs. The purposes of the JKPIs are to increase the level of coordination and alignment of efforts between different programmes of the department and **the dtic** entities, to enhance the building of a more agile state, able to be more enterprising about how it achieves public interest objectives and building an environment that is a conducive business environment, such as addressing unnecessary red tape and improve the ease of doing business.

3.5.2. The NCC was required to report quarterly on its activities that contributed to the JKPIs.

Output Indicator	2021-22 Planned Target	Actual Achievement Quarter 1	Actual Achievement Quarter 2	Actual Achievement Quarter 3	Actual Achievement Quarter 4	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
1. Report documenting the integrated support to drive industrialisation	Four quarterly reports on measures enacted by the NCC to drive	Not achieved	Achieved 1 report was produced	Achieved 1 report was produced	Achieved 1 report was produced	In the first quarter, no report was produced	The JKPI were new and the NCC was still

Output Indicator	2021-22 Planned Target	Actual Achievement Quarter 1	Actual Achievement Quarter 2	Actual Achievement Quarter 3	Actual Achievement Quarter 4	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
through master plans in national priority sectors; increased and diversified localisation through government and private sector procurement, and promotion of beneficiation	industrialisation that supports economic recovery; covering industry Master Plans, localisation initiatives across the economy, COVID-Industrial Interventions and beneficiation.						planning activities
2. A clear plan that indicates the potential opportunities to grow exports in terms of the	Four quarterly reports on measures enacted by the NCC to contribute to an	Not achieved	Achieved 1 report was produced	Achieved 1 report was produced	Achieved 1 report was produced	In the first quarter, no report was produced	The JKPI were new and the NCC was still

Output Indicator	2021-22 Planned Target	Actual Achievement Quarter 1	Actual Achievement Quarter 2	Actual Achievement Quarter 3	Actual Achievement Quarter 4	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
AfCFTA, with responsibilities assigned to facilitate implementation	AfCFTA export plan to grow value-added exports to the rest of Africa						planning activities
3. Investment projects facilitated and investment directed towards key sectors of the economy	Four quarterly reports on measures enacted by the NCC to support investment in South Africa	Not achieved	Achieved 1 report was produced	Achieved 1 report was produced	Achieved 1 report was produced	In the first quarter, no report was produced	The JKPI were new and the NCC was still planning activities

Output Indicator	2021-22 Planned Target	Actual Achievement Quarter 1	Actual Achievement Quarter 2	Actual Achievement Quarter 3	Actual Achievement Quarter 4	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
4. District integrated report with district development economic maps	Four quarterly reports by the NCC which set out how their work has contributed to the economic development in each of the Districts and Metropolitan Areas of South Africa	Not achieved	Achieved 1 report was produced	Achieved 1 report was produced	Achieved 1 report was produced	In the first quarter, no report was produced	The JKPI were new and the NCC was still planning activities
5. Report on actions to promote transformation through structural changes in the	Four quarterly reports on the contributions made by the NCC to	Not achieved	Achieved 1 report was produced	Achieved 1 report was produced	Achieved 1 report was produced	In the first quarter, no report was produced	The JKPI were new and the NCC was still

Output Indicator	2021-22 Planned Target	Actual Achievement Quarter 1	Actual Achievement Quarter 2	Actual Achievement Quarter 3	Actual Achievement Quarter 4	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
economy to enable greater inclusion and growth; and empowerment of designated groups, using the range of public tools such as procurement, incentives, technical support and enabling opportunities	promote transformation through structural changes in the economy to enable greater inclusion and growth; and empowerment of designated groups						planning activities
6. Report on growing the Green Economy and greening the economy	Four quarterly reports on measures enacted by the NCC to support the green	Not achieved	Achieved 1 report was produced	Achieved 1 report was produced	Achieved 1 report was produced	In the first quarter, no report was produced	The JKPI were new and the NCC was still

Output Indicator	2021-22 Planned Target	Actual Achievement Quarter 1	Actual Achievement Quarter 2	Actual Achievement Quarter 3	Actual Achievement Quarter 4	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
	economy or the greening of the economy						planning activities
7. Actions to promote functional, efficient and integrated government and measures to reduce red tape across DTIC and entities	Four quarterly reports on measures enacted by the NCC to improve the ease of clients using its services, including forms and procedures reviewed for	Not achieved	Achieved 1 report was produced	Achieved 1 report was produced	Achieved 1 report was produced	In the first quarter, no report was produced	The JKPI were new and the NCC was still planning activities

Output Indicator	2021-22 Planned Target	Actual Achievement Quarter 1	Actual Achievement Quarter 2	Actual Achievement Quarter 3	Actual Achievement Quarter 4	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations
	simplicity and necessity						

3.6. Changes to Planned Targets

There were no changes to planned targets.

3.7. Linking performance with budget

3.7.1. Personnel cost by programme

Program/ activity/ objective	2020/2021		2021/2022	
	Budget	Actual expenditure	Budget	Actual expenditure
	R'000	R'000	R'000	R'000
Programme 1	24 528	21 181	27 802	27 906
Programme 2	7 766	7 787	8 969	9 003
Programme 3	565	0	658	660.89

Administration	36 324	36 238	32 331	32 452.91
Total	69 183	65 206	69 761	70 023

3.8. REVENUE COLLECTION

Sources of revenue	2020/2021		2021/2022			
	Estimate	Actual Amount Collected	Sources of revenue	Estimate	Actual Amount Collected	Sources of revenue
	R'000	R'000		R'000	R'000	
Interest received - staff debtors	-	2	Interest received - staff debtors	-	1	Interest received - staff debtors
Other income	-	13	Other income	-	204	Other income
Interest received - investment	3 112	2 004	Interest received - investment	1 065	1 012	Interest received - investment
Government grants	51 530	51 530	Government grants	58 505	58 505	Government grants
Services in Kind	9 709	9 709	Services in Kind	9 551	9 551	Services in Kind

	2020/2021			2021/2022		
Sources of revenue	Estimate	Actual Amount Collected	Sources of revenue	Estimate	Actual Amount Collected	Sources of revenue
	R'000	R'000		R'000	R'000	
Total	64 351	61 254	Total	69 121	69 272	Total

Reasons for under-collection of the interest on the investment: The grant was received in tranches in April and in October, as a result, there was a reduced bank balance during the financial year, and consequently the interest earned was less than when compared with the budget.

3.8.1. Capital investment

	2019/2020			2020/2021		
Infrastructure projects	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
	0	0	0	0	0	0
Total	0	0	0	0	0	0



NATIONAL CONSUMER COMMISSION

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PART C

GOVERNANCE

1 Introduction

- 1.1 The NCC is an organ of the state and is a schedule 3A entity in terms of the Public Finance Management Act No. 1 of 1999 (PFMA). The entity is established by section 85 of the CPA. In terms of section 87 of the CPA, the Commissioner of the NCC is responsible for all matters pertaining to the functions of the NCC and is required to hold office for an agreed term, not exceeding five years. The former Commissioner's term ended on 31 May 2019. The Deputy Commissioner is appointed to act as Commissioner until the new Commissioner is appointed.
- 1.2 The NCC does not have a Board. The Commissioner is the Accounting Authority of the NCC and as such, is responsible for all income and expenditure, revenue collected, assets and the discharge of all liabilities of the NCC, as well as the proper and diligent implementation of the PFMA, concerning the NCC. Invariably, Parliament, the Executive Authority (**the dtic**) and the Commissioner are responsible for corporate governance.
- 1.3 The Commissioner may assign management or other duties to employees with appropriate skills to assist the NCC in the management, or control over the functioning, of the entity and delegate, with or without conditions, any of the powers or functions of the Commissioner. Any such delegation, however, does not divest the Commissioner of responsibility for the exercise of any power or performance of any duty.
- 1.4 The Minister of Trade, Industry and Competition, in consultation with the Minister of Finance, determines the Commissioner's and Deputy Commissioner's remuneration, allowances, benefits and other terms and conditions of employment.

2 PORTFOLIO COMMITTEE

- 2.1 Parliament, through the Portfolio Committee on Trade, Industry and Competition (Portfolio Committee), exercises its oversight role by evaluating the performance of the NCC by interrogating its Strategic and Annual Performance Plans, Quarterly Reports and Annual Financial Statements and other relevant documents, which must be tabled, as well as any other documents tabled from time to time.
- 2.2 The Portfolio Committee also exercises oversight over the service delivery performance of the NCC and, in doing so, reviews the non-financial information contained in the annual and quarterly reports of the NCC. In exercising its oversight function, the Portfolio Committee generally concerns itself with service delivery and enhancing economic growth.
- 2.3 The NCC appeared before the Parliamentary Portfolio Committee on Trade, Industry and Competition and presented its financial and non-financial performance. In all its deliberations with the Parliamentary Committees, the NCC has been open and transparent. In return, the NCC has received substantial guidance and has attended to all concerns raised.

