



**Driving  
industrialisation  
for transformation,  
jobs and growth**





The cover of this Integrated Report 2024 depicts a collage in the form of a propeller, which signifies motion, energy and velocity in pursuit of the transformation and growth of South Africa's economy. Working in unison to propel the quest for inclusive growth, the blades connote diverse sectors of the economy as well as the various third-party partners that continue to hold hands with the NEF to intensify black economic participation. As the propeller revolves and inspires the winds of change, meaningful development will sweep across villages and townships countrywide for more entrepreneurs to become industrialists. As the NEF, the vessel of hope, powers full steam ahead, so too will black women and men in business, thrive as the nation prospers.



## TABLE OF CONTENTS

3	Glossary
4	Minister's foreword
6	About this report
10	Performance highlights
16	Report of the Chairperson
24	Report of the Acting Chief Executive Officer
30	About the NEF
42	Stakeholder management
46	Managing key risks
56	Chief Financial Officer's report
60	Performance review
70	Growing B-BBEE through partnerships
72	Investing in human capital
78	Corporate social investment (CSI)
84	Governance
102	NEF investee profiles
116	Annual financial statements





*We have decided to place inclusive economic growth at the centre of the work of the Government of National Unity and at the top of the national agenda. Our experience over the past 30 years has shown that when our economy grows, jobs are created. When our economy contracts there is no job creation and jobs are lost.*

*The Government of National Unity will pursue every action that contributes to sustainable, rapid economic growth and remove every obstacle that stands in the way of growth. We are determined that growth must be inclusive. It must be transformational. Inclusive growth must drive the redistribution of wealth and opportunity.*

*It must support the empowerment of black South Africans and women, and all those who in the past had been relegated to the fringes of the economy. This is part of the constitutional imperative to redress the imbalances of the past and deal with the slow process of development. Through empowerment and transformation, we can ensure that the skills, capabilities, resources and energies of all South Africans are used to the greatest effect.*

*We will continue to pursue programmes that encourage broad-based black economic empowerment, employment equity and support to small- and medium-sized enterprises.*

Opening of Parliament Address,  
President Cyril Ramaphosa,  
18 July 2024, Cape Town City Hall



## Glossary

<b>Approved</b>	Final committee approval obtained but legal agreements not yet signed.
<b>Black</b>	"Black people" is a generic term which means Africans, Coloureds and Indians –(a) who are citizens of the Republic of South Africa by birth or descent; or (b) who became citizens by naturalisation before 27 April 1994; or who would have been entitled to acquire citizenship by naturalisation prior to that date – as defined by the Broad-Based Black Economic Empowerment (Act 53 of 2003, as amended by Act 46 of 2013) (B-BBEE Act), and the B-BBEE Codes of Good Practice.
<b>Commitments</b>	Legal agreements signed. (Deals may have been approved in current and previous financial periods). All conditions precedent may not have been met yet.
<b>Disbursements</b>	Full or part cash advancements made against all approved and committed deals (deals may have been committed in current and previous financial periods) subject to all conditions precedent having been met by the investee.
<b>Drawdowns</b>	Advances made against approved facilities based on agreed-upon milestones.
<b>The Board</b>	Board of Trustees
<b>the dtic</b>	The Department of Trade, Industry and Competition
<b>The NEF</b>	The National Empowerment Fund



# MINISTER'S FOREWORD



*As a measure of its commitment, the NEF achieved 86% of the predetermined targets, especially in core strategic objectives linked to the work of the dtic and priorities of the national government. The NEF disbursed R839 million into businesses that are majority-owned and managed by black SMEs and industrialists against an annual target of R810 million.*



Over the last 12 months, the National Empowerment Fund (NEF) set about to implement the historic mandate to grow Black economic participation across South Africa.

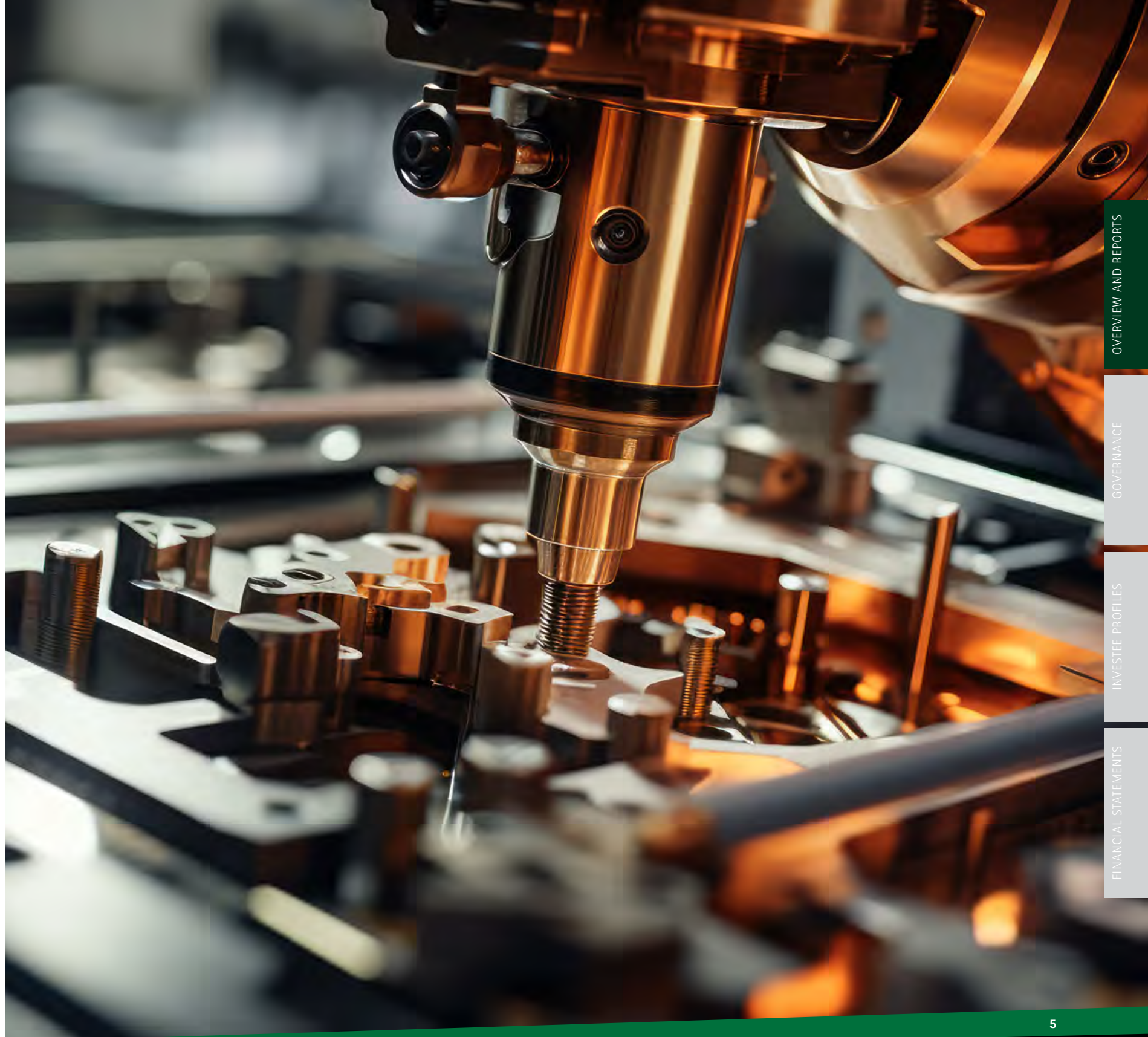
In the year under review, the NEF has had to navigate multiple complexities and uncertainties presented largely by local and global developments in the economic and political landscape. In particular, the persistent geopolitical tensions had a far-reaching impact on declining trade and demand levels, as well as high inflation and interest rates experienced during most of 2023. As such, most businesses encountered challenges in generating revenues, which affected their ability to service debts, increase investments, and expand operations to create more jobs.

