Statement of Financial Position as at 31 March 2022

	Note(s)	2022 R '000	2021 Restated* R '000
Assets			
Current Assets			
Inventories	3	2 597	3 328
Other receivables from exchange transactions	6	7 632	4 336
Prepayments	4	2 619	2 472
Statutory receivables from exchange transactions	5	83 989	87 837
Cash and cash equivalents	7	484 421	388 992
		581 258	**486 965**
Non-Current Assets			
Property, plant and equipment	8	66 969	65 140
Intangible assets	9	52 152	52 078
		119 121	**117 218**
Total Assets		**700 379**	**604 183**
Liabilities			
Current Liabilities			
Finance lease liability	10	1 135	902
Payables from exchange transactions	11	72 533	71 539
Grant liability - Unspent conditional grants and receipts	14	214 052	73 586
Provisions	13	-	736
		287 720	**146 763**
Non-Current Liabilities			
Finance lease liability	10	959	1 097
Provisions	13	9 567	10 918
Grants liability - Unspent conditional grants and receipts	14	-	142 276
		10 526	**154 291**
Total Liabilities		**298 246**	**301 054**
Net Assets		**402 133**	**303 129**
Accumulated surplus		402 133	303 129
Total Net Assets		**402 133**	**303 129**

Statement of Financial Performance

	Note(s)	2022 R'000	2021 Restated* R'000
Revenue			
Revenue from exchange transactions			
Registration of deeds and sale of information		865 989	651 901
Management fees earned		15 833	-
Other income		2 020	1 986
Interest received	17	10 723	3 773
Total revenue from exchange transactions		**894 565**	**657 660**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants		1 810	138 000
Total revenue	16	**896 375**	**795 660**
Expenditure			
Employee related costs	20	(586 815)	(551 859)
Depreciation and amortisation		(11 203)	(12 809)
Impairment loss/ Reversal of impairments		(889)	(687)
Finance costs	18	(177)	(124)
Loss on disposal of assets		(306)	(233)
General expenses	21	(198 093)	(136 878)
Total expenditure		**(797 483)**	**(702 590)**
Surplus for the year		**98 892**	**93 070**

Statement of Changes in Net Assets

	Accumulated surplus R'000	Total net assets R'000
Opening balance as previously reported	208 835	208 835
Prior year adjustments	1 224	1 224
Restated *Balance at 01 April 2020 as restated*	**210 059**	**210 059**
Changes in net assets Surplus/(Deficit) for the year	93 070	93 070
Total changes	93 070	93 070
Opening balance as previously reported Adjustments	303 129	303 129
Correction of error	112	112
Restated* Balance at 01 April 2021 as restated*	**303 241**	**303 241**
Changes in net assets Surplus/(Deficit) for the year	98 892	98 892
Total changes	98 892	98 892
Balance at 31 March 2022	**402 133**	**402 133**

Cash Flow Statement

	Note(s)	2022 R'000	2021 Restated* R'000
Cash flows from operating activities			
Receipts			
Registration of deeds and sale of information		871 382	649 180
Grants received - DALRRD		-	358 033
Interest income		10 179	3 538
Other receipts		51 579	346
		933 140	1 011 097
Payments			
Cash paid for employee costs		(634 090)	(567 451)
Cash paid to suppliers and others		(189 315)	(137 805)
Transfer of appropriation funds		-	(104 776)
		(823 405)	(810 032)
Net cash flows from operating activities	24	**109 735**	**201 065**
Cash flows from investing activities			
Purchase of property, plant and equipment		(11 441)	(2 265)
Proceeds from sale of property, plant and equipment		7	-
Purchase of intangible assets		(1 120)	(1 050)
Net cash flows from investing activities		**(12 554)**	**(3 315)**
Cash flows from financing activities			
Finance lease payments		(1 753)	(1 317)
Net increase/(decrease) in cash and cash equivalents		**95 428**	**196 433**
Cash and cash equivalents at the beginning of the year		388 992	192 558
Cash and cash equivalents at the end of the year	7	**484 420**	**388 991**

Statement of Comparison of Budget and Actual

Budget on Accrual Basis

	Approved budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	% Variance	Reference / Note
Statement of Financial Performance							
Revenue							
Revenue from exchange transactions							
Registration of deeds and sale of information	794 244	14 716	**808 960**	865 989	**57 029**	7%	35.1.
Management fees earned	-	-	**-**	15 833	**15 833**	100%	35.2
Other income	-	-	**-**	2 020	**2 020**	100%	35.3
Interest received - investment	5 314	3 000	**8 314**	10 723	**2 409**	28%	35.4
Total revenue from exchange transactions	**799 558**	**17 716**	**817 274**	**894 565**	**77 291**		
Revenue from non-exchange transactions							
Transfer revenue							
Government grants & subsidies	182 431	(44 189)	**138 242**	1 810	**(136 432)**	98%	35.5
Total revenue	**981 989**	**(26 473)**	**955 516**	**896 375**	**(59 141)**		
Expenditure							
Personnel	(657 925)	-	**(657 925)**	(586 815)	**71 110**	11%	35.6
Depreciation and amortisation	(34 298)	10 280	**(24 018)**	(11 203)	**12 815**	55%	35.7
Impairment loss/ Reversal of impairments	-	-	**-**	(889)	**(889)**	100%	35.8
Finance costs	-	-	**-**	(177)	**(177)**	100%	35.9
General Expenses	(289 766)	16 193	**(273 573)**	(198 093)	**75 480**	28%	35.10
Total expenditure	**(981 989)**	**26 473**	**(955 516)**	**(797 177)**	**158 339**		
Operating surplus	**-**	**-**	**-**	**99 198**	**99 198**		
Loss on disposal of assets and liabilities	-	-	**-**	(306)	**(306)**	100%	35.11

1. Presentation of Audited Annual Financial Statements

The audited 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).

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

1.1 Going concern assumption

These audited annual 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.

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

1.3 Comparative figures

Where material accounting errors, which relate to prior periods have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

The nature and reasons for the reclassification and restatement are disclosed in note 27 (Prior period errors) to the Annual Financial Statements. Additional text.

1.4 Significant judgements and sources of estimation uncertainty

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

Statutory and other receivables

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

The impairment for statutory and other receivables is calculated on amounts that are over due by 90 days or more. Assessment for the impairment has been made on individual debtors based on specific probability of recovery. Consideration is also given with regard to payment received from long outstanding debtors after year end, as well as information obtained from any debt collector used by the Trading Entity. The fair value includes the initial recognition of the debts. Interest is levied on dates when debt is due and payable but outstanding.

1.4 Significant judgements and sources of estimation uncertainty (continued)

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 13 - Provisions.

Management fees received/ receivable

Management fees to be paid into the entity were determined by management based on the monthly balance of the funds held by the entity on behalf of the principal. The calculation of the balance involved assumptions on the distribution and expensing of services rendered by the entity to its principal.

Depreciation and amortisation

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

Management determines fair value using available information to determine fair value of PPE acquired through non-exchange transactions.

Impairment of non-financial assets

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

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

1.5 Property, plant and equipment (continued)

The asset residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, in accordance with GRAP 3 if appropriate.

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	15 - 30 years
Office equipment	Straight-line	3 - 10 years
IT equipment	Straight-line	3 - 10 years
Leasehold improvement	Straight-line	5 - 25 years
Photographic and technical equipment	Straight-line	13 years

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

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

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

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

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

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 8).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or

- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

1.6 Intangible assets (continued)

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

Item	Average useful life
Licenses and franchises	1 year
Computer software - Adobe reader	Indefinite
Computer software - Oracle	Indefinite

1.7 Financial instruments

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

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

1.7 Financial instruments (continued)

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

A financial asset is:

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

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

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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

Subsequent measurement of financial assets and financial liabilities

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

Financial instruments at amortised cost.

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

Impairment and collectability of financial assets

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

- Financial assets measured at amortised cost:

1.7 Financial instruments (continued)

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

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

Financial liabilities

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

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

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

Presentation

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

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

1.8 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 entity recognises statutory receivables as follows:

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

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity 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.