3 EXECUTIVE AUTHORITY

- 3.1 Oversight by the Department of Trade, Industry and Competition (Executive Authority) rests, by and large, on the prescripts of the PFMA. The PFMA grants authority to the Executive Authority for the exercise of its oversight powers.
- 3.2 The Executive Authority has entered into a performance agreement with the Commissioner. A Compliance Schedule is a critical oversight instrument as it indicates the deliverables and due dates of all documents as stipulated in the PFM and Treasury Regulations. The NCC has duly complied with the requirements thereof timeously. These would include, amongst others, the submission of Quarterly Reports, Annual Financial Statements, the budget of estimated revenue and expenditure, Strategic and Annual Performance Plans, Fraud Prevention and Risk Management Plans. The NCC has

also reported on its risks, the findings of the External Auditor and those made by the Internal Audit as well as on progress in addressing such findings.

4 AUDIT & RISK COMMITTEE

In line with the requirements of the PFMA, the NCC has an Audit and Risk Committee, comprised of independent persons and one ex-officio member that serves thereon at the behest of the Executive Authority. The said Committee is constituted as follows:

- 4.1. Mr F Docrat (Chairperson);
- 4.2. Mr Ntona Marota;
- 4.3. Dr Adv Linda Mbanja; and
- 4.4. Ms Nontombi Matomela (Ex Officio)

The following table reflects the number of meetings attended by the members of the Committee.

Name	Current/ Former	Internal/ External	Qualifications	If the internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mr. Faizal Docrat (Chairperson)	Current	External	MBA, MAP, CISA, CISM, CGEIT, CD (SA), CRM-Prac, COPE	N/A	14 October 2021	N/A	2
Mr. Ntona Marota	Current	External	MBA, CA (SA), RA, BCom Honours Accounting,	N/A	14 October 2021	N/A	2

Name	Current/ Former	Internal / External	Qualifications	If the internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
			B Computations				
Dr Adv. Linda Mbona	Current	External	Doctor of Policing; Master Legum in Labour Law; Bachelor of Laws, B- Juris	N/A	06 January 2022	N/A	1
Ms. Nontombi Matomela	Current	Ex Officio	BA (Hons) Development Studies	N/A	17 December 2016	N/A	5
Ms. S Sekgobela (Former Chairperson)	Former	External	B Com (General) Honours B Com, MSc (Econ), Senior Secondary Teachers' Certificate, International	N/A	7 October 2015 Reappointed – 7 October 2018 Appointed Chairperson -	06 October 2021 (Term expiry)	3

Name	Current/ Former	Internal / External	Qualifications	If the internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
			Leadership Development Programme , Certificate in Corporate Governance		1 April 2019		
Ms R Kenosi	Former	External	CA (SA)	N/A	20 January 2016 Reappointed - 20 January 2019	19 January 2022 (Term expiry)	4
Adv. S Kholong	Former	External	BA Law (Wits) LLB (Wits) BA Honours (UFS) MBL (Unisa)	N/A	7 October 2015 Reappointed – 7 October 2018	06 October 2021 (Term expiry)	3

5 RISK MANAGEMENT

The NCC has a Risk Management Strategy, Risk Management Policy, Risk Management Implementation Plan and Risk Assessment Methodology. In developing its Risk Strategy, the NCC identified Strategic and operational risks and developed and implemented management action plans to mitigate the risks to an acceptable level. The Strategy and action plans were approved by the Accounting Authority. All risks were entered into a Risk Register and were monitored regularly and reported on at the Risk Committee and the Audit and Risk Committee meetings, as well as at management meetings. Significant progress has been made in addressing identified risks. The NCC considered the appointment of an independent risk management committee chairperson, and this will be effected during the 2022/2023 financial year.

6 INTERNAL CONTROL UNIT

- 6.1 The purpose of NCC's Internal Audit function is to assist the Accounting Authority in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.
- 6.2 The NCC has outsourced the Internal Audit function. Internal audit, in consultation with and the approval of the Audit and Risk Committee, has prepared and submitted the following:
- a) a rolling three-year strategic internal audit plan based on its assessment of key areas of risk for the institution, having regard to its current operations, those proposed in its strategic plan and its risk management strategy.
 - b) an Annual Internal Audit plan for the first year of the rolling three-year strategic Internal Audit plan.
 - c) plans indicating the proposed scope of each audit in the Annual Internal Audit plan; and
 - d) reports to the Audit and Risk Committee detailing its performance against the Annual Internal Audit Plan, to allow effective monitoring and possible intervention.

6.3 Internal Audit reports administratively to the Accounting Authority and functionally to the Audit and Risk Committee. The function is independent of activities that are audited, with no limitation on its access to information. The controls that were subject to evaluation by Internal Audit encompassed, amongst others, the following activities:

Activity
<i>Human Resource Management</i>
<i>Information Communication Technology</i>
<i>The Audit of Pre-Determined Objectives.</i>
<i>Legal Services</i>
<i>Enforcement and Investigations</i>
<i>Advocacy, Education and Awareness</i>
<i>Supply Chain Management and Contract Management</i>
<i>Financial Management (Annual Division of Revenue Audit)</i>

6.4 Internal Audit also audited (where feasible) previous External Audit findings that were reported by Management as resolved. Internal Audit steering committee meetings were held regularly, throughout the year.

7 COMPLIANCE WITH LAWS AND REGULATIONS

The NCC has a Compliance Policy and Framework that contain a comprehensive compliance universe. The NCC reports quarterly to the Executive Authority on its compliance with the PFMA, Treasury Regulations and various Treasury directives. Moreover, the NCC complies with all the laws and regulations.

8 FRAUD PREVENTION

The NCC has approved a Fraud Prevention Plan (Plan) with an ongoing awareness plan in place. No other matters of fraud and/or corruption were reported in the year under review. No acts of fraud were reported on the fraud hotlines monitored by the NCC. As a part of the Plan, mechanisms are in place to report fraud and corruption. To promote fraud prevention, a whistleblowing policy is in place which makes provision for employees to make confidential disclosures about suspected fraud and corruption.

9 MINIMISING CONFLICT OF INTEREST

All officials of the NCC are obliged to disclose, under oath, their financial interests annually. Officials are not permitted to engage in any remunerative work outside the NCC unless duly authorised to do so. In addition, all officials are obliged to disclose any conflict of interest before any management, recruitment-related and bid committee meeting.

10 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

All health and safety legislation is complied with by the NCC. A significant amount of the compliance is done in conjunction with the owner of the premises occupied by the NCC, namely, the South African Bureau of Standards.

11 AUDIT AND RISK COMMITTEE REPORT

11.1 Audit and Risk Committee (ARC) Responsibility

11.1.1 In line with its strategic commitment to being a well-governed entity, the NCC strives for effective oversight and monitoring of its governance regime. Vital to the achievement of this aim, is a competent and independent Audit and Risk Committee (“ARC”). We present the ARC report for the financial year ended 31 March 2022.

11.1.2 The ARC complied with its responsibilities arising from:

- a) Section 55(1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 27.1.6 and 27.1.10 (b) & (c). The ARC also reports that it has adopted its ARC Charter, has regulated its affairs in compliance with this charter, and has discharged all its responsibilities as contained therein.
- b) Its Terms of Reference, including relevant legislative requirements, whereby it developed a draft formalized annual work plan that assists in carrying out its responsibilities and monitoring progress thereto.

11.1.3 For the financial year ended 31 March 2022, the ARC conducted and/or reviewed the following:

- a) Separate meetings with the assurance providers;
- b) Quarterly Financial and Performance Reports;
- c) Enquired about the competence and capacity of the Finance function;
- d) Unaudited Annual Financial Statements before submission to the External Auditors (“EA”);
- e) The Annual Report and report on predetermined objectives prior to submission to the EA;
- f) Deliberations on the appropriateness of Accounting Policies and Procedures;
- g) The effectiveness of the system of Risk Management including Fraud Prevention and related plans

- h) Compliance with relevant laws and regulations;
- i) The system of IT Governance;
- j) The plans, work and reports of the Internal Audit function (“IA”) and EA;
- k) The IA audit three-year plan and yearly operational plan;
- l) The IA reports and its outcomes; and
- m) The EA report and audit opinion.

11.1.4 The ARC held five (5) meetings. The table below discloses relevant information on the ARC members

Name	Internal or external	Position	No. of Meetings attended
Mr Faizal Docrat	External	Chairperson	2
Mr Ntona Marota	External	Member	2
Dr. Adv. Linda Mbana	External	Member	1
Ms Simangele Sekgobela	External	Former Chairperson	3
Ms René Kenosi	External	Former Member	3
Adv Shami Kholong	External	Former Member	3
Ms Nontombi Matomela	External	the dtic representative	5

11.2 Effectiveness of Internal Control

11.2.1 The system of internal control is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed

11.2.2 There has been improvement in the internal control environment over the past financial year. The ARC has reviewed the NCC’s action plans for the IA and EA findings. The audit findings raised in the previous financial year were validated and

corrective actions implemented.

11.2.3 Below are areas of concern in respect of internal controls and/or processes that require improvement:

- a) Control weaknesses identified in finance have improved with further improvement anticipated in the next financial year;
- b) Supply Chain Management, with emphasis on the cancellation and re-advertisement of the internal audit tender and maintenance of contract register;
- c) Monitoring and enforcement of certain Standard Operating Procedures (SOPs); and
- d) The capacitation of the IT function.

11.3 Internal Control Weaknesses

11.3.1 Management instituted corrective action to address control weaknesses previously identified. The ARC noted that the ICT findings are in the process of being addressed by management.

11.3.2 Overall, the ARC is of the view that the quality and timing of implementation of management responses has improved.