As a measure of its commitment, the NEF achieved 86% of the predetermined targets, especially in core strategic objectives linked to the work of the dtic and priorities of the national government. The NEF disbursed R839 million into businesses that are majority-owned and managed by black SMEs and industrialists against an annual target of R810 million.

Building on this commitment, the NEF also demonstrated prudent financial management with a collection ratio and return on investment of 80% and 7.67%, respectively.

On behalf of the shareholder, I would like to thank the NEF for the excellent performance contained in this integrated report. In particular, I would like to thank the Acting CEO, the Board of Trustees and the Chairperson of the Board, as well as the management and staff of the NEF for their contribution to the performance of the NEF.

.....  
**Mr Parks Tau, MP**  
Minister of Trade, Industry and Competition  
Government of the Republic of South Africa





## ABOUT THIS REPORT

The National Empowerment Fund's integrated report aims to provide stakeholders with an account of the strategy, performance, and outlook of the organisation and how the use of capitals through various value-creating activities in the short, medium and long term creates value for the organisation and its stakeholders. It reflects the past as well as the current performance achievements and challenges of the NEF. The NEF's mandate positions it as a significant entity through which economic transformation is being facilitated. The report provides our stakeholders with insight into how our mandate, our objectives and partnerships align and the value it creates.

This report is prepared in accordance with the International Integrated Reporting Council's Integrated Reporting (IR) Framework, its fundamental concepts, guiding principles, content elements and presentation guidance. The report is also guided by the alignment of the National Development Plan (NDP) and the Joint Key Performance Indicators (JKPI) introduced by the Department of Trade, Industry and Competition (the dtic) in 2021 and updated in 2022.

This is the 10th year the NEF presents its integrated report, consistently applying good corporate governance guidelines. The NEF's integrated report provides material information relating to the organisation's strategy, business model, operating context, material risks, stakeholder interests, performance, risks, and opportunities as well as governance in relation to the reporting period ended 31 March 2024.

The NEF's office footprint is distributed across the nine provinces, and services walk-in clients from across the country. This forms part of the NEF's strategy to operationalise its mandate through mobilising its human capital for all its stakeholders.

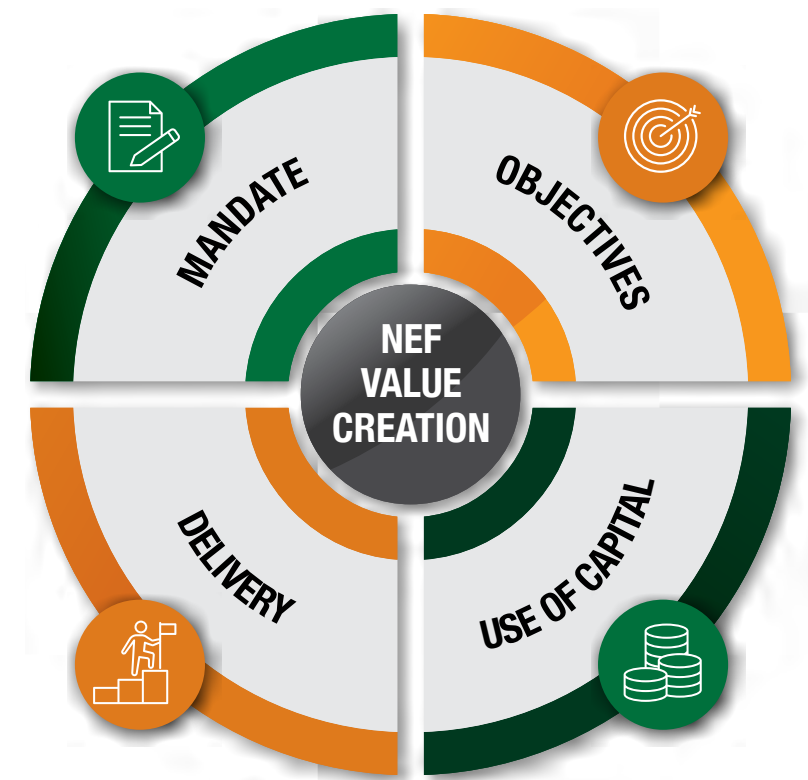
The diagram reflects the pillars contributing to how value is created for our stakeholders through the use of capitals to deliver the required services and value to black entrepreneurs. These are further unpacked on page 41 of the report.

This report contains information on financial and non-financial performance and activities of the NEF Trust as well as its subsidiaries.

The group annual financial statements are prepared in accordance with standards of Generally Recognised Accounting Practice.

Additionally, the requirements of the Public Finance Management (Act 1 of 1999 as amended ("PFMA")) and the National Empowerment Fund Act (Act 105 of 1998) ("NEF Act") have been complied with. The NEF financial statements are included in full in this report as part of the regulatory reporting obligations in terms of the PFMA.

The financial and key performance information in this report has been independently assured by the NEF's external auditor, SKX Audit Services Inc. In addition, the Internal Audit Department of the NEF conducts quarterly reviews of the performance milestones to give ongoing assurance of the integrity of the information provided to stakeholders throughout the year and at financial year end. Feedback, views, inputs, and suggestions on how the NEF can improve on its presentations regarding this integrated report are welcome. Please send us your feedback to [info@nefcorp.co.za](mailto:info@nefcorp.co.za).



## Approval of the Integrated Report

The Board of Trustees, assisted by the Audit Committee, acknowledges its responsibility to ensure the integrity and completeness of this report. The Board confirms that it has collectively reviewed the contents and that this report covers reportable material issues and provides a fair representation of the performance and prospects of the NEF.

The integrated report contains certain statements about the NEF that are, or may be deemed to be, forward-looking. These statements include those relating to the financial position, strategy, objectives, and operational plans for the future. By their nature, these statements involve assumptions, risks, and uncertainties as they relate to future events and depend on



Dr Nthabiseng Moleko  
Chairperson of the Board of Trustees

circumstances that may or may not occur in the future. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect or incomplete, then actual future performance and achievements may be materially different from those expressed or implied by such statements. Our Board of Trustees, therefore, advises readers to apply caution regarding interpretation of any forward-looking statements in this report as these statements have not been reviewed or audited by independent auditors.

The Board of Trustees approved this report.



Mr Mziwabantu Dayimani  
Acting Chief Executive Officer



*Amid our current discourse on the country's economic trajectory, there is room for growth, development, and hope. The Government's efforts to restructure the economy through the B-BBEE policy, legislative framework, and other interventions have made progress, but further efforts are still required. Despite the obstacles encountered since the passage of the B-BBEE Act two decades ago, our government remains unwavering in its mission to enhance and broaden economic empowerment and inclusion across all sectors. This will continue to be the case even under the Government of National Unity.*


Keynote address by Deputy President Shipokosa Paulus Mashatile on the occasion of the Black Business Quarterly (BBQ) Awards Ceremony, Emperor's Palace, Johannesburg, Friday, 26 July 2024





# PERFORMANCE HIGHLIGHTS

 <b>APPROVALS</b>	Approved <b>98</b> deals worth R856 million against a target of R1.2 billion <i>2022/23: Approved 174 deals worth R1.2 billion</i>
 <b>COMMITMENTS</b>	Commitments of <b>R915 million</b> against a target of R900 million <i>2022/23: Committed R939 million</i>
 <b>DISBURSEMENTS</b>	Disbursements of <b>R838 million</b> against a target of R810 million <i>2022/23: Disbursed R692 million</i>
 <b>JOBS</b>	Supported <b>6 526</b> job opportunities against a target of 4 985 <i>2022/23: Supported 4 598 jobs</i>
 <b>DISBURSEMENT TO WOMEN</b>	<b>37%</b> disbursed to businesses that have black women-ownership against a target of 37% <i>2022/23: Disbursed 37% towards black women-owned businesses</i>



**TARGETED PROVINCES**

A total of **R337 million** was invested in NC, FS, LP, MP and EC representing 40.2% of annual disbursements against a target of 40%

*2022/23: Disbursed 22% towards targeted provinces*



**INVESTOR EDUCATION**

**66** investor education sessions held against a target of 45

*2022/23: 88 investor education seminars*



**BUSINESS INCUBATION AND REFERRALS**

**464** entrepreneurs were referred for incubation and 64 entrepreneurs were fully incubated against a target of 180 and 36 respectively