Accrued interest

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

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

Impairment losses

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

1.8 Statutory receivables (continued)

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

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

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

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

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

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

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

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.

1.9 Leases (continued)

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

Finance leases - lessee

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

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

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

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

1.10 Inventories

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

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

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

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

1.11 Impairment of cash-generating assets

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

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

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

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

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

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

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

1.11 Impairment of cash-generating assets (continued)

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

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

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

Identification

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

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

Reversal of impairment loss

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

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

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

1.12 Employee benefits

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

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

1.12 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

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

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

1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Contingent Liabilities:

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

- it is not probable that an outflow of resources and embodying economic benefits will be required to settle the obligation; or

1.13 Provisions and contingencies (continued)

- the amount of the obligation cannot be measured with sufficient reliability.
- the contingent liability is recognised awaiting the outcome of legal action or dispute between two parties.

Contingent Assets:

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

An entity shall not recognise a contingent asset.

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

1.14 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

Identification

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

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

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

1.15 Revenue from exchange transactions

Revenue consists of fees charged for property registration and for provision or sale of registration information to customers in accordance with the tariffs provided for in the Schedule of Fees prescribed by Regulation 84 of the Deeds Registries Act (Act 47 of 1937) and approved by the Minister of. Revenue is recognised on registration of deeds as well as on sale of the data that has been requested.

Measurement

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

Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Interest income

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

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

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

1.16 Revenue from non-exchange transactions

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

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

Recognition

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

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

Measurement

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

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

Services in-kind

The disclosure of the nature and type of services in kind is disclosed by way of note to the financial statements in line with GRAP 1 in order to achieve fair presentation of financial statements. These services may include:

- Administration Services
- Accommodation Services
- Information Technology and
- Staff Training

All other services that are provided on behalf of the entity and are charged to the entity and are classified normally as expenses in terms of the approved Standard Chart of Accounts (SCOA).

1.17 Rounding

Immaterial rounding differences could not be eliminated and were as a result of rounding inconsistencies in the software used to compile financial statements.

1.18 Fruitless and wasteful expenditure

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

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

1.19 Irregular expenditure

Definition

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

a) this Act; or

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

c) any provincial legislation providing for procurement procedures in that provincial government;

Recognition

Irregular expenditure is incurred when the resulting transaction is recognized in the financial records of a department, constitutional institution or public entity in accordance with the relevant Accounting Framework.

Assessment

Upon detection of alleged irregular expenditure, the accounting officer must conduct an assessment to identify possible irregularities in transactions that have been processed and to confirm whether irregular expenditure has been incurred or whether the incident was the result of non -compliance with laws and regulations that did not relate to the incurrence of a financial transactions.

Confirmation of Irregular Expenditure

If a transaction has been processed in contravention of the legislation or internal policies and the same transaction has a financial implication (payment was made or a liability was recognized in the books), the details of the irregular expenditure must be recorded in either the lead schedule if confirmed or in the checklist if alleged and the note to the financial statements is to be updated accordingly.

Recovery

Irregular expenditure emanating from fraudulent, corrupt or criminal acts that result in an entity incurring a loss, this prompts the Financial Compliance Committee function to inform the accounting officer in writing to institute a civil claim for the recovery of the loss.

Qualifying and raising a debt

The amount of debt recoverable from the responsible employees may equate to:

a) the value of the debt incurred as a consequence of his or her action(s) that led to incurrence of the irregular expenditure; or

b) a lesser amount determined by the accounting officer in accordance with the debt management policy of the entity.

A debt must be identified, reported and recorded in the books of the entity where such a debt arose from losses incurred as a result of irregular expenditure.

Irrecoverable debt

If the amount of a debt is irrecoverable from a responsible employee, the accounting officer may write off the debt in terms of Treasury Regulations 11.4.

1.20 Prepaid expenses

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

1.20 Prepaid expenses (continued)

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

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

1.21 Cash and cash equivalents

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

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

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

Cash subject to restrictions that prevent its use within the next year; and

Cash appropriated for other than its current purposes unless such cash offsets a current liability Cash is measured at fair value.

Cash is measured at fair value.

1.22 Expense recognition

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

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

1.23 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. As a minimum, the following are regarded as related parties of the reporting entity:

a) A person or a close member of that person's family is related to the reporting entity if that person:

   i. has a control or joint control over the reporting entity;

   ii. has significant influence over the reporting entity; or

   iii. is a member of the management of the entity or its controlling entity

b) An entity is related to the reporting entity if any of the following conditions apply:

   i. the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);

   ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);

   iii. both entities are joint ventures of the same third party;

   iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

1.23 Related parties (continued)

v. the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;

vi. the entity is controlled or jointly controlled by a person identified in (a); and

vii. a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

An entity controls another entity when the entity is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.

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

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity. As a minimum, a person is considered to be a close member of the family of another person if they:

a) are married or live together in a relationship similar to a marriage;

b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Related party relationships where control exists are disclosed, irrespective of whether there have been transactions between the related parties. The entity discloses the name of its controlling party and if different, the ultimate controlling party.

The entity discloses the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures include:

a) the amount of the transactions;

b) the amount of outstanding balances, including commitments; and

   i. their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and

   ii. details of any guarantees given or received;

c) provisions for doubtful debts related to the amount of outstanding balances; and

d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

The reporting entity is exempt from all the disclosure requirements above in relation to related party transactions if that transaction occurs within:

a) normal supplier and or client/ recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealings with that individual entity or person in the same circumstances; and

b) terms and condition within the normal operating parameters established by that reporting entity's legal mandate.

1.24 Prior period errors and changes in accounting estimates

Prior period errors

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

- was available when financial statements for those periods were authorised for issue; and.
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

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

Material prior period errors are retrospectively corrected by:

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

Changes in accounting estimates

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

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

the period of the change, if the change affects that period only; or

the period of the change and future periods, if the change affects both. Additional text

1.25 Segment information

A segment is an activity of an entity:

that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);

whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and

for which separate financial information is available.

If the above criteria are all met for a specific activity, the activity is classified as a segment and is reported in the financial statements.

Aggregation criteria

Segments are combined if the segments have similar economic characteristics and share a majority of the aggregation criteria or are individually insignificant.

Two or more segments may be aggregated into a single segment if the segments have similar economic characteristics, and the segments share a majority of the following:

- the nature of the goods and/or services delivered;

1.25 Segment information (continued)

- the type or class of customer, or consumer to which goods and services are delivered;
- the method used to distribute the goods or provide the service; or
- if applicable, the nature of the regulatory environment that applies to the segment.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance.

1.26 Payables from exchange transactions

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

Liabilities from exchange transactions will be recognised if:

- it is probable that any future economic benefit or service potential associated with the item will flow from the entity; and
- the item has a cost or value that can be measured reliably.

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

1.27 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

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

1.28 Accounting by principals and agents

Identification

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

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

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

1.28 Accounting by principals and agents (continued)

Recognition

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

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

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

1.29 Events after reporting date

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

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

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

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

1.30 Budget information

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

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

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

	2022 R'000	2021 R'000

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Guideline: Guideline on Accounting for Landfill Sites	01 April 2099	Unlikely there will be a material impact
GRAP 25 (as revised 2021): Employee Benefits	01 April 2099	Unlikely there will be a material impact
iGRAP 7 (as revised 2021): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2099	Unlikely there will be a material impact
Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material impact
GRAP 104 (amended): Financial Instruments	01 April 2025	Unable to reliably estimate the impact
iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Not expected to impact results but may result in additional disclosure
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Not expected to impact results but may result in additional disclosure

3. Inventories

	2022	2021
Stationery and consumable on hand	2 597	3 328

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

Inventory to the value of R3, 289 million (2021: R2, 441 million) was recognised as an expense during the year. The inventories are recognised as an expense as and when consumed within the entity and the related expense.

The basis of determining cost is the weighted-average method.