11.4 Evaluation of Financial Statements

11.4.1 The ARC reviewed the Annual Financial Statements (AFS) pre and post the external audit and discussed the same with management and wishes to report that the assurance provided by management in terms of the financial status, fair

representation, state of the control environment, and quality assurance have improved.

11.4.2 The ARC:

- a) Reviewed the EA management audit reports and management's responses thereto; and
- b) Reviewed the NCC's compliance with legal and regulatory provisions.

11.5 Integrated Assurance

11.5.1 The ARC reviewed the plans and reports of the EA, IA, and Management and concluded that these were adequate to address significant strategic and operational risks facing the business.

11.5.2 For the period under review, the ARC noted no material non-compliance with prescribed policies and procedures. From observations, analyses, and reports presented to the ARC by management, IA, and the EA, the ARC concludes that the systems of internal control are adequate but partially effective and require improvement.

11.6 Internal Audit Effectiveness

11.6.1 IA forms part of the third line of defence and engages with the first and second lines of defence which facilitate the improvement of some control breakdowns. In this regard, ARC encouraged the Accounting Authority to consider the appointment of an independent risk management chairperson.

11.6.2 The IA has a functional reporting line to the ARC and an administrative reporting line to the Commissioner. The IA reports quarterly on the adequacy and effectiveness of Internal Controls, Governance and Risk management.

11.6.3 The ARC is satisfied with the independence of the IA. The IA function is currently outsourced due to the size of the NCC.

11.6.4 The ARC considered and approved the IA three-year strategic rolling plan as well as the annual operational plan which were based on the NCC's strategic risk assessment. IA provides the ARC and management with assurance that the internal controls are adequate in design and functioning as intended through its quarterly progress reports. In this regard, IA recommended corrective action and/or suggested improvements to the controls and processes that were accepted by management and required implementation within specific timeframes.

11.6.5 At its quarterly meetings, the ARC considered the work performed by the IA and the tracking of progress on implementation of corrective action of previously reported Audit Findings.

11.6.6 Depicted below is a summary of the Ten (10) audits completed and the number of related findings reported by IA in the year under review:

Type of Audit	Number
Compliance Audits	6
Performance Audits	0
IT Audits	1
Performance Information Audits (3 divisions)	3
Follow-ups:	
<ul style="list-style-type: none"> • Compliance Audits • Performance Information Audits • IT Audits 	N/A
Total	10

11.7 Performance Information

The performance information fairly reflects the operations and actual output against planned targets for performance indicators as per the Annual Performance Plan. The performance information has been reported in accordance with the requirements of the guidelines issued by the National Treasury.

11.8 Risk Management

11.8.1 An internal Risk Management Committee (“RMC”) monitors and oversees the strategic, emerging, and operational risks throughout the NCC and reports quarterly results at the ARC meetings.

11.8.2 Risks that could prevent the NCC from achieving its objectives were identified and prioritised based on their likelihood and impact, both on an inherent and residual basis. Accordingly, mitigation strategies were developed to reduce such risks to acceptable levels.

11.9 Governance and Ethics

The NCC has adopted corporate governance principles applicable to the Public Sector, including the King Code.

11.10 Finance

The Finance function has been significantly improved through the appointment of seasoned and qualified personnel including the CFO, Finance and SCM Managers who will oversee further capacity building and / or upskilling of staff.

11.11 Conclusion

11.11.1 The ARC concurs with the opinion of the EA and notes the improvement within the internal control environment of the NCC. The ARC wishes to express its appreciation to the Acting Commissioner, the management of the NCC, the EA and IA who assisted the ARC in executing its functions.



Mr Faizal Docrat
Chairperson of the ARC
Date: 29 July 2022

12 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable
Developing and implementing a preferential procurement policy?	Yes	The NCC implement Preferential Procurement Regulations and its implementation guidelines to ensure compliance with the PPPFA.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

Criteria	Response Yes / No	Discussion <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Developing criteria for entering into partnerships with the private sector?	No	Not applicable
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	No	Not applicable



NATIONAL CONSUMER COMMISSION

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PART D

HUMAN RESOURCES

PERSONNEL COST BY PROGRAMME

Programme	Total Personnel budget	Personnel Expenditure	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee
Administration	R20 375 682	R19 265 345	43%	32	R602 042
Programme 1	R4 915 198	R4 647 353	10%	6	R774 559
Programme 2	R5 244 831	R4 959 023	11%	7	R708 432
Programme 3	R17 304 290	R16 361 323	36%	38	R430 561
TOTAL	R47 840 000	R45 233 044	100%	83	R544 976

Administration: Corporate Services, Office of the Commissioner, Research, Analysis and Knowledge Management

Programme 1: Education, Compliance and Advocacy

Programme 2: Legal Services

Programme 3: Enforcement and Investigations

2. PERSONNEL COST BY SALARY BAND LEVEL

Level	Total Personnel budget	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Top Management	R2 093 786	R1 979 689	4%	1	R1 979 689
Senior Management	R15 694 988	R14 839 717	33%	14	R1 059 980
Professionally qualified	R16 884 832	R15 964 723	35%	23	R694 118
Skilled	R4 045 267	R3 824 827	8%	9	R424 981
Semi-skilled	R8 701 731	R8 227 546	19%	30	R274 252
(Interns)	R419 396	R396 542	1%	6	R66 090
TOTAL	R47 840 000	R45 233 043	100%	83	R544 976

Over and above the approved 79 positions in the overall structure, 6 interns were appointed during the period under review.

3. PERFORMANCE REWARDS

Programme	Total personnel Budget	Performance rewards	Personnel expenditure	% of performance rewards to total personnel cost
Administration	R20 375 682	0	0	0
Programme 1	R4 915 198	0	0	0
Programme 2	R5 244 831	0	0	0
Programme 3	R17 304 290	0	0	0
TOTAL	R47 840 000	0	0	0

4. TRAINING COSTS

Directorate/ Business Unit	Total personnel Budget	Training expenditure	Training expenditure as a % of personnel Cost.	No. of employees trained	Avg. training cost per employee
All Directorates	47 840 000	119 460	24.9%	37	3 229
TOTAL	47 840 000	119 460	24.9%	37	3 229

NB!: The planned training interventions could not be fully implemented due to the unavailability of Service providers during COVID-19 restrictions.

5. EMPLOYMENT AND VACANCIES

Programme	2020/2021 1 No. of Employee s	2020/2021 Approved / Funded Posts	2020/2021 21 Vacancie s	2021/2022 No. of Employees	2021/2022 2 Vacancies	% of Vacancie s
Top Management	1	2	1	1	1	20%
Senior Management	13	13	0	12	1	20%
Professional qualified	23	25	2	24	1	20%
Skilled	9	9	0	9	0	0%
Semi-skilled	29	30	1	28	2	40%
TOTAL	75	79	4	74	5	100%

6. EMPLOYMENT AND VACANCIES BY PROGRAMME

Programme	2020/2021 21 No. of Employee es	2020/2022 1 Approved / Funded posts	2020/2021 021 Vacanci es	2021/2022 22 No. of Employee es	2021/2022 2 Approved / Funded posts	2021/2022 22 Vacancie s	% of vacanci es
Administration	31	32	1	30	32	2	40%
Programme 1	6	6	0	6	6	0	0%

Programme	2020/2021 No. of Employees	2020/2021 Approved / Funded posts	2020/2021 Vacancies	2021/2022 No. of Employees	2021/2022 Approved / Funded posts	2021/2022 Vacancies	% of vacancies
Programme 2	5	7	2	7	7	0	0%
Programme 3	33	34	1	31	34	3	60%
Total	75	79	4	74	79	5	100%

7. EMPLOYMENT CHANGES

Salary Band	Employment at the beginning of the period	Appointment	Terminations	Employment at the end of the period
Top Management	1	0	0	1
Senior Management	13	3	4	12
Professional Qualified	23	3	2	24
Skilled	9	0	0	9
Semi-Skilled	29	0	1	28
Total	75	6	7	74

8. REASONS FOR STAFF LEAVING

Reason	Percentage of the total number of staff leaving	Number
Death	14%	1
Resignation	72%	5
Dismissal	0%	0
Retirement	14%	1
Ill health	0%	0
Expiry of contract	0%	0
Other	0%	0
Total	100%	7

9. LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of Disciplinary Action	Number
Verbal Warning	2
Written Warning	2
Final Written warning	0
Dismissal	0
Ongoing disciplinary process	2
Total	6

10. Equity Targets and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	6	-	-	-	1	-	-	-
Professionally qualified	11	-	1	1	-	1	-	1
Skilled	4	-	-	-	-	-	-	-
Semi-skilled	13	-	-	-	-	-	-	-
TOTAL	34	0	1	1	1	1	-	1

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	-	-	-	-	-	-
Senior Management	5	-	-	-	-	-	-	-
Professionally qualified	12	-	1	-	-	1	-	1

Skilled	3	-	-	1	-	1	1	-
Semi-skilled	15	-	-	-	-	-	-	-
TOTAL	36	-	1	1	-	2	1	1

Levels	DISABLED STAFF							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-
Professional qualified	-	-	-	-	-	-	-	-
Skilled	-	-	-	-	-	-	-	-
Semi-skilled	1	-	-	-	-	-	-	-
TOTAL	1	0	0	-	0	0	0	0

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022



NATIONAL CONSUMER COMMISSION

a member of **the dtic** group

PART E

FINANCIAL INFORMATION



Independent auditor's report to the accounting authority of the National Consumer Commission

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of the National Consumer Commission set out on pages xx to xx, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the National Consumer Commission as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act 1 of 1999.