*2022/23: 224 entrepreneurs referred for business incubation*



**SOCIAL FACILITATION**

**31** social facilitation sessions held during the period against a target of 25


*2022/23: 26 social facilitation sessions held*



**ENTREPRENEURIAL TRAINING**

**229** entrepreneurial training sessions held across the country against a target of 145


*2022/23: 216 entrepreneurial training sessions held*



**IMPAIRMENTS**

Impairment of **33%** against a ceiling of 25%


*2022/23: 34% impairment rate*



**RETURN ON INVESTMENT**

ROI at **7.67%** against a target of 7%

*2022/23: ROI of 9.96%*



**COLLECTIONS**

Collections at **80%** against a target of 80%

*2022/23: 83.9% collection rate*



**VALUE OF PARTNERSHIPS**

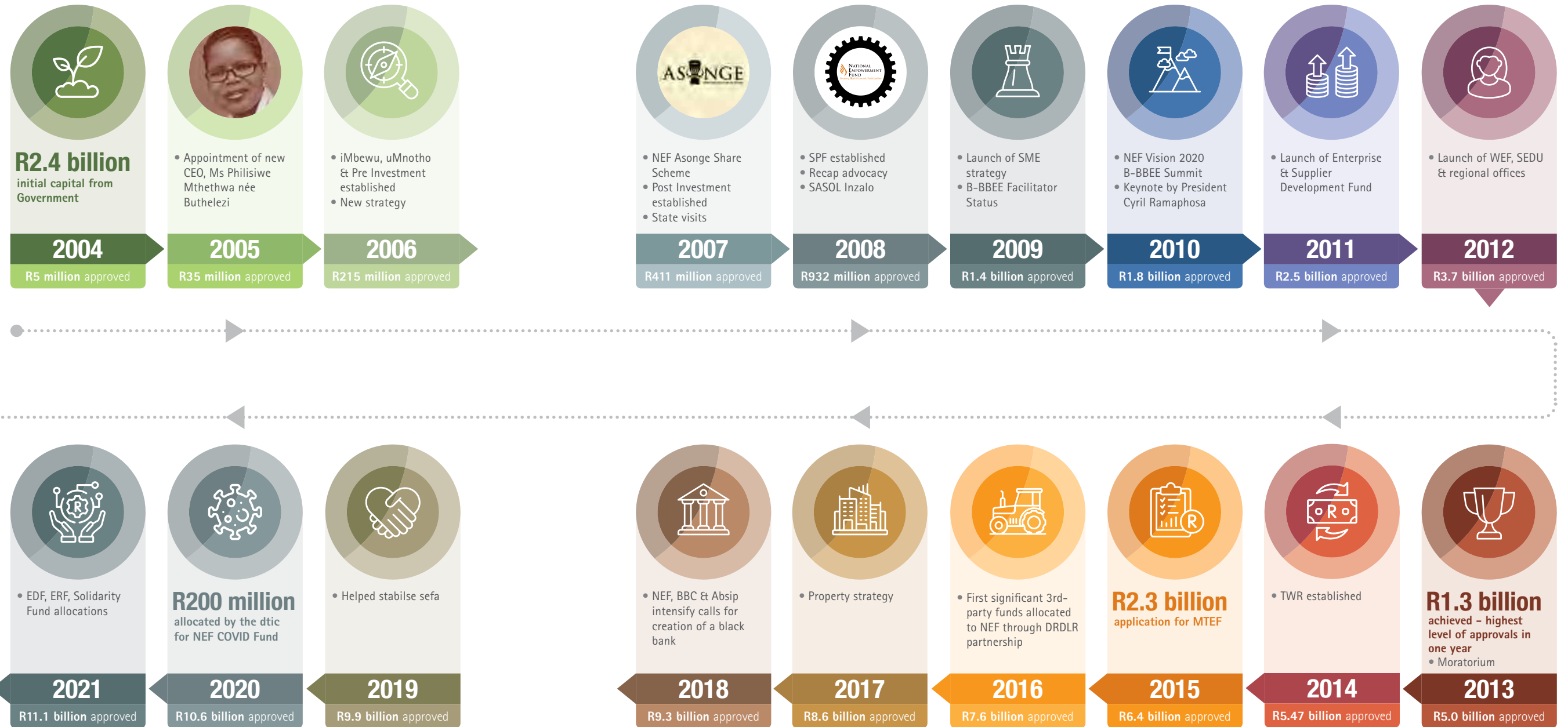
**R134.8 million** in partnerships concluded against a target of R100 million

*2022/23: R120 million in partnerships concluded*





This timeline traces the 20-year history of the NEF since operational inception in 2004. Throughout this period, successive Boards of Trustees, executives, managers and members of staff of the NEF have registered annual milestones that have taken the development financier to greater heights in driving the implementation of the mandate to grow black economic participation. These achievements are also a result of the guidance the NEF has continued to receive from both Government and Parliament, as well as the valued partnerships with a diverse range of stakeholders. The greater credit goes to the investees who personify the quest for industrialisation, transformation, jobs and growth across South Africa.



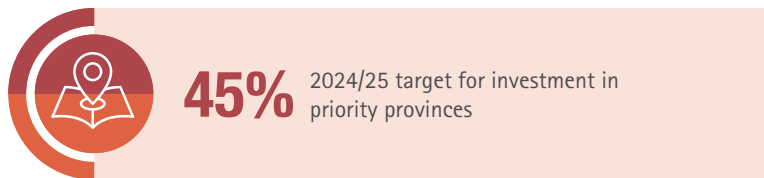
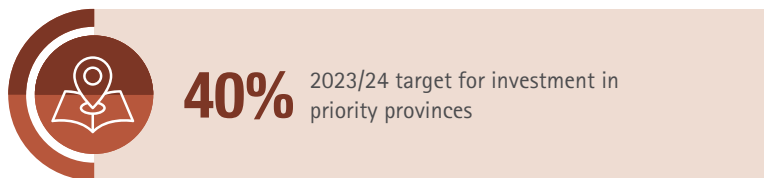


Chairperson, Board of Trustees  
Dr Nthabiseng Moleko

# REPORT OF THE CHAIRPERSON

## Restoring the economic citizenship of the dispossessed

### HIGHLIGHTS IN THIS REPORT



### A case for economic transformation and shared growth

If we are to change South Africa's economic trajectory from its current low-growth trap and address systemic patterns where factors of production are concentrated in the hands of a minority – perpetuating underdevelopment among the black African population – a radical adjustment in the support provided to black-owned businesses is necessary.

The financial landscape has proven unable to bridge the massive financing gaps for development in historically underdeveloped regions. Additionally, the liberalised economy has failed to integrate excluded participants, which has only widened economic disparities and left market failures unaddressed.

The economy continues to be driven by an investment-led and export growth model based on mineral extraction. Since 1994, we have struggled to transition into a fully modernised industrial economy whose benefits are enjoyed by the majority of the population. This requires a significant shift towards promoting financial intermediation in traditionally marginalised sectors and among the black African population. It also calls for deliberate and sustained capital provision to address centuries of underdevelopment, specifically through the financial intermediary designated to allocate capital to historically disadvantaged persons.

There has been minimal change in the investment portfolio or investment patterns of the financial sector, if we are to deepen financial market access and enhance inclusive finance. The purpose of establishing the National Empowerment Fund (NEF) was to address market imperfections and support black business with the provision of credit, equity financing and non-financial support that have positive externalities for national development. Have we mobilised sufficient private and public sector capital to fill the financing gap of the historically disadvantaged? If not, what are the necessary levers to bridge the gap and how do we proactively provide financing for development projects that will serve as important levers in sectors that will transform the economy? Secondly, what policy mechanisms and tools need to be used to change the financial flows and the national investment portfolio in order to unlock the low growth trap and reconfigure an inclusive economy that prioritises production and industrialisation, whilst incentivising labour absorption that will advance employment levels in the context of an unemployment crisis.