4. Prepayments

	2022	2021
Opening balance	2 473	2 392
Add: prepayments during current year	20 632	25 323
Less: expensed during current year	(20 485)	(25 242)
	2 620	**2 473**

The amount of R1 016 (2021: R869) is prepaid to the South African Broadcasting Corporation for television licenses for some of the Deeds Registries.

The amount of R16 392 (2021: R14 639) is prepaid to the Post Office for post box renewals for some of the Deeds Registries.

The amount of R2,596 million (2021: R2, 450 million) is prepaid to Oracle Corporation (Pty) Ltd for software update license and support.

	2022 R'000	2021 R'000

4. Prepayments (continued)

The amount of R3 253 (2021: R3 119) is prepaid to South African Institute of Chartered Accountants for annual membership.

The amount of R786 (2021: R735) is prepaid to SASFIN Commercial Solution (Pty) Ltd for maintenance and support of franking machines.

The amount of R1 227 (2021: R2 585) is prepaid to FRAMA (Pty) Ltd for maintenance and support of franking machines.

5. Statutory receivables from exchange transactions

The statutory receivables arise from transactions outlined in the Deeds Registries Act 47 of 1937 and includes transactions relating to:

- Sale of information and copies;
- Sale of bulk information;
- Registration of property transfers;
- Registration of Bonds and other documents;
- Bond cancellations and;
- Other annual fees such as subscription and cancellation fees;

The transactions amounts are determined by the Deeds Regulation Board after consideration of charges in the Deeds environment. The fees are approved and gazetted by the Minister. The current year fees have been gazetted in terms of Gazette no. 44202, notice no. R.153.

Interest is charged on debts that have not been settled within the prescribed time from statement date. The interest rate applied to these debts is determined by the Minister of Finance by notice in the national Government Gazette in accordance with section 80(2) of the Public Finance Management Act, 1999 (Act No.1 of 1999). Other charges refers to reconnection fees for clients who have been disconnected due to non - payment and are determined as stated above in line with the Gazette by the Minister.

The entity assesses at each reporting date whether there is any indication of impairment on statutory receivables. This assessment is based on the ageing of statutory receivables as historical experience indicates that the more mature the receivable the more likely the occurrence of default.

Other factors are also considered when known and could also be the basis of assessment for indication of impairment, such as:

- Debtors financial difficulty evidenced by application for debt counselling, business rescue or an equivalent;
- It is probable that the debtor will enter sequestration, liquidity or enter financial re-organisation;
- A breach of terms of the transactions such as default or delinquently;
- Adverse changes in economic conditions.

Due to the fact that all debts relating to statutory receivables are due be settled within 30 days from date of transaction, effect of the time value of money are often immaterial.

	2022 R'000	2021 R'000

5. Statutory receivables from exchange transactions (continued)

The gross statutory receivables of R87,187 million (2021: R90, 946 million) is stated before a provision for impairment of statutory receivables of R3, 199 million (2021: R3,107 million). The impairment of statutory receivables is determined from the age analysis of statutory receivables that are overdue for 90 days or longer. The prospects of recovery are assessed per individual account.

Statutory receivables carrying amount		
Statutory receivables	87 187	90 946
Impairments of statutory receivables	(3 199)	(3 107)
	83 988	**87 839**

Impairment of statutory receivables - age analysis		
3 to 6 months	(3 199)	(3 107)

Statutory receivables age analysis		
Current	80 708	84 624
30 days	2 182	5 081
60 days	179	(97)
90 days	231	(41)
Over 90 days	3 887	1 379
	87 187	**90 946**

Reconciliation of impairment of statutory receivables		
Opening balance	(3 107)	(4 123)
Increase in impairments	(780)	(613)
Amount written off as uncollectible	20	6
Impairment reversal	770	1 576
Interest accrued on impaired receivables	(126)	(134)
Subsequent payments	24	181
	(3 199)	**(3 107)**

The current change in impairment of statutory and other receivables has been included in operating expenses in the statement of financial performance, under the account "Impairment loss/ Reversal of impairment". Amounts charged to impairment of statutory receivables are generally written off when there is no expectation of recovery. The maximum exposure to credit risk at reporting date is the carrying value of each class of receivables recognised above. Deeds Registration Trading Entity does not hold any collateral as security.

6. Other receivables from exchange transactions

Other receivables	8 363	5 059
Impairment of other receivables	(731)	(723)
	7 632	**4 336**

	2022 R'000	2021 R'000

6. Other receivables from exchange transactions (continued)

Other receivable age analysis

	2022 R'000	2021 R'000
Current	7 442	4 141
30 days	1	9
60 days	8	(1)
90 days	-	1
Over 90 days	912	909
	8 363	**5 059**

Impairment of other receivables - age analysis

	2022 R'000	2021 R'000
3 to 6 months	(731)	(723)

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022 R'000	2021 R'000
Cash on hand (Petty Cash)	35	35
Bank balances - Standard bank	484 385	388 956
	484 420	**388 991**

Bank balances are held with a registered banking institution. Cash and cash equivalents at reporting date is R484, 420 million (2021: R388, 991 million). None of the cash and cash equivalents of the entity are subject to restricted availability as these balances are not encumbered.

8. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	49 345	(29 448)	19 897	48 067	(27 437)	20 630
Office equipment (finance leases)	3 885	(1 905)	1 980	2 939	(1 029)	1 910
IT equipment	192 377	(177 647)	14 730	192 975	(175 613)	17 362
Leasehold improvements	34 925	(14 233)	20 692	34 754	(12 575)	22 179
Leasehold improvements - WIP	7 088	-	7 088	-	-	-
Photographic equipment	9 506	(6 924)	2 582	9 925	(6 866)	3 059
Total	**297 126**	**(230 157)**	**66 969**	**288 660**	**(223 520)**	**65 140**

Reconciliation of property, plant and equipment - March 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	20 630	1 887	(131)	(2 489)	19 897
Office equipment (finance leases)	1 910	1 279	-	(1 209)	1 980
IT equipment	17 362	2 183	(166)	(4 649)	14 730
Leasehold improvements	22 179	171	-	(1 658)	20 692
Leasehold improvements - WIP	-	7 088	-	-	7 088
Photographic equipment	3 059	10	(11)	(476)	2 582
	65 140	**12 618**	**(308)**	**(10 481)**	**66 969**

	2022 R'000	2021 R'000

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - March 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	21 272	2 031	(119)	(2 554)	20 630
Office equipment (finance leases)	1 071	1 683	-	(844)	1 910
IT equipment	22 824	941	(118)	(6 285)	17 362
Leasehold improvements	22 627	1 188	-	(1 636)	22 179
Photographic equipment	3 562	-	-	(503)	3 059
	71 356	**5 843**	**(237)**	**(11 822)**	**65 140**

The Department of Public Works provides office accommodation for all Deeds Registries. The category of Leasehold Improvements represents costs incurred by the Deeds Registration Trading Entity to improve the buildings that are owned/ leased on behalf of Deeds Registries by the Department of Public Works. The lease improvements are depreciated over the lease period or useful life, whichever is regarded as a shorter period.

Office equipment comprises of photocopy machines which are leased in term of finance lease agreements. The period of the lease agreements is between 2 - 5 years and the carrying value is R1, 980 million (2021: R1, 908 million). Refer to note.9 - Finance lease obligation where the finance lease obligation is disclosed.

Work-in-Progress amounting to R7, 088 million relates to climate control system in one of the Deeds registries. The project started from the 13th April 2021 and is anticipated to be completed by the 14 October 2022.

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

	2022 R'000	2021 R'000
Machinery and Equipment	19 528	16 937
Telephone system	29	228
Building and other material	719	638
	20 276	**17 803**

Of the total repairs and maintenance disclosed above R16, 817 million (2021: R16, 937 million) relates to repairs and maintenance for Property, Plant and Equipment.