Context for the opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
4. We are independent of the commission in accordance with Independent Regulatory Board for Auditors' *Code of Professional Conduct for Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (Including International Independence Standards)*.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the accounting authority for the financial statements

6. The commissioner, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act 1 of 1999, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the commissioner's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the commission or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

[Report on the audit of the annual performance report](#)

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.
11. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the commissioner's approved performance planning documents. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures do not examine whether the actions taken by the accounting authority enabled service delivery. Our 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

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

12. We 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 accounting authority's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 1: To promote accessible consumer protection	30-34

13. We performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. We 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. We did not identify any material findings on the usefulness and reliability of the reported performance information for Programme 1: To promote accessible consumer protection.

Report on the audit of compliance with legislation

Introduction and scope

15. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the accounting authority's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.
16. We 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

17. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
18. Our opinion on the financial statements and my findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

19. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
20. After we receive and read the "other information" and if we conclude that there are any inconsistencies we are required to communicate the matter to the accounting authority and request that the other information be corrected. If the other information is not corrected, we 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

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

Auditor tenure

23. In terms of the IRBA rule published in *Government gazette number 39475* dated 4 December 2015, we report that RAIN Chartered Accountants Inc has been the auditor of National Consumer Commission for 4 years.


RAIN Chartered Accountants Incorporated
Chartered Accountants (SA)
Registered Auditor
Per: I.E. Pierce
Johannesburg
29 July 2022

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	PFMA Schedule 3
Nature of business and principal activities	The National Consumer Commission is established in terms of Section 85 of the Consumer Protection Act No. 68 of 2008 with jurisdiction throughout the Republic of South Africa, to promote and advance the social and economic welfare of consumers in South Africa by establishing a legal framework for the achievement and maintenance of a consumer market that is fair, accessible, efficient, sustainable and responsible for the benefit of consumer generally
Member	T. Mabuza
Registered office	SABS Campus Building C 1 Dr Lategan Road Groenkloof Pretoria 0027
Business address	SABS Campus Building C 1 Dr Lategan Road Groenkloof Pretoria 0027
Postal address	P.O Box 36628 Menlo Park 0102
Bankers	Nedbank Ltd
Auditors	Rain Chartered Accountants Inc Registered Auditors
Secretary	Joseph Selolo

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

Accounting Authority's Responsibilities and Approval

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the NCC 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.

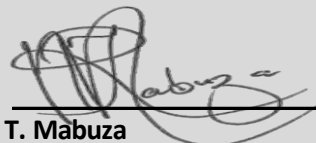
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

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

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the accounting authority on 29 July 2022 and were signed on its behalf by:



T. Mabuza
Acting Commissioner

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

Figures in Rand	Note(s))	2022	2021 Restated *
Assets			
Current Assets			
Receivables from exchange transactions	3	82,311	61,742
Receivables from non-exchange transactions	4	1,351,961	889,130
Prepayments	5	1,585,175	539,450
Cash and cash equivalents	6	13,194,095	27,475,399
		16,213,542	28,965,721
Non-Current Assets			
Property, plant and equipment	7	11,415,292	10,495,898
Intangible assets	8	4,127,641	3,810,959
Prepayments	5	1,666,760	-
		17,209,693	14,306,857
Total Assets		33,423,235	43,272,578
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	2,400,340	11,967,302
Provisions	10	1,529,002	1,728,684
		3,929,342	13,695,986
Total Liabilities		3,929,342	13,695,986
Net Assets		29,493,893	29,576,592
Accumulated surplus		29,493,893	29,576,592
Total Net Assets		29,493,893	29,576,592

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated *
Revenue			
Revenue from exchange transactions			
Interest on debtors		1,463	2,125
Other Income		5,639	211,155
Interest received – bank accounts	11	1,012,341	2,004,565
Total revenue from exchange transactions		1,019,443	2,217,845
Revenue from non-exchange transactions			
Taxation revenue			
Reversal of impairment loss		-	184,339
Transfer revenue			
Government grants & subsidies	12	58,505,000	51,530,000
Services in kind	13	10,481,196	9,709,211
Total revenue from non-exchange transactions		68,986,196	61,423,550
Total revenue	14	70,005,639	63,641,395
Expenditure			
Employee related costs	15	(45,464,544)	(45,057,946)
Penalties and Interest	16	(5,430)	(6,758)
Depreciation and amortisation	17	(981,625)	(678,624)

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

Debt Impairment	18	(145,762)	(25,455)
	19	(12,111)	(106,692)
Loss on disposal of assets		(94,301)	(52,672)
General Expenses	20	(23,384,565)	(19,397,302)
Total expenditure		(70,088,338)	(65,325,449)
Deficit for the year		(82,699)	(1,684,054)

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	31,429,964	31,429,964
Adjustments		
Prior year adjustments 26	(169,318)	(169,318)
Balance at 01 April 2020 as restated*	31,260,646	31,260,646
Changes in net assets		
Surplus for the year	(1,684,054)	(1,684,054)
Total changes	(1,684,054)	(1,684,054)
Opening balance as previously reported	30,422,169	30,422,169
Adjustments		
Prior year adjustments 26	(845,577)	(845,577)
Restated* Balance at 01 April 2021 as restated*	29,576,592	29,576,592
Changes in net assets		
Surplus for the year	(82,699)	(82,699)
Total changes	(82,699)	(82,699)
Balance at 31 March 2022	29,493,893	29,493,893

Note(s)

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated *
Cash flows from operating activities			
Receipts			
Grants		58,505,000	51,530,000
Interest income		1,014,564	2,004,565
		59,519,564	53,534,565
Payments			
Employee costs		(46,527,999)	(44,024,126)
Suppliers		(14,727,456)	(12,549,880)
		(61,255,455)	(56,574,006)
Net cash flows from operating activities	22	(1,735,891)	(3,039,441)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(10,095,413)	(365,427)
Purchase of other intangible assets	8	(2,450,000)	(1,720,000)
Net cash flows from investing activities		(12,545,413)	(2,085,427)
Net increase/(decrease) in cash and cash equivalents		(14,281,304)	(5,124,868)
Cash and cash equivalents at the beginning of the year		27,475,399	32,600,267

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

Cash and cash equivalents at the end of the year	6	13,194,095	27,475,399
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The accounting policies on pages 17-39 to and the notes on pages 40 to 45 form an integral part of the annual financial statements.

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	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						
Interest on debtors	-	-	-	1,463	1,463	
Other income	-	-	-	5,639	5,639	29.1
Interest received - bank	2,100,000	(1,065,000)	1,035,000	1,012,341	(22,659)	29.2
Total revenue from exchange transactions	2,100,000	(1,065,000)	1,035,000	1,019,443	(15,557)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	58,505,000	-	58,505,000	58,505,000	-	
Services in kind	10,194,674	-	10,194,674	10,481,197	286,523	29.3
Total revenue from non-exchange transactions	68,699,674	-	68,699,674	68,986,197	286,523	
Total revenue	70,799,674	(1,065,000)	69,734,674	70,005,640	270,966	
Expenditure						
Employee related costs	(47,840,000)	1,325,000	(46,515,000)	(45,464,544)	1,050,456	29.4
Penalties and Interest	-	-	-	(5,430)	(5,430)	
Depreciation and amortisation	(899,000)	899,000	-	(981,625)	(981,625)	29.5
Repairs and Maintenance	(360,000)	150,000	(210,000)	(145,762)	64,238	

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

Debt Impairment	-	-	-	(12,111)	(12,111)	
General Expenses	(19,600,674)	(2,959,000)	(22,559,674)	(23,384,565)	(824,891)	29.6
Total expenditure	(68,699,674)	(585,000)	(69,284,674)	(69,994,037)	(709,363)	
Operating surplus	2,100,000	(1,650,000)	450,000	11,603	(438,397)	
Loss on disposal of assets and liabilities	-	-	-	(94,301)	(94,301)	29.7
Deficit before taxation	2,100,000	(1,650,000)	450,000	(82,698)	(532,698)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	2,100,000	(1,650,000)	450,000	(82,698)	(532,698)	

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Statement of Financial Position

Assets

Non-Current Assets

Property, plant and equipment	9,038,286	(3,255,888)	5,782,398	3,370,592	(2,411,806)	29.8
Intangible assets	1,925,899	-	1,925,899	350,000	(1,575,899)	29.9
	10,964,185	(3,255,888)	7,708,297	3,720,592	(3,987,705)	

National Consumer Commission

Annual Financial Statements for the year ended 31

March 2022

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.

These accounting policies are consistent with the previous period.

1.1. 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.

1.2. Materiality

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

National Consumer Commission

Annual Financial Statements for the year ended 31

March 2022

Assessing whether an omission or misstatement could influence the decisions of users, and so be material, requires consideration of the characteristics of those users. The materiality assessment for financial and non-financial omissions or misstatements are determined in accord with the NCC's materiality and significance framework.

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.