A fundamental national economic strategy question remains unanswered as to which sector(s) holds the greatest potential to expand the manufacturing sector base? Recognising the need for collaborating with the private sector to support provision of long term financing for productive investments. Most countries have not only expanded the scope of national development finance institutions and banks in the wake of the COVID 19 crisis, but they have provided additional capital for financing new investments and ensuring economic growth for strategic projects that the formal financial sector is reluctant to fund. South African banks in the wake of COVID 19 were reluctant to use credit guarantees provided by government, thus the largest financial institutions in the wake of a crisis, provided little liquidity to support SMMEs. Putting further pressure on the minimal resources of the NEF, which have inadequate capital to allocate to its already excluded beneficiaries.

The NEF has played a pivotal role in the financial flows intended to reshape the economic development of the historically disadvantaged. An approval of 1603 transactions spread across the economy since operational inception has enabled the organisation to disburse R10.02 billion worth of investments directly to the historically disadvantaged. Catalytic investment in strategic and industrial projects worth R12.6 billion has supported allocation to key sectors of the economy, supporting small and medium enterprises, industrialists and community owned businesses to advance transformation. Investing in undercapitalised sectors and non-metro regions is critical for driving inclusive economic growth, but the business

model of the NEF which is reliant on its own balance sheet, legislation does not permit the NEF to raise finance from local or external capital markets. Furthermore, with no budgetary support from the government since 2010, the NEF is not adequately capitalised, and its main sources of funding its operations are collections from investments made, interest on available cash, grants and administered funds for development partners both in the private and public sector. This has severely limited its ability to advance redress and social equity, it was however able to provide for third party funds of R120 million during the current financial year.

The South African economic policy packages have not yielded adequate economic growth and improvement of income levels. And with moderate growth levels the apartheid related inequalities have not been reversed post 1994. The NEF operates within the constraints of the national economic trends. It has, despite considerable recapitalisation challenges, made investment in tourism, agro-processing, retail energy and property (social housing, student accommodation and retail malls). This expansion of the services sector has seen the NEF introduce R695 million into advancing transformation of the property sector, which is inundated by the market failures of lower ownership of black business.

Levels of investment in gross fixed capital formation in South African continue to decline substantially post 1994, and the trends continue to deteriorate in comparison to global emerging markets. This points to the need for the prioritisation of increased investment that will unlock economic activity in key sectors to advance economic development. The National Empowerment Fund has focused on improving its capital raising efforts and promoted private sector partnerships and national and provincial government partnerships to provide capital on blended concessionary finance terms.

Since 2010, the NEF has provided finance to its beneficiaries without support from the Medium-Term Expenditure Framework (national budget). This has meant mobilising finance and attracting investment through collaboration to provide finance to black-owned businesses. As a Schedule 3A entity the NEF has limited access to raising capital from the capital markets, nor can it borrow for long-term financial goals. Thus, collaboration with 3rd party funding partners and periodic allocations of conditional public grants from provincial and national public partners has been pivotal to ensuring the availability of affordable lending instruments for black entrepreneurs.



## Concentrated markets perpetuate exclusion of black entrepreneurs and SMMEs

The South African economy is heavily weighted towards the tertiary sector, which contributed R4.3 trillion (or 70%) to the GDP in 2023. In contrast, the labour absorptive secondary and primary sectors contributed R1.2 trillion and R617 billion respectively (Stats SA, 2024).

Key industries in the tertiary sector such as retail, telecommunication, private healthcare, banking pharmacy, amongst others, are concentrated in a few large firms (Competition Commission, 2021). Large firms in these industries have market power and dominance over many factors in their respective value chains. As owners of capitals, most of these dominant firms operating in South Africa, especially in finance and trade sectors, have influence over key factors that determine whether a new entrant can compete or not. These include costs and pricing, quantity produced, access to finance and market, trading location with high traffic volume in cities, malls and complexes.

Emerging black entrepreneurs and SMEs must overcome strategic and structural barriers to enter these markets. In most instances, even when they succeed in overcoming these barriers, the success is short-lived. It is widely appreciated that the highest likelihood of failure for SMMEs is within the first 5 years of operation. The rapid development of black entrepreneurs and SMEs in general is being hindered by the market and multinational business-friendly industrial, fiscal and monetary policies demanded by dominant global forces. These policies have placed the country in the growth trap of about 1% in the past decade whilst most BRICS+ counterparts and Sub-Saharan African countries are experiencing growth in excess of 4%.

To end over a decade of weak economic growth, rising unemployment, and increasing inequality, South Africa must create an economic policy framework focused on developing SMMEs within labor-intensive and productive economic sectors. This framework should leverage fiscal, monetary, and industrial policy tools, along with sector-specific regulations, to advance the country's economic strategy. Efforts must be well-coordinated amongst government institutions and targeted groups to minimise any inefficiencies in the system and accelerate the distribution of factors of production toward the targeted groups in non-economically active regions, namely outside the existing key economic nodes of Gauteng, Western Cape and KwaZulu-Natal urban areas. This is

essential as it will drive the expansion of economic activity, broadening economic performance and contribute to the creation of new industries and markets.

As part of many efforts to drive inclusive growth, we believe sustainable participation of black-owned and managed enterprises could be accelerated by focusing on transforming tertiary sectors of the economy due to their strategic positioning as a bridge between customers and producers. The NEF has noted that over the years, some black-owned and managed enterprises collapse largely due to factors such as market access, inadequate patient capital and stringent regulations.

As a strategy to overcome these barriers, the NEF, albeit with constrained capacity to extend patient capital required for the development of startups and emerging black entrepreneurs at a large scale, has risen to the occasion. In retail, the NEF has entered into franchising relationships with big business to drive inclusive participation. The next phase is the development of a cohort of black entrepreneurs to establish majority and wholly black-owned and managed firms in less transformed and high-growth industries and related value chains. This will require an agile industrial policy and access to capital at a large scale in manufacturing. Blended finance programmes will require tailored programmes for development projects targeting youth and women in underdeveloped regions to bridge both the finance and development gap financial intermediaries have yet to address.

To drive transformative growth, efforts to maximise black economic participation must continue to be driven through government procurement. The Public Procurement Bill must be used as a tool that advances equity and develops a clear path to localisation and offers set asides for black-owned firms to advance redress. The South African government is a large consumer and must play an important role in unlocking a sustainable cohort of black entrepreneurs across all key sectors of the economy until they are able to compete with established and dominant players. This is crucial for the development of new entrants who will transform existing value chains whilst unlocking market access, proactively supporting long term expansion of projects and businesses that will broaden economic participation.

The B-BBEE Commission has reported that enforcement towards B-BBEE compliance for private companies doing business with the state is not mandatory. Regrettably, the status quo undermines the development of black enterprises and the country's transformation agenda.

---

*“The Board believes the quest for inclusive growth will not be achieved and sustained by maintaining the status quo of high economic concentration in big cities and big businesses.”*

---

## Black women and youth in townships and rural areas are trapped in extreme poverty.

The results of the market and big businesses-friendly economic policy position have been the perpetuation of the triple challenges of poverty, unemployment and inequality across South Africa, which remain prevalent amongst black people. The expanded unemployment rate stood at 41.9% during the end of the first quarter of 2024. For the non-metro provinces of North West and Limpopo, the expanded unemployment rate averaged 50.7% relative to 32.5% reported in Gauteng and Western Cape (Stats SA, 2024). It is evident that unemployment is more prevalent in former homeland areas which are now townships and rural areas where the majority of black people live. The data further shows that unemployment also varies greatly along gender, race and age differentials. The South African youth and women expanded unemployment rates, reach 59.2% and 45.5% respectively, resulting in these two groups being among the hardest hit by this agony.

The NEF's approach to tackling the triple challenges of unemployment, poverty and inequality is multifaceted, is with a strong focus on expansion of the economic pie to increase productive and value-added activities in townships and rural areas. We believe these areas have untapped potential as they have abundant natural resources in the form of minerals and strong labour force amongst other imperatives. In line with the dtic's industrialisation strategy of channelling investments outside the five main metros, the NEF has prioritised its financial and non-financial interventions in provinces and areas characterised by low economic activities.