	2022 R'000	2021 R'000

9. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licenses	796	(182)	614	710	(170)	540
Computer software	52 116	(1 917)	50 199	52 116	(1 917)	50 199
Intangible assets	1 617	(278)	1 339	1 617	(278)	1 339
Total	**54 529**	**(2 377)**	**52 152**	**54 443**	**(2 365)**	**52 078**

Reconciliation of intangible assets - March 2022

	Opening balance	Additions	Amortisation	Total
Licenses	540	796	(722)	614
Computer software	50 199	-	-	50 199
Computer software - WIP	1 339	-	-	1 339
	52 078	**796**	**(722)**	**52 152**

Reconciliation of intangible assets - March 2021

	Opening balance	Additions	Amortisation	Impairment loss	Total
Licenses	539	710	(709)	-	540
Computer software	50 199	-	-	-	50 199
Computer software - WIP	1 618	-	-	(279)	1 339
	52 356	**710**	**(709)**	**(279)**	**52 078**

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

The current computer software is comprised of Oracle software that has been to run as an operating system for the entities servers that house registration information. The entity has demonstrated its intention to use the software on a continued basis through entering into support and maintenance contracts with service providers in order to ensure constant upgrades and maintenance of the system.

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

- Period over which software has been in existence in the entity.
- Period over which the entity has been using it for.
- Rate of technology turn over and advancements in government.
- Availability of support and maintenance including availability of resources to support and maintain solution.

All computer software with an indefinite useful life is tested for impairment annually. Licenses useful lives are reviewed annually at the same time.

	2022 R'000	2021 R'000

10. Finance lease liability

	2022 R'000	2021 R'000
Minimum lease payments due		
- within one year	1 245	1 023
- in second to fifth year inclusive	999	1 161
	2 244	2 184
less: future finance charges	(150)	(185)
Present value of minimum lease payments	**2 094**	**1 999**
Present value of minimum lease payments due		
- within one year	1 135	902
- in second to fifth year inclusive	959	1 097
	2 094	**1 999**
Non-current liabilities	959	1 097
Current liabilities	1 135	902
	2 094	**1 999**

The average lease term ranges between 2 and 5 years for office equipment, with an average interest rate of 7% applied to the leases. The finance leases are secured by the assets leased in terms of the agreement. Refer to note 8 - Property plant and equipment where the assets held under the finance leases are disclosed as part of office equipment.

Contingent rent recognised as an expense in the period amounted to R755 134 (2021: R522 472). The contingent rents relate to copy charges per copy machine.

All copy machines under finance leases have an option to renew for an average of a further 2 years.

11. Payables from exchange transactions

	2022 R'000	2021 R'000
Trade payables	14 502	3 776
Unallocated cash	73	97
Accrued leave pay	26 601	32 402
Accrued bonus	15 507	15 791
Sundry accruals	12 309	15 301
Other payables	3 541	4 172
	72 533	**71 539**

Unallocated cash represents money deposited at the bank but not yet identified and allocated to statutory receivables or other receivables at the end of the financial year.

12. OVG management fees receivables

	2022 R'000	2021 R'000
Reconciliation of OVG management fees receivables		
Opening balance	(3 052)	109 931
Transfer of appropriation funds into OVG bank account	-	(104 776)
Expenditure incurred during the financial year	(51 603)	(23 660)
Re-imbursement of expenditure incurred	49 302	15 453
	(5 353)	**(3 052)**

The closing balance of R5,353 million (2021: R3,052 million) is as a result of transactions paid for, on behalf of the OVG and has been recognised as a sundry debtor in the current financial year.

Refer to note 28 for Agent and Principal for GRAP 109 disclosure.

	2022 R'000	2021 R'000

13. Provisions

Reconciliation of provisions - March 2022

	Opening Balance	Utilised during the year	Total
Provision - Other	736	(736)	-
Provision - Capped Leave	10 918	(1 351)	9 567
	11 654	**(2 087)**	**9 567**

Reconciliation of provisions - March 2021

	Opening Balance	Additions	Utilised during the year	Total
Provision - Other	2 117	736	(2 117)	736
Provision - Capped Leave	13 283	-	(2 365)	10 918
	15 400	**736**	**(4 482)**	**11 654**

	2022	2021
Non-current liabilities	9 567	10 918
Current liabilities	-	736
	9 567	**11 654**

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

The value of the provision is determined with reference to the capped leave days that have accrued to employees and the basic salaries of the employees. This represents the weighted average probable economic outflow that may be required to settle the capped leave balance.

Other provisions relate to services rendered for which either the timing or amount is uncertain and is measured on the best available estimate.

14. Grants liability - Unspent conditional grants and receipts

Funds received from the Department of Agriculture, Land Reform and Rural Development during adjustment estimate period of R0 (2021: R208, 032 million) was approved for utilization for the purposes of development of the Electronic Deeds Registration System (e-DRS) and its related projects. Over and above the mentioned condition the following are stipulated conditions for the grant:

The grant shall be applied in accordance with the project timelines as approved and,
The grantor reserves the right to approve other uses (reprioritization) and may recall the funds if the conditions for spending are not satisfied.

	2022 R '000	2021 R '000

14. Grants liability - Unspent conditional grants and receipts (continued)

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Opening balance	215 862	-
*Grants received	-	358 032
Less: Grant realised in revenue	-	(138 000)
Less: Grants utilised	(1 810)	(4 170)
	214 052	**215 862**

Differed conditional grant - eDRS	208 032	208 032
Grant liability - DALRRD	6 020	7 830
	214 052	**215 862**

Current/ Non-current classification		
Current portion	214 052	73 587
Non-current portion	-	142 275
	214 052	**215 862**

*Grants received are made up of an amount of R208,032 million received for the implementation of e-DRS and an amount of R150,000 million.

15. Financial instruments disclosure

Categories of financial instruments

March 2021

Financial assets

	At amortised cost	Total
Other receivables from non-exchange transactions	7 928	7 928
Cash and cash equivalents	484 419	484 419
	492 347	**492 347**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions and other liabilities	55 353	55 353

March 2021

Financial assets

	At amortised cost	Total
Other receivables from non-exchange transactions	4 722	4 722
Cash and cash equivalents	388 991	388 991
	393 713	**393 713**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions and other liabilities	50 806	50 806

	2022 R'000	2021 R'000
16. Revenue		
Registration of deeds and sale of information	865 989	651 901
Management fees earned	15 833	-
Other income	2 020	1 986
Interest received	10 723	3 773
Government grants	1 810	138 000
	896 375	**795 660**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Registration of deeds and sale of information	865 989	651 901
Management fees earned	15 833	-
Other income	2 020	1 986
Interest received	10 723	3 773
	894 565	**657 660**
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants	1 810	138 000

17. Investment revenue

	2022 R'000	2021 R'000
Interest revenue		
Interest received - bank	10 552	3 498
Interest received - statutory receivables	149	257
Interest received - staff debtors	22	18
	10 723	**3 773**

The amount included in investment revenue is arising from interest received from favourable bank balance and interest from outstanding debtor balances.

18. Finance costs

	2022 R'000	2021 R'000
Finance leases	177	124

19. Auditors' remuneration

	2022 R'000	2021 R'000
Audit fees	4 145	3 037

External audit fees (Auditor-General) amounted to R4,145 million (2021: R3,037 million).

	2022 R'000	2021 R'000

20. Employee related costs

	2022 R'000	2021 R'000
Basic salary	408 016	387 013
Service bonuses	29 426	30 338
Performance bonuses	3 079	5 693
Medical aid - Employer contributions	31 396	30 364
Pension fund contribution	46 301	48 154
Overtime payments	51 510	13 035
Car Allowance	2 193	2 133
Housing benefits and allowances	18 860	20 902
Employer contribution: Bargaining council	114	115
Leave: Accumulated short term	(4 153)	14 118
Leave: Accumulated capped	73	(6)
	586 815	**551 859**

21. General expenses

	2022 R'000	2021 R'000
Advertising	90	6
Auditors' remuneration	4 145	3 037
Bad debts written off	39	1
Bank charges	246	181
Cleaning	9 751	9 286
Consulting and professional fees	51 216	14 110
Consumables	1 849	2 995
Entertainment	415	24
IT expenses	51 180	42 876
Operating leases	19 792	22 471
Printing and stationery	4 505	3 162
Repairs and Maintenance	20 277	17 802
Security services	13 192	11 478
Staff welfare	140	-
Subscription and membership fees	3 920	119
Telephone and fax	3 655	3 417
Thefts, losses, damages and claims against the state	1 195	10
Training	1 663	2 122
Transport and freight	3 350	1 382
Travel - local	7 473	2 399
	198 093	**136 878**

22. Operating lease

	2022 R'000	2021 R'000
Minimum lease payments due:		
Due within 1 year	16 009	18 439
Due within 2 - 5 year	11 131	10 437
	27 140	**28 876**

The above amounts are due in future years due to contractual obligations. Operational leases relate to service level agreements for the leasing of parking bays for officials, digital scanners, water dispensers and telephone management system.