1.3. Significant judgements and sources of estimation uncertainty

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

Trade receivables / Held to maturity investments and/or loans and receivables

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of potentially impaired cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of the assets.

National Consumer Commission

Annual Financial Statements for the year ended 31

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Value in use of non-cash generating assets

The NCC reviews and tests the carrying value of non-cash generating 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, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

Useful lives of property, plant and equipment

The NCC's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment and other assets. This estimate involves a matter of judgement based on the experience of the NCC with similar assets.

The NCC considers all facts and circumstances in estimating the useful lives of assets, which includes the consideration of financial, technical and other factors. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives, and decrease the depreciation charge where useful lives are more than previously estimated useful lives.

1.4. Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and

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March 2022, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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.

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. The depreciation charge for each period is recognised in surplus or deficit.

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
Furniture and fixtures	Straight-line	3-10 years
Office equipment	Straight-line	3- 10 years
Computer equipment	Straight-line	3-9 years

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

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

The NCC assesses at each reporting date whether there is any indication that the NCC 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 NCC revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate in terms of the Standard of GRAP on Accounting Policies, Changes in Estimates and Errors.

The depreciation charge for each period is recognised in surplus or deficit .

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 18).

1.5. Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical substance. The NCC has classified computer software as intangible assets.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an NCC and sold, transferred, licensed, rented or exchanged, either

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- individually or together with a related contract, identifiable assets or liability, regardless of whether the NCC intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the NCC or from other rights and obligations.

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

Amortisation is provided to write down the intangible assets to their residual values. The amortisation charge for each period is recognised in surplus or deficit.

Item	Depreciation method	Average Useful Life
Computer software	Straight Line	3 to 5 years

The gain or loss arising from the derecognition of an intangible asset 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). The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

1.6. Impairment of non-cash-generating assets

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

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

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

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

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

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

Designation

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

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

Identification

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

The NCC 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 NCC 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.

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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 NCC would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized 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.

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

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

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Reversal of an impairment loss

The NCC 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 NCC estimates the recoverable service amount of that asset.

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

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

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.

1.7. Financial instruments

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

Classification

The NCC 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
exchange transactions	Receivables from non-Financial asset measured at amortised cost
	Cash and cash equivalents
	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at fair value

Initial recognition

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

The NCC recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The NCC 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, except for financial instruments subsequently measured at fair value, which are measured at its fair value.

The NCC measures a financial asset and financial liability initially at its fair value, if subsequently measured at fair value.

Subsequent measurement of financial assets and financial liabilities

The NCC measures all financial assets and financial liabilities after initial recognition using amortised cost.

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

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Gains and losses

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 NCC 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, if practically determinable. Where the effective interest rate at initial recognition is not practically determinable, the government bond rate is used as the risk-free rate and adjusted for any risks specific to the financial assets. The carrying amount of the asset is reduced 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 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.

Derecognition:

Financial Assets

The NCC derecognises financial assets using trade date accounting.

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The NCC derecognises a financial asset only when:

the contractual rights to the cash flows from the financial asset expire, are settled or waived;

the NCC transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or the NCC, 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 NCC:

derecognises the asset; and

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

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

If the NCC transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the NCC adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the NCC obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the NCC recognises the new financial asset, financial liability or servicing liability at fair value.

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 NCC derecognises 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.

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

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

1.8. Statutory receivables

Identification

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

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

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

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

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

Recognition

The NCC recognises statutory receivables as follows:

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- 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 NCC initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Derecognition

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

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

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

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

1.9. Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases

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.

The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term. Any contingent rents are expensed in the period in which they are incurred.

1.10. Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

1.11. Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.12. Revenue from exchange transactions

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

Measurement

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

Interest- Short term deposits

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

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

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

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1.13. Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the NCC 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.

Measurement

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

When, as a result of a non-exchange transaction, the NCC 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.

Government Grants

Apart from Services in kind, which are not recognised, the NCC recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The NCC recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

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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.

Services in-kind

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

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

1.14. Employee benefits

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

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

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

1.15. 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 and classified in accordance with the nature of the expense. Upon investigation, if a person was found to be liable in law for the fruitless and wasteful expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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1.16. 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.

1.17. 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.

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.

Management are those persons responsible for planning, directing and controlling the activities of the NCC, including those charged with the governance of the NCC in accordance with legislation, in instances where they are required to perform such functions.

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

The NCC 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 NCC 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.

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Annual Financial Statements for the year ended 31

March 2022

1.18. 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 NCC adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The NCC discloses 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.

1.19. Presentation currency

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

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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2. New standards and interpretations

2.1 New Accounting Standards and interpretations

Standard/ Interpretation:

Effective date:
Years beginning on or
after

Expected impact:

- IGRAP 20- Accounting for Adjustments to Revenue
The impact is not material.

01 April 2020

**11. Expected
impact:**

2.2 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:

**Unlikely there will be
a material impact
Unlikely there will be
a material impact**

10. / Interpretation:

Effective date:
Years beginning on or
after

- GRAP 25 (as revised): Employee Benefits

Years beginning on
or after 01 April
2022

GRAP 104 (as revised): Financial Instruments Years beginning on or

after 01 April 2022

National Consumer Commission

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Figures in Rand	2022	2021
3. Receivables from exchange transactions		
Accrued interest income	5,597	7,820
Third party receivables	73,985	53,922
Other debtors	2,729	-
	82,311	61,742

4. Receivables from non-exchange transactions

Services in kind	1,325,222	849,423
Other Receivables	-	910
Staff debtors	26,739	38,797
	1,351,961	889,130

5. Prepayments

Prepayments, both current R 1 585 175; 2021 (R 539 450) and non-current R 1 666 760; 2020 (R0) mainly relate to software licenses acquired by the National Consumer Commission to ensure the functioning of the ICT Infrastructure finalised in the 2021/2022 financial year. Most of the software licenses are for a period of three years and will be expensed on a monthly basis as the licenses are utilised.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,182	6,655
Bank balances	1,154,208	19,937,946
Short-term deposits	12,037,705	7,530,798
	13,194,095	27,475,399

Cash and cash equivalents comprise cash, a current account and a short-term, highly liquid investment held with the Corporation for Public Deposits (CPD), with maturities of one month or less subject to insignificant interest rate risk. Cash and cash equivalents are measured at fair value.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

Management considers that all the above cash and cash equivalent categories are of good credit quality. The maximum exposure to credit risk at the reporting date is the fair value of each class of cash and cash equivalents mentioned above. During the year cash and cash equivalents were kept in an investment and current account. The cash and cash equivalents were not pledged as security for any financial liabilities.

7. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	2,467,663	(1,651,427)	816,236	2,606,125	(1,592,251)	1,013,874
Office equipment	411,819	(292,517)	119,302	420,249	(230,839)	189,410

National Consumer Commission

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Notes to the Annual Financial Statements

Computer equipment	13,360,627	(2,880,873)	10,479,754	3,548,932	(2,587,883)	961,049
Work in progress	-	-	-	8,331,565	-	8,331,565
Total	16,240,109	(4,824,817)	11,415,292	14,906,871	(4,410,973)	10,495,898

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening Transfers balance	Additions	Disposals	WIP	Depreciation	Total
Furniture and fixtures	1,013,874	-	(44,114)	-	(153,524)	816,236
Office equipment	189,410	-	(3,398)	-	(66,710)	119,302
Computer equipment	961,04	330,837	-	(46,791)	(728,073)	10,479,754
Work in progress	8,331,565	1,631,167	-	-	-	-
	(9,962,732)					
	10,495,898	1,962,004	(94,303)	-	(948,307)	11,415,292

Reconciliation of property, plant and equipment - 2021

	Opening ns balance	Additio	Transfers received	Transfers	Assets Derecognition incorrectly	Other impaired	Depreciation movements	Total	
Furniture and fixtures	1,238,184	8,111	-	(40,933)	-	7,312	(188,187)	(10,613)	1,013,874
Office equipment	15,245	66,476	123,650	-	-	-	(15,514)	(447)	189,410
Computer equipment	1,072,784	290,840	9,070	(91,786)	184,340	3,294	(465,882)	(41,611)	961,049
Work in progress	-	8,331,565	-	-	-	-	-	-	8,331,565
	2,326,213	8,696,992	132,720	(132,719)	184,340	10,606	(669,583)	(52,671)	10,495,898

Pledged as security

There are no items of Property, Plant and Equipment that have been pledged as security. Other movements relate to capitalisation of assets discovered during the asset verification process which were not on the fixed asset register.