Pursuant to the approach highlighted above, the current Board resolved to increase the target of the NEF's investment towards targeted provinces

of Eastern Cape, Free State, Limpopo, Mpumalanga, North West and the Northern Cape for the 2023/24 financial year to 40% from 25%. Our deliberate intention and more coordinated approach which enabled us to attract partners have yielded positive results, improving from disbursements of 22% towards targeted provinces in 2022/23 to 40% in 2023/24.

As a demonstration of commitment to geographic spread, the Board has increased this target to 45% in 2024/25. The Board believes the quest for inclusive growth will not be achieved and sustained by maintaining the status quo of high economic concentration in big cities and big businesses.

## Macroeconomic Overview

Global growth is projected to remain at 3.2% in 2024, a growth rate reported in the prior year despite lower inflation expectation (IMF, 2024). Stagnant growth is due to divergent and an imbalanced growth path between advanced economies and emerging market and developing economies. Advanced economies are projected to pick up to 1.7% in 2024 from 1.6% in the prior year as the effects of the war in Ukraine and high energy prices begin to wane, stimulating household demand in the Euro zone (from 0.4% to 0.8% in 2024), United Kingdom (from 0.1% to 0.5% in 2024) and other advanced economies.

On the other hand, emerging market and developing market economies are forecasted to decelerate to 4.2% in 2024 from 4.3% in 2023 – China and India are the main contributors to slowdown in growth due to declining effects of fiscal stimulus post-pandemic which contributed to driving domestic consumption coupled with persistent challenges in the property market and declining demand from trading partners. In Sub-Saharan Africa, growth is projected to continue increasing to 3.8% in 2024 and 4% in 2025, driven largely by improved domestic demand and global trade which is essential to increasing demand for commodities especially oil and minerals. In addition, the African Continental Free Trade Area (AfCFTA) is expected to continue stimulating intra-trade in Sub-Saharan Africa coupled with some countries in the region taking a policy position and steps to process the mineral resources in the continent.

South Africa's real gross domestic product (GDP) reported a growth of 0.6% in 2023 from 1.9% in previous year (Stats SA, 2024). The deceleration in economic activities is attributable to multiple headwinds, both from

supply and demand sides. The supply side challenges have been hindering growth for the longest time especially over the past 10 years (2014–2023), with the average growth rate of only 0.8%. Demand side challenges could be attributed to high inflation and interest rates, weak domestic and global demand, constraints in disposable income and government's reduced fiscal position.

Outlook for the domestic economy has improved as some of the headwinds are beginning to ease. Annual headline inflation has been declining from 6.9% 2022 to 6.0% in 2023 as oil prices are falling due to significant supply growth and available spare capacity. As a result, inflation is expected to continue declining throughout 2024, to average 4.6% in 2025. The IMF expects central banks to start reducing interest rates as inflation continues declining and long-term inflation expectation remains contained. On the supply side, electricity supply constraints are beginning to show tentative signs of easing, which could be attributable to self-generation policy, uptake in renewable energy and improvements in Eskom's maintenance. Given improvements in structural and macroeconomic factors, South Africa's economy is projected to grow by 1.2% in 2024 and 1.4% in 2025. This remains wholly inadequate to respond to the national development challenges. Providing adequate support to the NEF for medium- and long-term financing offers the institution a unique role to allocate resources banks to entrepreneurs and entities banks are reluctant to finance.

The case for South Africa's structural transformation to broaden economic participation involves a crucial role for the NEF. By supporting the financing needs of new entrants in targeted sectors, the NEF can positively impact growth rates, reduce unemployment, address widespread inequality, and improve domestic lending practices and capital allocation efficiencies. The key is a deliberate and long-term commitment to financing the NEF's mission and strategic objectives. This approach will lead to more inclusive financial provision, expanding access to finance, deepening investment in underdeveloped sectors and populations, and broadening economic outcomes.

## Promoting effective governance

### Composition of the Board

Integral to the effective and efficient functioning of the NEF's Board of Trustees (BoT), is the full composition and calibre of appointed Trustees. During the year under review the Board had 8 Trustees throughout the

entire year, seven of whom were non-executive trustees while one was an executive trustee. The NEF's Board is diversified in terms of gender and age as well as academic and professional backgrounds. Women constitute a large portion of the Board, accounting for about 75% of Trustees. These members hold expertise in finance, strategy, risk management, human resources, development finance, governance, economic and policy development. The Board is supported by six sub-committees, including the Audit Committee, Risk and Portfolio Management Committee, Board Investment Committee, Human Capital and Remuneration Committee, Nominations Committee, as well as the Social and Ethics Committee.

### Tenure of the Board

The tenure of the current Board commenced in August 2021 with the appointment of the undersigned as the Chairperson in January 2022. The former CEO, Ms Philisiwe Mthethwa, exited the Board at the end of December 2023 when her term as the NEF's CEO came to an end following a tour of duty amounting to 18 years. To ensure continuity, she was replaced as the Executive Trustee by the current Acting CEO, Mr Mziwabantu Dayimani, who has been with the NEF for the past 16 years. There was also an additional exit from two of the non-executive Trustees whose term ended in January 2024 and August 2024 respectively. The Board is working closely with the Ministry to ensure that these positions are filled.

### Meeting our obligations

The obligation of the Board is to provide strategic direction, ensuring compliance with applicable laws, regulations and policies as well as ensuring management's delivery of agreed performance. The NEF achieved twelve out of fourteen key performance indicator targets for the year under review, representing 86% of targets agreed with the shareholder. The Board is driven by the dire state of unemployment and poverty that is devastating our society because we have seen the impact, multiplier effects and the difference of the NEF's interventions in the lives of thousands of black South Africans in townships and rural areas.

### Board Key Focus areas and sub-committee performance

The Board provides oversight on the strategic direction and the set targets in terms of the Strategic Plan (SP), Annual Performance Plan (APP) and Organisational Balanced Scorecard (BSC) while monitoring overall performance. The Board and its subcommittees hold regular meetings to also approve various policies, frameworks and ensure effective systems are applied in the institutions. The Board and its sub-committees have

maintained independence and foresight in establishing strategies and in reviewing the policies of the institution during the period under review. The Board focused on the following key strategic areas:

- The recapitalisation of the NEF towards becoming a sustainable vehicle for the meaningful participation of black-owned companies in the South African economy.
- The in-depth analysis of the performance of NEF investments in key economic sectors.
- Leveraging Third Party Funds to ensure long-term sustainability of the NEF.
- Reviewing the NEF Risk Appetite and Tolerance Framework to improve the quality of the NEF Loan Book and to maximise returns on investments.
- The review of the leadership and executive management succession plans.
- The review of the NEF Remuneration Framework to ensure its alignment with best practices.
- Succession planning and Talent Management to ensure the achievement of its organisational objectives and strategic plan

### Appointment of the NEF CEO

During the year the NEF Board commenced the process of appointing a new CEO through its Nominations Committee, which developed a project plan as a roadmap to facilitate the appointment process. The NEF Board concluded the recruitment process and submitted a list of shortlisted candidates for the Minister's consideration in line with Section 10 of the NEF Act. To this end the NEF Board awaits a response from the dtic with regards to filling the CEO vacancy.

In the interim, the Board further made recommendations to the Shareholder Minister to appoint an Acting CEO to ensure continuity and stability. As such, the Minister approved the appointment of the Acting CEO, Mr Dayimani, effective from 01 January 2024.

## Appreciation

The Board applauds former CEO Ms Mthethwa's and current Acting CEO Mr Dayimani, whose role in the year under review was pivotal in developing hundreds of black entrepreneurs and keeping alive the dream of an inclusive South African economy. They have formed part

of a collective that distinguished the NEF as an organisation that has continued to fulfil the implementation of its mandate with resilience, innovation and unwavering commitment. These are the values that the Board will continue to uphold.

The Board's appreciation also goes to the NEF's hard-working management, employees for their diligence, flexibility and commitment to the empowerment dividend, as well as the investees and communities who are the essence of the NEF's mandate.