For operating leases payments recognised in the statement of Financial Performance refer to note 21 - General expenses.

	2022 R'000	2021 R'000
23. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
Due within 1 year	52 989	1 264
Due within 2 - 5 years	70 542	-
	123 531	**1 264**
Total capital commitments		
Already contracted for but not provided for	123 531	1 264
Authorised operational expenditure		
Already contracted for but not provided for		
Due within 1 year	21 064	52 286
Due within 2 - 5 years	105 523	16 870
	126 587	**69 156**
Total operational commitments		
Already contracted for but not provided for	126 587	69 156

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

	2022 R'000	2021 R'000
Total commitments	68 358	73 910
Operational commitments due to within 1 year		
Operational commitments due between 2 - 5 years	119 075	35 165
Capital commitments due within 1 year	52 992	1 870
Capital commitments due within 2 - 5 years	70 544	-
	310 969	**110 945**

24. Cash generated from operations

	2022 R'000	2021 R'000
Surplus	98 892	93 070
Adjustments for:		
Depreciation and amortisation	11 203	12 809
Loss on disposal of assets	306	233
Finance costs - Finance leases	177	124
Impairment loss	889	687
Movements in provisions	(2 087)	(3 746)
Interest receivable	(1 099)	(726)
Other non-cash items	8 830	(1 142)
Changes in working capital:		
Inventories	731	(35)
Other receivables from exchange transactions	(3 296)	(1 889)
Prepayments	(147)	(80)
Statutory receivables from exchange transactions	(3 848)	(22 942)
Payables from exchange transactions	994	18 771
Grant liability - Unspent conditional grants and receipts	(1 810)	215 862
Grant liability - OVG	-	(109 931)
	109 735	**201 065**

	2022 R'000	2021 R'000

25. Contingent liabilities

Litigation is in process against the Deeds Registration Trading Entity relating to disputes around registration of property and other legal matters. The total litigation before the courts is R317, 732 million (2021: R305, 558 million) and the remainder of the litigation could not be quantitatively measured for financial impact.

There are labour disputes with officials which are currently in arbitration amounting to R89 800 (2021: R8,274 million) which have not been settled and the outcome could result in settlement in cash.

The accumulated surplus of R98, 892 million (2021: R93, 353 million) has been classified as a contingent liability at 31 March 2022 as there is no approval received as yet from National Treasury to retain the surplus funds. In terms of Treasury Regulations 19.7.1 the relevant treasury may apply such surplus to reduce any proposed allocation to the trading account, or that all or part of it be deposited in the Exchequer bank account. The Deeds Registration Trading Entity is obliged to re-deposit to National Treasury any amount of the surplus for which National Treasury requires to be refunded.

Contingent assets

Litigation is in process for the Deeds Registration Trading Entity relating to disputes. The total litigation claims before the court is R444, 061million (2021: R422, 695 million).

Parking deposit of R47 050 (2021: R124 187) is held by Advance on Point Solutions. The deposit shall be retained by Advance on Point Solutions until termination of the agreement, whereupon it will be applied to any amount owing in terms of this agreement. The balance remaining shall be returned to the entity.

Theft and losses amounting to R586 715 (2021: R556 201) are under investigation for the entity’s assets lost or damaged by officials, liability depends on the outcome of theft and loss committee.

	2022 R'000	2021 R'000

26. Related parties

Relationships

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT (DALRRD)

The Deeds Registration Trading Entity is a trading entity under the Department of Agriculture, Land Reform and Rural Development as such certain services between the DALRRD and Deeds are rendered in kind and are not at arm's length, these have been disclosed below:

OFFICE OF THE VALUER GENERAL (OVG)

The Office of the Valuer General is a schedule 3A entity of the Department of Agriculture, Land Reform and Rural Development. A Memorandum of Agreement entered into between Deeds and the OVG for rendering of support services. The transactions that are not at arm’s length are disclosed below:

The remainder of the transactions and balances resulting from the Principal Agent arrangement between Deeds and OVG have been disclosed in note.28 - Accounting by Principal Agent.

Related party balances:

	2022 R'000	2021 R'000
Management fees receivable from OVG	5 353	-

Related party transactions:

	2022 R'000	2021 R'000
Rendering of services to DALRRD (by Deeds)		
Information search and copies	(8 019)	(6 417)
Amounts paid on behalf of Deeds (DALRRD)		
Office accommodation and municipal services	64 212	67 537
Government Garage vehicle (G-fleet management)	2 112	1 702

26. Related parties (continued)

Remuneration of management

Senior Managers on level 14 and above

March 2022

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Other benefits received	Total
Knoesen CCE - Chief Registrar	1 149	119	502	138	-	1 908
Gubuza P - Chief Director: Delivery Coordination	902	67	398	108	11	1 486
Hlatswayo HJ - Chief Director: ICT	929	63	298	121	-	1 411
Tsotetsi GDN - Registrar	944	-	415	113	1 192	2 664
Mogoba MF - SFO	858	68	845	112	-	1 883
Gwangwa AF - Registrar	944	-	415	113	-	1 472
Ntuli M - Registrar	845	68	474	110	-	1 497
Lemme MT - Registrar	944	-	415	113	-	1 472
Mukhakhululi RO - Registrar	1 067	67	233	128	11	1 506
Pillay K - Registrar	937	70	410	113	-	1 530
Frazenburg UJ - Registrar	915	67	404	110	-	1 496
Moshodi PP - Registrar	780	63	438	101	-	1 382
Mngcolwani MD - Registrar	889	65	393	107	-	1 454
	12 103	**717**	**5 640**	**1 487**	**1 214**	**21 161**

26. Related parties (continued)
Senior Manager on level 13

Name	Basic salary	Bonuses and performance payments	Other short-term employee benefits	Post-employment benefits	Termination benefits	Other benefits received	Total
Reynolds A - Deputy Registrar	930	-	205	112	-	-	1 247
Matthys R - Deputy Registrar	785	-	349	94	-	90	1 318
Ratema SJ - Director: SCM	808	60	674	97	-	22	1 661
Swart CC - Director: Financial Financial Management	797	59	664	96	-	-	1 616
Gwangwa PJH - Deputy Registrar	736	-	415	96	-	-	1 247
Mesefo PE - Deputy Registrar	774	-	345	93	-	-	1 212
Zwartland P - Deputy Registrar	889	56	197	107	-	-	1 249
Mothlasedi MN - Deputy Registrar	1 043	53	453	108	-	252	1 909
Maphosa ES - Deputy Registrar	890	56	197	107	-	56	1 306
Ndlovu F - Deputy Registrar	796	-	354	96	-	-	1 246
Maphomolo PJ - Deputy Registrar	846	58	273	110	-	-	1 287
Van Der Ross A - Deputy Director	797	-	354	96	-	-	1 247
Gabara TG - Deputy Registrar	915	58	203	110	-	-	1 286
Duma SE - Deputy Registrar	915	-	203	110	-	-	1 228
Mdunge BR - Deputy Registrar	915	-	203	110	-	-	1 228
Monnanyana TD - Deputy Registrar	916	-	203	110	-	-	1 229
Fatyela DS - Deputy Registrar	918	-	183	100	1 000	-	2 201
Mketshane M - Deputy Registrar	915	-	203	110	-	16	1 244
Dreyer JP - Deputy Registrar	916	-	203	110	-	-	1 229
Ngapo GWM - Deputy Registrar	851	54	189	102	-	95	1 291
Hoko ND - Deputy Registrar	851	-	189	102	-	-	1 142
Shawe TE - Deputy Registrar	837	-	187	101	-	-	1 125
Davids I - Deputy Registrar	814	-	182	98	-	-	1 094
Phali TS - Deputy Registrar	851	-	189	102	-	85	1 227
Swarts D - Deputy Registrar	751	-	245	98	-	-	1 094
Shoko T - Director: ICT	959	62	211	115	-	-	1 347
Masilela TP - Director: Human & Auxiliary Services	814	-	479	98	-	11	1 402
Jezile VP - Director: Entity Development	349	43	83	45	-	-	520
	23 578	**559**	**7 835**	**2 833**	**1 000**	**627**	**36 432**