National Consumer Commission
Annual Financial Statements for the year ended 31 March 2022
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Figures in Rand 2022 2021
7. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Computer Equipment- PABX System	145,762	25,455
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Repairs and maintenance relate to the maintenance of the contact centre PABX system

8. Intangible assets

Pledges as security

	2022			2021		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ valuation	Accumulated amortisation and accumulated impairment	Cost/ Valuation
Intangible assets under development	4,070,000	-	4,070,000	3,720,000	-	3,720,000
Computer software	100,000	(42,359)	57,641	100,000	(9,041)	90,959
Total	4,170,000	(42,359)	4,127,641	3,820,000	(9,041)	3,810,959

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Intangible assets under development	3,720,000	350,000	-	4,070,000
Computer software	90,959	-	(33,318)	57,641
	3,810,959	350,000	(33,318)	4,127,641

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Intangible assets under development	-	3,720,000	-	3,720,000
Computer software	-	100,000	(9,041)	90,959
	-	3,820,000	(9,041)	3,810,959

National Consumer Commission
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	Cost / Valuation	Accumulat ed amortisatio n and accumulate	Carrying value			
Intangible assets under development	4,070,000	-	4,070,000	3,720,000	-	3,720,000
Computer software	100,000	(42,359)	57,641	100,000	(9,041)	90,959
Total	4,170,000	(42,359)	4,127,641	3,820,000	(9,041)	3,810,959

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Intangible assets under development	3,720,000	350,000	-	4,070,000
Computer software	90,959	-	(33,318)	57,641
	3,810,959	350,000	(33,318)	4,127,641

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Intangible assets under development	-	3,720,000	-	3,720,000
Computer software	-	100,000	(9,041)	90,959
	-	3,820,000	(9,041)	3,810,959

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Pledges as security

There are no intangible assets pledged as security

9. Payables from exchange transactions

Trade payables	937,610	10,349,633
Accrued expense	379,566	558,613
Salary Control Account	105,726	12,578
Medical aid control account	11,416	-
Third party payments	5,942	57,563
UIF Control Account	-	82,701
Service Bonus	960,080	906,214
	2,400,340	11,967,302

National Consumer Commission
Annual Financial Statements for the year ended 31 March 2022
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Figures in Rand	2022	2021
Payables from exchange transactions (continued)		

Invoices are due and payable within 30 days of receipt. The carrying value of trade and other payables reflects the approximate fair values at the end of the financial year.

10. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for leave pay	1,671,115	4,020,024	(4,213,011)	-	1,478,128
Provision for workmen's compensation	57,569	50,874	(37,328)	(20,241)	50,874
	1,728,684	4,070,898	(4,250,339)	(20,241)	1,529,002

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave pay	1,543,937	372,319	(245,141)	1,671,115
Provision for Workmen's Compensation	6,834	50,735	-	57,569
	1,550,771	423,054	(245,141)	1,728,684

The provision for leave pay represents management's best estimate of the NCC's liability for accrued leave pay based on the termination rate and outstanding leave days of the employees employed at year-end. The NCC's leave policy states that all employees are required to take accumulated annual leave days within the first 6 month period of the next leave cycle, failing which those leave days will be forfeited.

The provision for Workmen's Compensation is based on the assessment rate of the annual salary of the employees employed at year-end.

11. Interest Received- Bank Accounts

Interest revenue

Bank accounts and short term deposits	1,012,341	2,004,565
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The interest received was earned from available cash resources from NCC's short term deposit account with the Corporation for Public Deposits and the current bank account.

12. Government grants & subsidies Operating grants

Department of Trade, Industry and Competition	58,505,000	51,530,000
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National Consumer Commission
Annual Financial Statements for the year ended 31 March 2022
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13. Operating grant

The National Consumer Commission receives its annual allocation from the National Treasury through the Department of Trade, Industry and Competition. This is the main source of revenue for the NCC. The total amount received for the financial year ending 31 March 2022 is R 58 505 000.

11. Services in kind

South African Bureau of Standards	10,481,196	9,709,211
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With effect from 1 October 2016 the South African Bureau of Standards (SABS) has provided the NCC with office accommodation and related services at no cost to the NCC. Related services include security, cleaning and information technology services. The market value of the accommodation and related costs amounts to R 10 481 197; (2020: R 9 709 211).

National Consumer Commission
Annual Financial Statements for the year ended 31 March 2022
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Figures in Rand	2022	2021
14. Revenue		
Interest on debtors	1,463	2,125
Other income	5,639	211,155
Interest received - bank accounts	1,012,341	2,004,565
Reversal of impairment loss	-	184,339
Government grants & subsidies	58,505,000	51,530,000
Services in kind	10,481,196	9,709,211
	70,005,639	63,641,395

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

Interest on debtors	1,463	2,125
Other Income	5,639	211,155
Interest received- bank accounts	1,012,341	2,004,565
	1,019,443	2,217,845

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

Reversal of impairment loss	-	184,339
Transfer revenue		
Government grants & subsidies	58,505,000	51,530,000
Services in kind	10,481,196	9,709,211
	68,986,196	61,423,550

15. Employee related costs

Salaries	37,159,003	35,893,670
Service bonus	2,074,371	2,942,095
Medical aid contributions	457,030	421,551
UIF contributions	155,306	129,089
Discretionary payments (Ex-gratia payments)	1,199,950	-
Leave pay provision charge	(192,987)	127,178
Leave payout	402,093	291,734
Overtime payments	36,745	-
Employer pension contributions	4,142,400	4,720,824
Workmen's compensation	30,633	50,734
Special allowances	-	481,071
	45,464,544	45,057,946

16. Penalties and Interest

South African Revenue Services	5,430	6,758
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During the financial year, it was discovered that the National Consumer Commission's account with the South African Revenue Services has been accumulating interest due to penalties incurred in the past. Management made a decision to

National Consumer Commission
Annual Financial Statements for the year ended 31 March 2022
Notes to the Annual Financial Statements

settle the account, to conduct investigations on the root cause of the penalties with the intention to recoup the amounts from either SARS or the relevant employees.

17. Depreciation and amortisation

Property, plant and equipment	948,307	669,583
Intangible assets	33,318	9,041
	981,625	678,624

Figures in Rand

2022 **2021**

18. Repairs and Maintenance

Contact centre system	145,762	25,455
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19. Debt impairment

Bad debts written off	12,111	106,692
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Certain amounts owing to the NCC by former employees had to be written off. This is due to these amounts being uncollectable despite efforts undertaken to do so.

20. General expenses

Advertising	1,001,511	1,274,718
Auditors remuneration	1,612,085	1,515,358
Bank charges	31,196	33,416
Cleaning Services	364,622	347,258
Computer expenses	2,893,747	980,994
Consulting and professional fees	3,436,178	3,419,762
Consumables	143,710	64,417
Postage and Courier Services	7,702	3,444
Office Rental	5,428,280	5,169,790
Communication costs	640,739	696,495
Printing and Stationery	232,035	80,974
Audit Committee Fees	440,079	447,035
Software Expenses	2,422,965	771,516
Research Costs	-	569,970
Security Services	693,115	660,110
Subscriptions and membership fees	36,353	27,427
Training	119,460	45,922
Travel - local	1,817,647	1,250,814
Publications	88,436	84,488
Water and Electricity	1,937,363	1,845,107
Lease Payments: Printers and Copiers	37,342	87,493
Venues and Facilities	-	7,927
Assets below R 5000	-	12,867
	23,384,565	19,397,302

National Consumer Commission
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21. Auditors' remuneration

External audit fees	1,333,634	1,202,472
Internal audit fees	278,451	312,886
	1,612,085	1,515,358

Figures in Rand	2022	2021
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22. Cash used in operations

Deficit	(82,699)	(1,684,054)
Adjustments for:		
Depreciation and amortisation	981,625	678,624
(Gain) loss on sale of assets and liabilities	94,301	52,672
Debt impairment	12,111	106,692
Movements in provisions	(199,682)	177,912
Assets included in other income acquired for no consideration	-	(198,155)
Reversal of impairment losses	-	(184,340)
Capitalisation of assets not previously recorded	-	(10,607)
Assets acquired but not paid for	10,233,412	(10,233,409)
Changes in working capital:		
Receivables from exchange transactions	(20,569)	32,803
Debtors written off	(12,112)	(106,693)
Other receivables from non-exchange transactions	(462,831)	(402,927)
Prepayments	(2,712,485)	(359,850)
Payables from exchange transactions	(9,566,962)	9,091,891
	(1,735,891)	(3,039,441)

23. Financial instruments

Categories of financial instruments

2022

Financial assets

	At amortised cost	Total
Cash and cash equivalents	13,194,095	13,194,095
Accrued Interest Income	5,597	5,597
	13,199,692	13,199,692

Financial liabilities

	At fair value	Total
Trade and other payables from exchange transactions	2,379,875	2,379,875

2021

Financial assets

National Consumer Commission
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	At amortised cost	Total
Cash and cash equivalents	27,475,399	27,475,399
Other financial assets	7,820	7,820
	27,483,219	27,483,219

Financial liabilities

	At fair value	Total
Trade and other payables from exchange transactions	11,967,302	11,967,302

Figures in Rand

2022 **2021**

24. Commitments

Authorised capital expenditure

Already contracted for

• Property, plant and equipment	1,575,899	1,925,899
• Intangible assets	5,667,695	9,448,807
	7,243,594	11,374,706

Total capital commitments

Already contracted for	7,243,594	11,374,706
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Authorised operational expenditure

Already contracted for

• General Expenditure	2,343,788	4,795,094
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Total operational commitments

Already contracted for	2,343,788	4,795,094
------------------------	-----------	-----------

Total commitments

Total commitments

Authorised capital expenditure	7,243,594	11,374,706
Authorised operational expenditure	2,343,788	4,795,094
	9,587,382	16,169,800

This committed expenditure relates to property, plant and equipment, intangible assets and operational expenditure and will be financed by retained surpluses and existing cash resources.

The difference between operational commitments as previously disclosed in the prior year and the comparative figure for the current year was the inclusion of leases relating to photocopy machines. These should not have been part of the note as they are disclosed as operating lease commitments. The amount of the adjustment is R 27 063.