The NEF is grateful to former Minister Mr Ebrahim Patel and to former Deputy Ministers Ms Nomalungelo Gina and Mr Fikile Majola for their foresight in having entrusted the NEF with no less than R1.5 billion as a fund manager for various government priorities, including but not limited to the alternative energy, furniture manufacturing and redress across key sectors of the economy, assured of the NEF's integrity and effectiveness. The NEF looks forward to the continued guidance of the legislature and the dtic, as well as the smart and patriotic partnerships with co-financiers across the public and private sectors.

I wish to thank the Board of Trustees and members of the Board subcommittees for their foresight, commitment, and expertise in driving a national agenda that holds the key to unlocking economic access and opportunities to the large portion of our population. The success of the organisation as outlined in the Integrated Report is largely due to the vision and strategic inputs advanced by the Board of Trustees. I am forever grateful to the team for its support, consistency, and excellence in executing the mandate of national development. We must not stop, we cannot stop and we shall not stop until we see the economic emancipation of all South Africans!



**Dr Nthabiseng Moleko**  
Chairperson of the Board of Trustees





*On structural transformation relating to B-BBEE, the dtic group will use the public procurement regime to advance B-BBEE and SMMEs. We will work with National Treasury to ensure that the Procurement Bill, under consideration by the President, will be implemented. We are also aware that the enterprise and supplier development (ESD) elements of the B-BBEE Codes, have the potential to raise several billions from the private sector.*

*Therefore, working closely with the B-BBEE Commission in monitoring the contributions of the ESD, black industrialists and SMMEs will benefit from such financial contributions.*

*The existential fact for South Africa is that transformation and redress are the precondition and rational basis for the unity of South African people as a whole. Our common prosperity is contingent on building a better life for all, and not for some. In line with what the President said, the dtic group will refocus on industrialisation in a targeted manner using available policy instruments:*

- *through aggregating industrial funding to recapitalize the NEF,*
- *through equity equivalent measures directed at financing, plus, enterprise and supplier development initiatives*

**Minister of Trade, Industry and Competition, Hon. Parks Tau  
at the Opening of Parliament Address Debate, 19 July 2024**





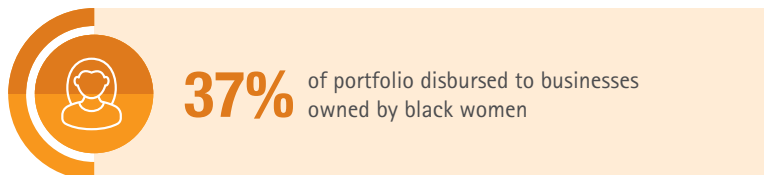


Acting Chief Executive Officer  
Mr Mziwabantu Dayimani

# REPORT OF THE ACTING CHIEF EXECUTIVE OFFICER

## Industrialisation for transformation, jobs and growth

### HIGHLIGHTS IN THIS REPORT



### Introduction

The National Empowerment Fund (NEF) is mandated by legislation to grow black participation across all of sectors of South Africa's economy, in line with the Constitutional injunction to uphold the right to equality.

This imperative calls upon all to correct the past injustices of dispossession and exclusion as enshrined in section 9 of the Constitution of the Republic of South Africa, 1996, which asserts the obligation to "promote the achievement of equality, legislative and other measures designed to protect or advance persons, or categories of persons disadvantaged by unfair discrimination may be taken".

This Integrated Report 2024, tabled in the 20th year of the NEF's operational existence, outlines how the NEF set out to give meaning and effect to this historic mission and how every unit, department and division was mobilised in the single-minded quest to **drive industrialisation for transformation, jobs and growth**.

### Overview of the operating environment

The operating environment during the financial year 2023/24 presented several challenges for the NEF and the broader financing industry. The external challenges mainly revolved around the high inflation and interest rate environment coupled with structural constraints in the provision of essential services such as logistics and electricity. This environment

contributed significantly to weak domestic household demand and sluggish economic growth.

Given the NEF's developmental mandate to provide financial support for high-risk transactions, particularly for Black-owned small and medium enterprises (SMMEs), these challenges could lead to high impairments and the collapse of many SMMEs if soft and patient capital is not extended to the target market.

Additionally, the labour force has been increasing, leading to higher unemployment levels among the Black population. With a low employment absorption rate and a lack of job opportunities, many Black People are turning to entrepreneurship, which increases the demand for the NEF's products and services.

Internally, the NEF has continued to contend with constrained financial resources due to limited capital, despite increased market demand for empowerment funding for Black-owned and managed SMEs as well as industrialists, for participation in the economic mainstream.

*"Over the years the NEF has attracted partners who share the vision of economic equality and inclusive growth. Accordingly, these public and private sector entities have pulled resources to co-finance opportunities in enterprise development, preferential procurement, skills transfer, sectoral development and sustainable growth. Together we have sought to enable black entrepreneurs to gain access to industrial value chains, thereby creating a large number of sustainable jobs across multiple sectors."*

Despite these challenges, the NEF recorded strong performance against pre-determined targets, demonstrating the resilience of its employees which is underpinned by their resolve to drive the economic inclusion of Black People. Other drivers of our performance especially across the investment value chain included a deep-rooted understanding of the market we serve, the organisation's risk appetite and willingness to go beyond the call of duty.

These have sharpened the NEF's investment strategies and approach in funding the segment of the market which is underserved and often characterised as high-risk by most funding institutions, particularly commercial banks. The NEF acknowledges that risks are an inherent part of business financing and has observed that risk has been used to perpetuate the economic exclusion of Black entrepreneurs. These entrepreneurs normally do not have collateral or own capital contribution but have viable business propositions.

### Summary of NEF's performance against pre-determined targets

For the financial year ending March 2024, the Accounting and Executive Authorities approved the Annual Performance Plan containing 14 key performance indicators. The NEF achieved 85.7% or 12 of the KPIs. Below are the actual performance and targets for the period under review:

- **Approvals:** the NEF approved 98 transactions to the value of R855.6 million against a target of R1.2 billion.
- **Commitments:** the NEF committed approximately R914.7 million against a target of R900 million.
- **Disbursements:** the NEF deployed R837.7 million into the domestic economy against a target of R810 million.
- **Job opportunities:** the organisation facilitated 6 526 job opportunities against a target of 4 985.
- **Percentage of portfolio disbursed to businesses owned by black women:** the NEF reported 37% against a target of 37%.
- **Percentage of portfolio disbursed towards targeted provinces:** the NEF disbursed 40% of total disbursements towards targeted provinces against a target of 40%. These provinces are the Eastern Cape, Free State, Limpopo, Mpumalanga, North West and the Northern Cape.



- **Number of community seminars held:** the NEF held 66 community seminars on how to save and invest, across the country and against the target of 45.
- **Entrepreneurial training sessions held:** the NEF achieved 299 sessions against a target of 145.
- **Number of entrepreneurs who successfully completed business incubation:** the NEF achieved 64 against a target of 36.
- **Percentage of social facilitation sessions:** the NEF achieved 124% against a target of 90%.
- **Value of concluded partnerships:** the NEF achieved R134.8 million against a target of R100 million.
- **Return on Investments:** the NEF achieved 7.67% against a target of 7%.
- **Collections:** the NEF achieved a collections rate of 80% against a target of 80%.
- **Impairments:** the NEF achieved an impairments rate of 33% against a target of 25%.

### Industrialisation and inclusive growth through funding townships and rural owned businesses

In the year under review, the NEF focused on indicators which drive the empowerment dividend impact in response to rising unemployment and other social issues affecting Black People in townships and rural areas. A key highlight of performance in the previous financial year was in respect of the empowerment dividend strategic objective, as the NEF successfully met its preset targets for disbursements to targeted provinces and women-owned businesses.