26. Related parties (continued)

Middle Managers acting on senior positions

Name	Basic salary	Other short-term employee benefits	Post-employment benefits	Other benefits received	Total
Govender E - Acting Deputy Registrar	494	60	64	117	735
Phungula XJ - Acting Deputy Registrar	151	47	20	42	260
Keetse MS - Acting Deputy Registrar	279	113	36	113	541
	924	**220**	**120**	**272**	**1 536**

The officials below are relatives of senior management at the entity which qualifies as related party in accordance with GRAP 20.35.

Names of management officials	Relatives	Positions of relatives	Relations to management officials
Van der Ross A	Mustafa Y	Clerk	Spouse
Mothlasedi MN	Mothlasedi M	Snr Registration Officer	Brother
Hoko ND	Hoko AS	Chief Auxiliary Officer	Brother
Davids I	Brinkhuis IRC	Junior Examiner	Spouse
Ntuli M	Ntuli M	Snr Registration Officer	Brother
Duma S	Duma S	Assistant Registrar	Brother
Ndlovu F	Ndlovu E	Assistant Registrar	Spouse
Gwangwa PJH	Gwangwa MY	Junior Examiner	Spouse

Management on level 14 and above

March 2021

Name	Basic salary	Bonuses and performance related payments	Other short- term employee benefits	Post-employment benefits	Other benefits received	Total
Knoesen CCE - Chief Registrar	1 034	-	433	124	-	1 591
Gubuza P - Chief Director: Delivery Coordination	876	62	367	105	-	1 410
Hlatswayo HJ - Chief Director: ICT	902	95	269	117	-	1 383
Tsotetsi GDN - Registrar	916	-	383	110	-	1 409
Mogoba MF - SFO	833	179	447	108	-	1 567
Gwangwa AF - Registrar	929	-	389	111	-	1 429
Ntuli M - Registrar	821	63	441	107	-	1 432
Lemme MT - Registrar	916	-	405	110	22	1 453
Mukhakhululi RO - Registrar	1 036	101	206	124	-	1 467
Mantanga NW - Registrar	81	104	24	994	-	1 203
Pillay K - Registrar	915	65	383	110	-	1 473
Frazenburg UJ - Registrar	888	63	372	107	-	1 430
Moshodi PP - Registrar	788	-	366	98	-	1 252
Mngcolwani MD - Registrar	863	-	361	104	-	1 328
	11 798	**732**	**4 846**	**2 429**	**22**	**19 827**

26. Related parties (continued)

Senior Manager on level 13

Name	Basic salary	Bonuses and performance related payments	Other short- term employee benefits	Post-employment benefits	Total
Reynolds A - Deputy Registrar	903	-	179	108	1 190
Matthys R - Deputy Registrar	762	108	319	92	1 281
Ratema SJ - Directoe: Financial Management	785	112	329	94	1 320
Swart CC - Director: Financial Management	774	110	324	93	1 301
Gwangwa PJH - Deputy Registrar	714	-	383	93	1 190
Mesefo PE - Deputy Registrar	783	-	329	94	1 206
Zwartland P - Deputy Registrar	863	74	172	104	1 213
Mothlasedi MN - Deputy Registrar	687	-	288	82	1 057
Maphosa ES - Deputy Registrar	864	74	172	104	1 214
Ndlovu F - Deputy Registrar	774	-	324	93	1 191
Maphomolo PJ - Deputy Registrar	821	76	245	107	1 249
Van Der Ross A - Deputy Registrar	774	-	324	93	1 191
Gabara TG - Deputy Registrar	889	76	177	107	1 249
Duma SE - Deputy Registrar	889	-	177	107	1 173
Mdunge BR - Deputy Registrar	889	-	177	107	1 173
Monnanyana TD - Deputy Registrar	890	-	177	107	1 174
Fatyela DS - Deputy Registrar	889	76	224	107	1 296
Mketshane M - Deputy Registrar	889	-	208	107	1 204
Dreyer JP - Deputy Registrar	890	76	177	107	1 250
Ngapo GWN - Deputy Registrar	826	-	164	99	1 089
Hoko ND - Deputy Registrar	826	70	164	99	1 159
Shawe TE - Deputy Registrar	802	-	159	96	1 057
Davids I - Deputy Registrar	802	-	159	96	1 057
Phali TS - Deputy Registrar	826	-	253	99	1 178
Swarts D - Deputy Director	740	-	221	96	1 057
Shoko T - Director: ICT	945	-	188	113	1 246
Masilela TP - Director: Human & Auxiliary Services	766	-	159	96	1 021
	22 262	**852**	**6 172**	**2 700**	**31 986**

Middle management acting on senior positions

March 2021

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Other benefits received	Total
Mereko RJ -Acting Deputy Registrar	458	-	70	53	192	773
Nitsky GO - Acting Deputy Registrar	304	-	38	33	106	481
Keetse MS - Acting Deputy Registrar	498	38	100	59	242	937
	1 260	**38**	**208**	**145**	**540**	**2 191**

The below officials are relatives of senior management at the entity which qualifies as the related party in accordance with GRAP20.35.

26. Related parties (continued)

Names of management officials	Relatives	Positions of relatives	Relation to management officials
Van der Ross A	Mustafa Y	Clerk	Spouse
Mothlasedi MN	Mothlasedi M	Snr Reg Officer	Brother
Hoko ND	Hoko AS	Chief Auxiliary Officer	Brother
Davids I	Brinkhuis IRC	Jnr Examiner	Spouse
Ntuli M	Ntuli M	Snr Reg Officer	Brother
Duma S	Duma S	Assistant Registrar	Brother
Ndlovu F	Ndlovu E	Assistant Registrar	Spouse
Gwangwa PJH	Gwangwa MY	Jnr Examiner	Spouse

	2022 R'000	2021 R'000

27. Prior-year adjustments

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

Statement of financial position

March 2021

	Note	Previously reported as	Correction of error	Restated
Computer equipment - cost	8	192 972	3	192 975
Office equipment (Finance lease) - cost	8	3 319	(381)	2 938
Lease holding building - cost	8	33 028	1 726	34 754
Computer equipment - accumulated depreciation	8	(175 578)	(34)	(175 612)
Office equipment (Finance lease) - accumulated depreciation	8	(1 411)	381	(1 030)
Lease holding building - accumulated depreciation	8	(11 818)	(757)	(12 575)
Creditors - purchase order receipts	11	(4 016)	2	(4 014)
Accumulated surplus		(208 834)	(1 224)	(210 058)
		(172 338)	**(284)**	**(172 622)**

An amount of R2 564 for computer equipment (cost) and accumulated depreciation amounting to R33 765 relating to Biometrics was correctly adjusted.

An amount of R380 792 for office equipment (finance lease assets) cost and accumulated depreciation amounting to R380 792 to was correctly adjusted

An amount of R1, 726 million for leasehold improvements (cost) and accumulated depreciation amounting to R757 068 relating to Biometrics was correctly adjusted.

An amount of R1 851 for sundry accruals relating expenditure was incorrectly recognised in the previous financial years.