Operating leases - as lessee (expense)

National Consumer Commission
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Minimum lease payments due

- within one year	10,270	13,514
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Operating lease payments represent rentals payable by the NCC for some of its office equipment.

Figures in Rand	2022	2021
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25. Related parties

Relationships

Department of Trade, Industry and Competition (DTIC)	Parent Department
Companies Tribunal	Member of DTIC group
Companies and Intellectual Property Commission	Member of DTIC group
National Consumer Tribunal	Member of DTIC group
National Credit Regulator	Member of DTIC group
National Gambling Board	Member of DTIC group
National Lotteries Commission	Member of DTIC group
National Metrology Institute of South Africa	Member of DTIC group
National Regulator for Compulsory Specifications	Member of DTIC group
South African Bureau of Standards	Member of DTIC group
National Empowerment Fund	Member of DTIC group
South African National Accreditation System	Member of DTIC group
Export Credit Insurance Corporation of South Africa	Member of DTIC
group Broad-Based Black Economic Empowerment Commission	Member of DTIC
group	
Members of Key Management	Members of Executive Management

The National Consumer Commission is presumed to be related to all other government entities within the national sphere by virtue of classification as a national public entity. However, only relationships, balances and transactions carried out within the ambit of the DTIC group entities are disclosed.

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

South African Bureau of Standards	1,325,223	849,423
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Related party transactions

Transfer Payment Received

Department of Trade, Industry and Competition (DTIC)	58,505,000	51,530,000
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Services in Kind

South African Bureau of Standards	10,481,193	9,709,211
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Consulting fees

National Consumer Tribunal	-	126,033
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The NCC is funded by government grants received through the Department of Trade, Industry and Competition. The transfer payments are received within normal operating terms. The amount is included in revenue on the statement of financial performance.

National Consumer Commission

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

With effect from 1 October 2016, the South African Bureau of Standards (SABS) has provided the NCC with office accommodation at no cost. The market-related value of the accommodation and related cost amounts to R 10 481 193 (2021: R 9 709 211). The SABS and the NCC are entities within the DTIC group.

National Consumer Commission
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Figures in Rand **2022** **2021**

Remuneration of key personnel

Audit and Risk Committee Members

2022

Name	Number of meetings attended	Committee Fees	Other benefits received	Total
Ms S Sekgobela (Chairperson) *	3	140,358	2,000	142,358
Ms R Kenosi **	4	88,993	1,500	90,493
Adv S Kholong*	3	58,276	1,000	59,276
Ms N Matomela (Ex Officio Member)	5	1	-	1
Mr N Marota ***	2	62,136	1,793	63,929
Ms L Mbana ****	1	23,301	135	23,436
Mr F Docrat (Chairperson)***	2	67,016	1,716	68,732
	-	440,081	8,144	448,225

2021

Name	Number of meeting attended	Total
Ms S Sekgobela (Chairperson)	5	165,716
Ms R Kenosi	5	143,859
Adv S Kholong	5	137,440
Ms N Matomela (Ex Officio Member)	5	-
- 447,015		

* Ms. S . Sekgobela and Adv S. Kholong's terms of office ended on 6 October 2021.

** Ms. R. Kenosi's term of office expired on 19 January 2022.

*** The member was appointed with effect from 14 October 2021

**** The member was appointed with effect from 06 January 2022.

Executive management

2022

Name	Basic Salary	Pension Contribution	Other payments received	Total
T Mabuza - Acting Commissioner	1,426,618	155,981	400,009	1,982,608
J Selolo-Company Secretary	980,244	113,858	302,628	1,396,730
A Van der Merwe - Chief Financial Officer and Head of	169,408	22,023	214,812	406,243

National Consumer Commission

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Corporate Services ***				
PM Moshidi - Chief Financial Officer and Head of Corporate Services ****	583,886	75,905	195,898	855,689
P Moilwa - Head Enforcement and Investigations	808,739	105,136	469,241	1,383,116
P. Mlungu- Head Advocacy, Education and Awareness	808,739	105,136	471,225	1,385,100
J. Mbeje- Head of Legal Division	875,828	113,858	300,018	1,289,704
	5,653,462	691,897	2,353,831	8,699,190

Figures in Rand

2022

2021

2021

Name	Basic Salary	Pension Contribution	Other payments received	Total
T Mabuza - Acting Commissioner	1,523,358	155,981	471,589	2,150,928
N Kuljeeth - Company Secretary *	232,396	30,211	242,537	505,144
J Selolo-Company Secretary **	545,014	66,417	160,981	772,412
A Van der Merwe - Chief Financial Officer and Head of Corporate Services	1,016,451	132,139	334,517	1,483,107
P Moilwa - Head Enforcement and Investigations	808,739	105,135	467,557	1,381,431
P. Mlungu- Head Advocacy, Education and Awareness	808,739	105,135	470,235	1,384,109
J. Mbeje- Head of Legal Division	875,828	113,858	278,843	1,268,529
	5,810,525	708,876	2,426,259	8,945,660

* N Kuljeeth retired on 30 June 2020.

** J Selolo was acting Company Secretary from 1 July 2020 to 31 August 2020 and was appointed as Company Secretary on 1 September 2020.

*** A Van der Merwe retired on 31 May 2021.

26. Prior-year adjustments

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

Statement of financial position

2021

	Note	As previously reported	Correction of error	Restated
Receivables from non-exchange transactions		924,193	(35,063)	889,130
Property, plant and equipment		14,658,957	(4,163,059)	10,495,898

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Payables from exchange transactions	(15,319,847)	3,352,545	(11,967,302)
	263,303	(845,577)	(582,274)

Statement of financial performance
2021

	Note	As previously reported	Correction of error	Restated
Other income		2,392	208,763	211,155
General expenditure		(19,344,484)	(52,818)	(19,397,302)
Penalties and interest		-	(6,758)	(6,758)
Depreciation and Amortisation		(747,107)	68,483	(678,624)
Loss on disposal of assets		(64,956)	12,284	(52,672)
Compensation of employees		(44,151,732)	(906,214)	(45,057,946)
Surplus for the year		(64,305,887)	(676,260)	(64,982,147)

Cash flow statement
2021

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities		(44,024,126)	-	(44,024,126)
Employees				
Suppliers		2,067,635	(14,617,515)	(12,549,880)
		(41,956,491)	(14,617,515)	(56,574,006)
Cash flow from investing activities				
Purchases of property, plant and equipment		(12,882,942)	12,517,515	(365,427)
Purchase of other intangible assets		(3,820,000)	2,100,000	(1,720,000)
		(16,702,942)	14,617,515	(2,085,427)

Explanation of prior period errors

The following prior period errors adjustments occurred:

Statement of financial position

Receivables from non-exchange transactions

The reconciliation of advances given to employees indicated expenditure incurred in the previous year which was not recorded and advances were therefore not reduced. The adjustment was to clear the Travel Advance Account. An amount of R 28 672 was identified to have overstated the receivables (Services-in-kind) and therefore reduced.

27. Property, plant and equipment

An amount of R 22 891 is as a result of R 10 607 as the effect of assets that were not recorded and R 12 284 which is the effect of assets that were previously derecognised but still in use. Work in progress to the value of R 12 517 515 was recorded in relation to the ICT infrastructure project. The invoices in relation to the project were scrutinised and it was discovered that the invoices contained costs such as licenses which do not contribute directly to the costs of infrastructure. This amount was reduced by R 4 185 950 which consists mainly of prepaid expenses.

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Payables from exchange transactions

The adjustment of R 89 974 was processed to restate the prior year balance. The amount is made of R 32 005 to align the creditors control account to the subledger, R 105 018 owed to SARS as per the 2019 and 2020 statements and for which payment was processed in the 2022 financial year but liabilities were never previously recognised. Accruals of R 2 605 were also discovered in the current year relating to the prior year. Salary control was also overstated by the effect of travel claims recorded as deductions without any corresponding earnings as well as clearing of other reconciling items to an amount of R 51 177.67.

During the previous financial year, an amount of R 4 348 733 was discovered to have been included in trade payables. The amount related to an invoice received for software licenses which were later disclosed as prepaid expenses. The NCC had no obligation to pay the invoice as the services were going to be rendered in the future.

Staff's service bonus was previously not accounted for as a payable. An amount of R 906 214.47 was therefore accounted in the comparative period.

Statement of financial performance

Other Income

An amount of R10 607 represent the effect of assets located during the asset verification process which were not included in the asset register. During the inception stages of the ICT infrastructure implementation, the NCC received some assets to the value of R 198 156 which the service provider did not invoice for and were therefore received for no consideration. These assets were added to work in progress and other income.

General Expenses

Accruals to the value of R 1 151 relating to subscription fees were not previously recognised in the prior year financial statements. An invoice of R 800 relating to the prior year was also received in the current year.

An invoice relating to the exhibition carried out in the prior year was received in the current financial year. The value of the invoice amounted to R 2 645 and therefore increased advertising costs and consequently general expenditure for the prior year. This amount was paid for by issuing an advance to the relevant employee responsible for the project. The effect of the adjustment in the statement of financial position is a reduction of R 2 645 on receivables from non exchange transactions (staff debtors) in the prior year.