Economic activities were and remain largely centralised in provinces such as Gauteng, the Western Cape and KwaZulu Natal, further away from areas where a significant proportion of Black People reside. Over the past five years the NEF's disbursements towards targeted provinces averaged 20.8% of total disbursements against a target of 25%

For the year 2023/24, the NEF elected to increase the target from 25% to 40%. This is because participation of black people across the national economy remains unacceptably low, 30 years into the democratic epoch. We believe the prospect and the promise of inclusivity economy will remain elusive until more financial resource are channelled towards black entrepreneurs in targeted provinces. As such, the proportion of NEF

---

*“This Integrated Report 2024, tabled in the 20th year of the NEF’s operational existence, outlines how the NEF set out to give meaning and effect to this historic mission and how every unit, department and division was mobilised in the single-minded quest to **drive industrialisation for transformation, jobs and growth.**”*

---

disbursements towards these areas increased significantly from 22% in 2022/23 to 40% in 2023/24.

Among the challenges facing our deal-sourcing teams are the poor quality of transactions from these targeted provinces due to lack of training in the field of bookkeeping and business-plan-writing skills. Accordingly, the NEF embarked on a multifaceted approach beyond financial backing, with non-financial support initiatives aimed at stimulating entrepreneurship development particularly in townships and rural areas. For the reporting period the NEF achieved success in these areas after facilitating and hosting 299 entrepreneurial training sessions, assisting 64 entrepreneurs with incubation opportunities and concluding 25 social facilitation initiatives for the various businesses it funded that reflect community equity participation.

### Third-party funds

Over the years the NEF has attracted partners who share the vision of economic equality and inclusive growth. Accordingly, these public and private sector entities have pulled resources to co-finance opportunities in enterprise development, preferential procurement, skills transfer, sectoral development and sustainable growth. Together we have sought to enable black entrepreneurs to gain access to industrial value chains, thereby creating a large number of sustainable jobs across multiple sectors.

Since 2019, the NEF has concluded partnerships to the tune of R3 billion resulting in the creation of 22 specialised funding programmes. Our partners come from a variety of sectors within both the private and the public sectors. Some of our partners include the Department of Tourism, the Unemployment Insurance Fund, the Gates Foundation, SARS and Transalloys.

The NEF continues to engage various potential partners in an effort to increase the number of partners that we work with. This will assist in ensuring that we continue to assist more entrepreneurs and in ensuring that we can access quality deal flow from the businesses of some of the partners.

### Placing black women at the forefront of the economy for transformation and growth

The success in disbursements to Black Women-owned and managed businesses is noteworthy. The NEF achieved 37% in both the 2022/23 and 2023/24 financial years, surpassing and reaching the targets of 35% and 37%, respectively. This is significant given that the average performance was 34% over the past five years, often falling below target. The traction in the recent performance highlights the NEF embodying the NEF mantra, “to fund a woman is to fund a nation”.

The main drivers of this success include a dedicated unit, specifically the Women Empowerment Fund (WEF), ringfenced financial resources, entrepreneurial training and incubation for aspiring Black women entrepreneurs, and a focus on prioritizing funding applications from women-owned businesses as well as proactive interaction with women-based business groups.

Most of the NEF's non-financial support initiatives benefit Black Women, resulting in an increase in applications from this group, particularly in the property, manufacturing, tourism and energy industries.

One of the major challenges for Black Women entrepreneurs has been market access, which hinders their ability to secure funding. Without market access, it is difficult for entrepreneurs to pursue business growth opportunities or to compete for preferential contracts to develop their enterprises into competitive and sustainable businesses. To mitigate this shortcoming, the WEF has helped accelerate the economic empowerment

for Black Women by providing dedicated focus and attention to women applicants.

While Black People were historically marginalized, Black Women suffered greater discrimination economically, politically, socially and culturally, where patriarchal practices prioritized the educational and socioeconomic advancement of males over women. This is evident by the current low ownership and participation of women in business which is estimated at 30% (Bloomberg, 2022). Further, women occupy just 26.5% of top management positions in South Africa, according to the Department of Employment and Labour Statistics, 2023. All these are despite the fact that women constitute about 52% of South Africa's population.

The strategic vision of the NEF is for the society to collectively propel the economic advancement of women entrepreneurs to mirror their demographic representation across the country.

---

*“The NEF achieved 37% in both the 2022/23 and 2023/24 financial years, surpassing and reaching the targets of 35% and 37%, respectively. This is significant given that the average performance was 34% over the past five years, often falling below target. The recent performance highlights the prioritization of Black women-owned and managed businesses because in NEF parlance, to fund a woman is to fund a nation.”*

---

## Crafting black industrialists

In 2015, Government launched the Black Industrialist Programme (BIP), with the dtic, the NEF and the IDC leading the implementation of this historic programme. At the NEF, this imperative was championed through the Strategic Projects Fund (SPF), whose objectives were as follows:

- Create new manufacturing and industrial capacity;
- Create new jobs as opposed replacement capital finance;
- Invest new fixed capital into economically depressed areas or poverty nodes;
- Create an inclusive economy by increasing South African participation;
- Increase South Africa's export-earning potential and reduce import dependency, and
- Increase co-investment and partnerships through foreign direct investment.

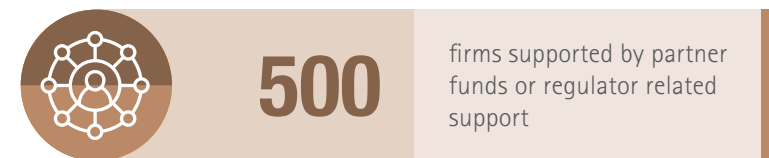
SPF's sector focus is outlined below, with examples of sub-sectors in the lower row:

<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Biofuels</li> <li>• Biomass</li> <li>• Biogas</li> </ul>	<ul style="list-style-type: none"> <li>• Solar</li> <li>• Wind</li> <li>• Hydro</li> </ul>
<b>Mineral beneficiation</b>	<ul style="list-style-type: none"> <li>• Exploration</li> <li>• Mining</li> </ul>	<ul style="list-style-type: none"> <li>• Beneficiation</li> </ul>
<b>Agro-Processing</b>	<ul style="list-style-type: none"> <li>• Chemicals</li> <li>• Food Sector</li> </ul>	<ul style="list-style-type: none"> <li>• Textiles</li> <li>• Manufacturing</li> </ul>
<b>Business Process Outsourcing</b>	<ul style="list-style-type: none"> <li>• Call Centres</li> </ul>	
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>• Telecoms</li> <li>• Roads</li> <li>• Airports</li> </ul>	<ul style="list-style-type: none"> <li>• Dam and Bridges</li> <li>• Sewer and Services</li> <li>• Stadiums</li> </ul>
<b>Tourism</b>	<ul style="list-style-type: none"> <li>• SkyTowers</li> </ul>	

The impact of the BIC is indicated below as reported by the dtic at the second Black Industrialists and Exporters Conference in March 2024:



Black industrialist firms supported:



## Assessment of progress towards five-year strategy and what to expect in the year ahead

Five years ago, the NEF committed to championing the development, promotion and implementation of innovative investment and transformation solutions to advance sustainable black economic participation in the economy for the creation and support of firms and job opportunities across the country.

The KPIs as contained in the NEF's Strategic Plan shows that the organisation has exceeded nearly all predetermined five-year targets except two.

In the year ahead, the NEF intends to focus its strategy and efforts on financial sustainability and impact relating to the empowerment dividend to maximize the achievement of its mandate. In terms of financial sustainability, the focus will be on funding SMEs to increase return on investment and collections whilst minimising impairments. The plan is to use both financial and non-financial instruments to make lasting impact in townships and rural areas where the majority of the NEF's target market is domiciled. The NEF wants to stimulate entrepreneurship, increase the number of businesses across key strategic sectors of the economy and create new jobs.

## Appreciation

As Acting CEO, it is a special privilege to follow in the footsteps of the inimitable Ms Philisiwe Mthethwa, whose 18-year term at the helm of the NEF ended in December 2024, a quarter from financial year-end. In that role Ms Mthethwa laid the foundation for a robust high-performing organisation.

The many sterling achievements of the NEF over the past two decades are attributable to her wise leadership, ably supported by successive teams of executives, investment professionals and specialists across various spheres of endeavour, past and present.

Together we are proud to present our annual integrated report, 2024, which provides insights into the NEF's performance and future direction beyond the current transition.