Statement of financial performance

March 2021

	Note	As previously reported	Correction of error	Restated
Depreciation - Computer equipment	8	6 272	12	6 284
Depreciation - Lease holding building	8	1 364	272	1 636
Surplus for the year		**7 636**	**284**	**7 920**

Depreciation for computer equipment amounting to R12 087 was correctly adjusted. Depreciation for leasehold improvements amounting to R271 497 was correctly adjusted.

	2022 R'000	2021 R'000

27. Prior-year adjustments (continued)

Disclosure

March 2021

	Note	As previously reported	Correction of error	Restated
Repairs and maintenance	8	18 655	(852)	17 803
Fruitless and wasteful expenditure	31	7 224	(1 726)	5 498
Other receivables from non-exchange transactions - Financial assets		1 493	3 229	4 722
Payables from exchange transactions - Financial liabilities		50 868	(62)	50 806
Irregular expenditure		218 152	1 271	219 423
		296 392	**1 860**	**298 252**

Disclosure required by GRAP 17.88 an amount of R18,655 million was disclosed as repairs and maintenance in error. The correct amount of R17,083 million has been correctly disclosed.

An amount of R1,726 million was previously recognised as fruitless and wasteful expenditure relating to Biometrics. The cost of installation was incurred to bring the asset to operate in a condition and location as intended by management. These costs have been reconciled and corrected.

Irregular expenditure amounting to R1,271 million was omitted. This irregular expenditure is as a result of transactions approved without delegation.

	2022 R'000	2021 R'000

28. Accounting by principals and agents

Details of the arrangement is as follows:

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

Due to unavailability of resources as this office had not been structurally established, a Memorandum of Agreement (MOA) was entered into with the Deeds Registration Trading Entity (Deeds) who is the "Agent'. This MOA states that the OVG will receive and pay for services rendered by Deeds and DALRRD will transfer funds due to the OVG to Deeds for rendering of services.

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

Transactions relating to Human Resource Management will include:

- Recruitment;
- Administration of leave and
- Payment of salaries and wages.

Transactions relating to Finance includes:

- Payment of expenses and liabilities;
- Preparation of Financial Statements;
- Management of grant funds in the agent bank account;
- Management of finance lease contracts and
- Purchases of Property, Plant and Equipment

Transactions relating to Supply Chain Management:

- Contract Management and
- Procurement of Goods and Services

All transactions are performed in line with the internal policies of the Agent. The management fee paid by the principal is based on the assumption that there is even distribution or spending of funds during any given financial period. This management fee is the interest received resulting from Principal monies held in the Agent's bank account.

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

	2022 R'000	2021 R'000

28. Accounting by principals and agents (continued)

Cash and cash equivalents		
Balance at beginning of the year	-	109 931
Funds remitted	-	(5 155)
Transfer of appropriation into OVG bank account	-	(104 776)
	-	-

The balance was remitted into OVG bank account on the beginning of the financial year 2020/21. The opening balance was the grant received and kept as a resource in the agent's bank account to enable the agent to perform transactions on behalf of the principal.

Risks associated with the balance are detailed in note.29 to the Annual Financial Statements

There are no cost implications for the entity if the principal-agent arrangement is terminated.

Revenue	15 833	-
Management fees received from principal		

29. Risk management

Liquidity risk

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

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

The table below analyses the entities financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to contractual maturity date. The amounts disclosed in the table are the undiscounted contractual cashflows. The balances due within 12 months equal the carrying amounts of these liabilities as the impact of discounting is not significant.

At 30 March 2022	**Carrying amount**	**Less than 1 year**	**Between 2 and 5 years**
Payables from exchange transactions	43 692	43 692	-
Finance lease liability	2 094	1 135	959
Provisions	9 567	-	9 567

At 31 March 2021	**Carrying amount**	**Between 1 and 2 years**	**Between 2 and 5 years**
Payables from exchange transactions	37 153	37 153	-
Finance lease liability	1 999	902	1 097
Provisions	11 654	736	10 918

The entity does not hold any derivative financials liabilities.

	2022 R'000	2021 R'000

29. Risk management (continued)

Credit risk

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

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

The Deeds Registration Trading Entity limits its treasury counter party exposure by dealing with well-established institutions approved by National Treasury and its exposure is constantly monitored by the Accounting Officer.

Credit risk with respect to fee paying customers is limited due to the nature of the services provided by the entity, however statutory receivables are scoped out of this disclosure in accordance with GARP 104.3(i). The Deeds Registration Trading Entity does not have any material exposure to any individual or counter-party. No events occurred in the industry during the financial year that may have an impact on other accounts receivables that has not been adequately provided for. All financial assets are due to be settled in the next 12 months.

At 30 March 2022	Gross amount	Impairment	Carrying amount
Other receivables-exchange transactions	7 927	732	7 195
Cash and cash equivalents	484 419	-	484 419

At 31 March 2021	Gross amount	Impairment	Carrying amount
Other receivables-exchange transactions	4 722	723	3 999
Cash and cash equivalents	388 991	-	388 991

Market risk

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

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

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

	2022 R'000	2021 R'000

30. Irregular expenditure

Opening balance as previously reported	219 423	211 641
Add: Irregular expenditure - current year	4 843	6 511
Add: Irregular expenditure - prior period error	-	1 271
Irregular expenditure awaiting condonement	**224 266**	**219 423**

Details of irregular expenditure

Opening balance of irregular expenditure consist of:
The irregular expenditure relates to the awarding of a tender to Gijima AST (Pty) Ltd which was recommended by SITA to DRDLR after SITA had performed all procurement processes. The contract was declared null and void by the High Court on 13 September 2016. The tender process has been investigated by the SIU and a settlement which was turned into a court order has been reached. The amount of R208,080 million is considered irregular due to non-compliance with section 217 of the Constitution, section 38(a) of the PFMA resulting from an error in pricing as said in the court order which compromised the fairness and competitiveness of the procurement process at SITA.

Publications of Deeds Acts and other updates was rendered without an approval. The irregular expenditure amounted to R11 911.

National Treasury declined a request to deviate from normal procurement processes to continue with the rental of fifteen (15) Uninterrupted Power Supply equipment for February 2019 amounting to R174 465 and from 1 June 2019 - 31 August 2019 amounting to R523 397.

National Treasury declined a request to deviate from normal procurement processes to continue with the rental of fifteen (15) Uninterrupted Power Supply equipment from 1 September 2019 - 31 March 2020. The possible irregular expenditure amounts to R1,221 million.

Deviation from normal procurement process on appointment of service provider for installation of air conditioners. The initial supplier was unable to provide the service and withdrew from a contract. The specifications of the contract were revised and the contract was awarded to another service provider without going through tender process. The possible irregular expenditure amounted to R1, 605 million.

Publications of Deeds Acts and other updates was rendered without an approval. The irregular expenditure amounted to R25 206.

Ex-post facto for rental of fifteen (15) Uninterrupted Power Supply (UPS) equipment from current service provider from 1 April 2020 - 30 June 2020 amounting to R523 397.

Deviation procurement process of non-appointment of service provider due to tax non-compliance. Recommended appointment of new service provider to provide, install Kodak Alaris Capture PRO Software and provide training to officials at the cost of R4,101 million including VAT. Deviation not supported by National Treasury.

Variation of scope and order for cleaning and/ or hygiene services contract at the Deeds Registration Trading Entity to allow currently contracted service providers to provide Personal Protective Equipment to cleaners, supply health-care waste bins and render the disposal of content services in order to contain the spread of Coronavirus (COVID-19) amounting to R1,014 million.

Rental of fifteen (15) Uninterrupted Power Supply (UPS) by means of direct/ single sourcing procurement on a month-to-month basis starting from 01 July 2020 - November 2020 from GX Technology amounting to R872 329.

	2022 R'000	2021 R'000

31. Fruitless and wasteful expenditure (continued)

Current year fruitless expenditure recovered consist of:

An amount of R657 relates to penalty charged for cancellation of accommodation and flight.

32. Services in kind

Administrative services in kind:

Deeds Registration Trading Entity falls under the administration of the Department of Agriculture, Land Reform and Rural Development. The executive of the department spends some of their time on the affairs of the Trading Entity.