The travel account was mainly reduced by an amount of R 16 545 due to an identified duplication expenses in the main to an amount R18 610. This amount was offset by the effect of the travel related accruals which were identified in the current year.

Training costs were incorrectly recognised as work in progress on the ICT infrastructure project at a total cost of R 35 373.

Penalties and Interest

An amount of R 6 758 represents South African Revenue Services penalties and interest relating to the prior year not accounted for. The payment was effected in the current year.

Depreciation and Amortisation

PABX system was found to be duplicated in the asset register for the prior as it was correctly accounted for as property, plant and equipment and also as Intangible asset. An amount of R 68 483 is the removal of overstated amortisation in the annual financial

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Loss on disposal of assets

Some assets were derecognised in the previous year and a loss on disposal recognised in the financial statements. However, some of these assets were still in use and had to be included in the asset register. An amount of R 12 284 represents the carrying value of the assets brought back into the asset register to reduce the previously recognised loss on disposal.

Compensation of employees

Staff's service bonus was previously not accounted for as a payable. An amount of R 906 214.47 was therefore accounted in the comparative period to correct the error.

Cash flow from operations

Payment of suppliers

Cash paid to suppliers and employees was previously disclosed at an amount of R41 956 491 with payments to suppliers disclosed as a net cash inflow at an amount of R 2 067 635 while cash paid to employees was correctly recorded as R 44 024 126. The correction from R 41 956 491 to R 56 574 006 is mainly due to an adjustment for assets acquired and not paid for in 2020/2021 financial year at an amount of R 14 617 515 as this resulted in an improvement in cash generated from operations.

The resulting effect is also the adjustment of payments to suppliers to an amount of (R12 549 877).

Cash flow from investing activities

Purchases of property, plant and equipment and Intangible assets.

An adjustment was made to cash flow from investing activities from an outflow of R 16 702 942 to an outflow of R 3 039 441. This is due to the exclusion of investing activities that do not have a direct impact on current cash flows although they do affect the additions to the capital and asset structure of the NCC.

Accumulated Surplus

The effect of the adjustments on the Accumulated Surplus on 31 March 2020 is a decrease of R 169 318.

Fruitless and wasteful expenditure

Opening balance	-	4,138
Adjustments made	-	(2,213)
Restated opening balance	-	1,925

Adjustment made to opening balance of fruitless and wasteful expenditure is due to amounts written off but included in the balance of the fruitless and wasteful expenditure as well as recoveries made from an employee not accounted for.

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27 Risk management

Financial risk management

The NCC's activities expose it to a variety of financial risks: market risk and credit risk. The NCC's policies and procedures are used to manage its risk and the approach is consistent with prior years.

Liquidity risk

The NCC's risk to liquidity is a result of the funds available to cover future commitments. The NCC assessed liquidity risk as low, taking into consideration the current funding structures and availability of cash resource. The NCC manages liquidity risk through an ongoing review of future commitments and monitoring of sufficient cash resources.

The table below reflects the NCC's exposure to liquidity risk from financial liabilities:

At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payable from exchange transaction	2,400,340	-	-	-
At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payable from exchange transaction	11,967,302	-	-	-

Credit risk

Receivables are monitored on an ongoing basis, resulting in exposure to bad debts being insignificant. A provision is made for doubtful debts. The maximum exposure to credit risk is represented by the carrying value of each financial assets in the Statement of Financial Position.

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

Financial instrument

Receivables from exchange transactions	82,311	61,742
Cash and cash equivalents	13,194,095	27,475,399

Market risk

Interest rate risk

The exposure to interest risk is managed by investing on a short-term basis, in a current account and the Corporation for Public Deposits (CPD), to ensure maximum interest on surplus funds. The risk arises when there are downward interest rate changes, as this will reduce the interest income on invested funds.

Cash and cash equivalents	13,194,095	27,475,399
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28. Fruitless and wasteful expenditure

Opening balance as previously reported	14,795	4,138
Prior period adjustment	-	(1,926)
Add: Fruitless and wasteful expenditure identified - Current period	79,565	12,583
Less: Amounts Recovered	(1,278)	-
Transferred to receivables for recovery	(1,285)	-

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Closing balance	91,797	14,795
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Fruitless and wasteful expenditure is presented inclusive of VAT

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Figures in Rand

2022

2021

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Administration cost for change of accommodation		-	1,887
Traffic fines and handling charges		-	325
SARS- Penalties and interest	Under Investigation	49,960	12,583
Cancellation and re-advertisement of a tender	Investigation Complete	34,489	-
Erratum on the advertisement	Under Investigation	7,348	-
		91,797	14,795

All incidents of fruitless and wasteful expenditure were investigated or are under investigation and consequence management (Disciplinary action) is taken where so recommended by the investigative and loss control committee reports.

Figures in Rand	2022	2021
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29. Budget differences

Material differences between budget and actual amounts

29.1 Other Income

The amount of R 5 639 is mainly due to the recoveries from employees relating to excess use of telephone.

29.2 Interest received- Bank

There is under collection of R 22 659 compared to the budget. This is due to the fact that only 70% of the allocated grant was received from the DTIC, while the remaining 30% grant was received in October 2021. The budget was projected on the anticipation that the full grant will be received at the beginning of the financial year and then invested with the Corporation for Public Deposits. Management had to further adjust the budget from R 2 100 000 to R 1 035 000 in anticipation of the under-collection.

29.3 Services in kind

An amount of R 286 519 relates to the effect of the usage of sanitisers and the employee wellness programme provided by SABS not initially included in the projections.

29.4 Employee Costs

The main contributor to the saving is due to vacant positions during the financial year.

29.5 Depreciation and amortisation

The line item was initially budgeted for at an amount of R 899 000 which was subsequently removed as depreciation and amortisation are non-cash in nature.

29.6 General Expenditure

The National Consumer Commission has been in the process of improving its ICT infrastructure. The Commission purchased licenses to an amount in excess of R4 million in the current year. These licenses are expensed on a monthly basis. The main contributors to the negative variance is the fact that the material amount in prepaid expenses was written off to the statement of financial performance on a monthly basis. Also contributing to the variance is the expenditure incurred on the travel for World Consumer Rights Day that took place in March 2022.

29.7 Loss on disposal of assets

An amount of R 93 178 relates to assets derecognised at carrying value during the financial year due to technological obsolescence and wear and tear.

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29.8 Property, Plant and Equipment

An amount of R 450 000 was reprioritised from goods and services to Property, Plant and Equipment for the procurement of computers and furniture items and therefore increasing the available budget for Property, Plant and Equipment. The budget for Property, Plant and Equipment was also adjusted downwards by an amount of 3 705 888 which was committed to cater for future expenditure for ICT infrastructure maintenance. The net effect is the downward adjustment to the budget of R 3 255 888.

29.9 Intangible assets.

The under expenditure of R 1 575 899 is due to the delays experienced in the finalisation of the opt-out register, especially around integration with the Department of Home Affairs.

29.10 Utilisation of funds retained from prior year.

During October 2021, National Treasury, The National Treasury approved a surplus retention to the value of R 11 412 803 to be used mainly for the implementation of the ICT infrastructure and the opt out register. The total amount of R 3 370 591.70 has since been expended. The National Consumer Commission will apply for retention of surplus funds generated in 2021- 2022 financial year.

30. Contingencies

Contingent liabilities

Claims Against the NCC

There are three litigation matters pending against the NCC. The outcomes of all the three matters cannot be determined as they are all awaiting trial. The matters are as follows:

Gugwini vs NCC

The matter is at labour court where the applicant is claiming an amount of R 826 442.32, being damages due to unfair labour practice and unfair dismissal.

Netshitomboni vs NCC

The matter is at labour court and the applicant is reviewing the Arbitration award and asking for re-employment.

UP Money vs NCC

The matter is at high court where the applicant is reviewing findings of the investigation report.

Surrender of Surplus funds

The NCC is exposed to a potential surrender of surplus funds to an amount of R 10 699 025. The organisation will make an application to National Treasury to surrender these funds.

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31. Change in estimate

Property, plant and equipment

Furniture and Fixtures

The useful life of furniture and fixtures was estimated to be between 3 to 10 years. In the current period, management have revised their estimate on useful lives of some of furniture and fixtures and have extended them by a maximum of two years.

The effect of these revisions have decreased the depreciation charge by R 620.14 in the current year. The effect of future periods is an increase in the total depreciation expense on furniture and fixtures by R 620.14.

Office Equipment

The useful life of computer equipment was estimated to be between 3 to 10 years. In the current period, management have revised their estimate on useful lives of some of office equipment and have extended them by a maximum of two years. The effect of these revisions have decreased the depreciation charge by R 13 117 in the current year. The effect of future periods is an increase in the total depreciation expense on office equipment by R 13 304.

Computer Equipment

The useful life of computer equipment was estimated to be between 3 to 9 years. In the current period, management have revised their estimate on useful lives of some of computer equipment and have extended them by a maximum of two years. The effect of these revisions have decreased the depreciation charge by R 49 417.44 in the current year. The effect of future period is an increase in the total depreciation expense on computer equipment by R 49 398.15.

31. Going concern

We draw attention to the fact that at 31 March 2022, the NCC had an accumulated surplus (deficit) of 29,493,893 and that the NCC's total assets exceed its liabilities by 29,493,893.

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.