All services paid for by the department which could be quantified have been disclosed as related party transactions, excluded from those are services that cannot be quantified due to their nature, these include risk management services and Internal Audit services provided by the department. Due to their nature, these service in kind cannot be reliably measured and therefore have not been recognised.

33. Alignment of Deeds Registries areas of jurisdictions to coincide with provincial boundaries

The business case for the alignment of deeds registries areas of jurisdictions to provincial boundaries was approved in the 2015/16 financial year. The purpose of the realignment of Deeds registries areas of jurisdictions to provincial boundaries, (Alignment Programme) arises from the need to address the problem regarding how the Deeds Offices are currently positioned which is an impediment to Constitutional and institutional reforms.

The programme is therefore aimed at aligning the Deeds registries areas of jurisdiction to provincial demarcations as articulated in Section 103 of the Constitution and to ensure that each Deeds registry services the province in which it is located, making it accessible to clients.

The alignment programme contains four projects:

(i) Identification, separation and transfer of records (from transferring Deeds office and receiving Deeds office).

(ii) Establishment of the Limpopo Deeds Registry which was established and opened on the 3rd of April 2017.

(iii) Establishment of the North West Province Deeds Registry.

(iv) The establishment of Deeds information centres.

The anticipated benefits of this programme are two-fold: Firstly, it will serve in the interest of the promotion of accessible services and to ensure Deeds offices services their respective provinces. Secondly, there will be improved turn-around times in the registration and delivery of deeds and related documents. Both benefits will result in improved service delivery that is client-centric.

	2022 R'000	2021 R'000

30. Irregular expenditure (continued)

Goods and services amounting to R1, 271 million were authorised for payment without necessary delegation.

Current year Irregular expenditure consist of:

Current year irregular expenditure consists of transactions amounting to R4,843 million which occurred without necessary approval.

31. Fruitless and wasteful expenditure

	2022 R'000	2021 R'000
Opening balance as previously reported	5 498	7 220
Add: Expenditure identified - current	22	4
Less: Amounts recoverable - current	(1)	-
Correction of prior period error	-	(1 726)
Closing balance	**5 519**	**5 498**

Opening balance of fruitless and wasteful expenditure consist of:

The fruitless and wasteful expenditure of R4,720 million relates to litigation instituted against Deeds. Subsequently a court order instructed Deeds to pay the plaintiff.

Unfair labour practice arbitration was awarded to an official amounting to R104,388.

A court order instructing Deeds to pay the plaintiff in a litigation case regarding transfer of a property amounting to R49 000.

Penalties and interest payment to SARS amounting to R458,105 for understatement of tax by Deeds.

The fruitless and wasteful expenditure of R4 140 is related to "No shows" to authorised official trips.

A court order instructing Deeds to settle legal fees amounting to R95 154 for incorrect registration of property.

The fruitless and wasteful expenditure of R5 875 is related to cancellation of Catering service without informing the Service provider on time.

The fruitless and wasteful expenditure of R2 180 is related to penalty charges for cancellation of a flight on an authorised official trip.

The fruitless and wasteful expenditure of R1 788 relates to a "No Show" to an authorised official trip.

The fruitless and wasteful expenditure of R1 765 is relates to a penalty charged for cancellation of a flight on an authorised official trip.

The fruitless and wasteful expenditure of R652 relates to a call out fee for a locked car keys inside a rental vehicle.

Current year fruitless expenditure consists of:

An amount of R22 307 relates to interest charged for late payment of bursary.

An amount of R133 relates to penalty charged for annual Post box renewal and TV license.

	2022 R'000	2021 R'000

34. Reporting segments

Every Deeds Registry performs similar registration functions as another Deeds Registry and there is no difference in the nature of goods or services delivered, the type of customer being serviced, the method to deliver goods and services and there is also no difference in the regulatory environment. The socio-economic characteristics of the provinces in which the Deeds Registries are situated are affected by the same economic impacts of the larger South African economy and are generally similar from province to province.

The Deeds Registries however do generate revenue from registration of deeds and documents and sale of information. Their financial results are not disclosed separately from the results of the entity as a whole as no province reports individually for financial reporting purposes. This information is not readily available as required by the definition of a reporting segment.

Due to the nature of operations at the Deeds Registries and the fact that financial information is not available outside of the financial information produced at the Office of the Chief Registrar of Deeds, separate segment reporting therefore has not been disclosed.

35. Budget explanations of differences between final budget and actual amounts

Material differences between budget and actual amounts

Variance of 10% and above are considered material and are explained below:

35.1 Revenue - Services rendered

Registration of deeds revenue estimated amount of R808,9 million was projected based on the annually expected revenue to be generated by the end of the financial year. The positive variance of R57 million is due to improvement of the revenue generated because of the recovering of economy that positively affected registration of properties. The entity projected to register 947 219 number of title deeds and documents but managed to register 1 005 109 which exceeded the set target.

35.2 Management fees received

The amount of R15,8 million is management fees received for rendering services to the Office of the Valuer-General (OVG) as part of a memorandum of agreement (MoA) between Deeds and OVG. The MoA was entered into and signed in the current year.

35.3 Other income

The actual amount of R2 million relates to revenue commission insurance, staff debt recovered, miscellaneous income and impairment reversal – statutory receivables. This amount is not budgeted for.

35.4 Interest received

The favourable bank interest received was due to the high bank balance of R484,3 million in the current financial year. The high carrying amount was due to the R208 million conditional grant received previous year on the 10th February 2021 from the Department of Agriculture, Land Reform and Rural Development in 2020/21 financial year and approved retention surplus of R93 million granted by National Treasury.

	2022 R'000	2021 R'000

35. Budget explanations of differences between final budget and actual amounts (continued)

35.5 Government grants and subsidies

The budget amount of R138,2 million was projected to be augmented from Deferred revenue liability. The non-augmentation was due to underspending and delays in awarding of contract, contract was awarded in January 2022, but it was officially scheduled to commenced on the 01st April 2022. The National Treasury approved surplus amount of R93 million on the 06 October 2021 from the 2020/21 financial year and granted the entity to utilise it for e-DRS project. The actual amount of R1,8 million was related to expenditure incurred for official secondment to Ingonyama Trust Board.

35.6 Employee costs

The variance amount of R70,8 million is attributed to 197 various vacant posts under Deeds Registries that has not been filled due to the late upliftment of moratorium on filling of posts.

35.7 Depreciation and amortisation

The variance amount of R12,8 million for depreciation and amortisation is attributed to the anticipated procurement of additional Property, Plant and Equipment such as ERP system and video conference facilities.

35.8 Impairment loss/ Reversal of impairments

Debtors default results as an adjustment in the carrying amounts of debtors as an impairment. These defaults cannot be planned for, therefore the figure for impairment is not budgeted for.

35.9 Finance costs

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

35.10 General expenses

Underspending of general expenses is attributed mainly to the slow spending of the following projects:
An amount of R15,4 million was budgeted for Project Management Services by Deloitte Consulting and underspending was due to the outstanding implementation of project management solution and development, Training of project management solution and system and Organisational change management and stakeholder engagement which was scheduled to be done in the 2021/22 financial year.

An amount of R12,2 million was budgeted for ICT Operational resources and underspending was due to delays in appointing of two additional ICT resources to maintain and operate ICT environment. The memo still awaiting DG's approval.

An amount of R20,9 million was budgeted for E-DRS project and underspending was due to the delays on awarding of contract, contract was awarded in January 2022, but it was officially scheduled to commence on 01 April 2022.

An amount of R1 million was budgeted for Enterprise Architecture project and delays in procurement resulted in non-spending.

An amount of R4,6 million was budgeted for re-branding of offices, design and printing of pamphlets in four (4) languages and procurement of banners, procurement was put on hold because Deeds is in process of implementing e-DRS project

	2022 R'000	2021 R'000

35. Budget explanations of differences between final budget and actual amounts (continued)

35.11 Loss on disposal of assets

Loss on disposal of assets relates to assets disposed during the year for various reasons including damages and obsolescence.

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