Chronicled across these pages are accounts of significant milestones we have accomplished together against the backdrop of an economy that carries the battle scars of a troubled but intrepid economy. These achievements have been made possible through the support of the dtic and partnerships with our third-party funding partners from a variety of public and private sector entities. These accomplishments include the vision and victories of the investees that have received funding from the NEF, as well as the beneficiaries from the across the villages and townships of the country who were trained in numerous areas.

The NEF's gratitude also goes to the Sixth Parliament and Government, especially former Minister Ebrahim Patel and past Deputy Ministers Ms Nomalungelo Gina and Mr Fikile Majola, as well as Acting Director-General Ms Malebo Mabitje-Thompson and her staff, for their esteemed counsel. The NEF is indebted to the Board of Trustees for navigating the path of running this important institution, as well as the empowerment fraternity for its ideological solidarity, among whom the Black Business Council ranks supreme. The mass media are a vital conduit for taking hope and opportunity across the nation, and the NEF is grateful for this unique partnership in enabling dissemination of information to entrepreneurs.

The NEF congratulates the Hon. Parks Tau on his appointment as Minister of Trade, Industry and Competition, as well as Hon. Deputy Ministers Zuko Godlimpi and Hon. Andrew Whitfield, the torchbearers who will illuminate the implementation of the mandate to grow black economic participation, in the period ahead.

Acting Chief Executive Officer  
Mr Mziwabantu Dayimani



## ABOUT THE NEF



### VISION

The NEF's vision is to become the leading provider of innovative transformation solutions for an economically inclusive South Africa.



### MISSION

The NEF is a catalyst for Broad-Based Black Economic Empowerment (B-BBEE) in South Africa. Its mission is to promote, enable, implement, and develop innovative investment and transformation solutions to advance sustainable black economic participation in the economy.



### MANDATE

Established by the National Empowerment Fund Act (Act 105 of 1998), the NEF is the only Development Finance Institution (DFI) mandated to be a driver and thought leader in promoting and facilitating black economic participation.

This mandate has been diligently and passionately undertaken for 20 years and has achieved significant milestones through the provision of financial support worth more than R14.5 billion to 1 621 black-owned and managed businesses since inception, in turn assisting these businesses to support over 125 571 jobs. This has been achieved through various non-financial support tools provided to its clients.

## NEF Values

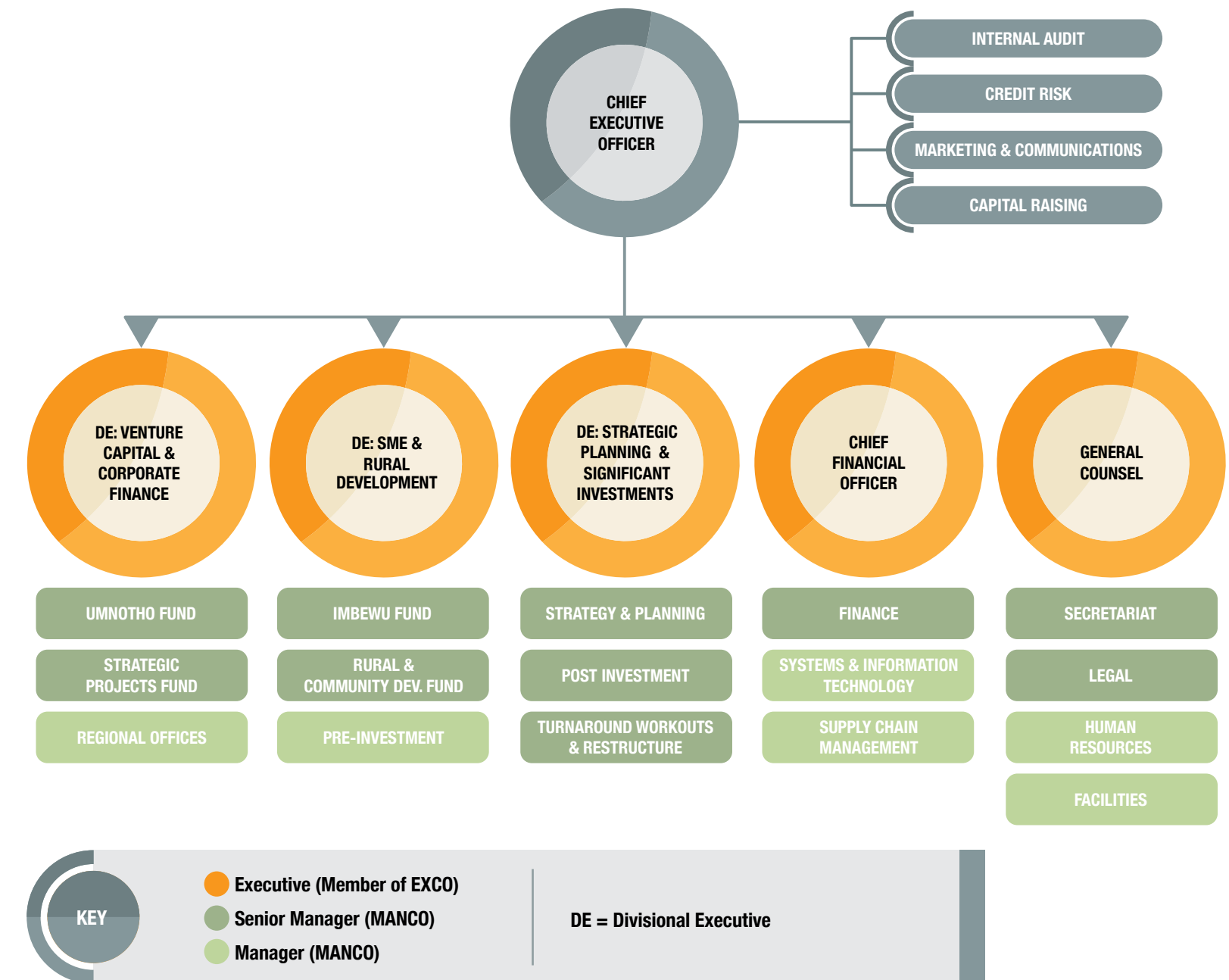
The NEF's values play a significant role in its ability to successfully execute its strategic plans. The values are instilled in employees as the ethos and tenets inspired by senior management to all employees.

These values are tools used to drive business strategy to create a strong competitive advantage by aligning employees to the mission, purpose and vision of the organisation.

The values are denoted in the acronym "EMPOWER" and are further explained in the following figure.



## Organisational Structure





## Our Regional Presence

NEF has offices in all nine provinces of South Africa, with its head office located in Johannesburg, Gauteng.



## Group Structure

NATIONAL EMPOWERMENT FUND TRUST			
NEFCorp SOC Ltd	Zastrovect Investment (Pty) Ltd (Trading as Goseame)	Surgetek (Pty) Ltd	Delswa (Pty) Ltd
100%	100%	100%	100%
<p>NEFCorp is an investment holding company that was established by the NEF Trust in 2002.</p> <p>The company has made strategic acquisition of the land and property on which the Goseame business is conducted and earns rental income.</p>	<p>The NEF invested in Goseame in June 2012. The business is involved in the wholesale and retail of fresh produce, groceries, flowers and meat in Limpopo. In September 2013, the NEF took over ownership and management of the business. It is currently going through a rigorous turnaround. Since the take-over of the business by the NEF, it has shown steady profitability supported by new markets. Goseame is able to support 300 permanent jobs. With a successful turnaround, the NEF is seeking to dispose its interests in Goseame in due course.</p>	<p>Surge Technologies (Pty) Ltd (Surgetek) is a leading manufacturer and distributor of earthing, lighting and over-voltage surge protection devices in Africa.</p> <p>The NEF assumed control after the company experienced financial distress and was placed under business rescue. The business is currently undergoing a turnaround after which a suitable equity investor will be identified.</p>	<p>Delswa is a wholly owned subsidiary of the National Empowerment Fund whose primary purpose is a property holding company.</p> <p>The NEF originally invested into the Delswa group, which was a corporate clothing manufacturing group founded in 1931. The group had its head office in Johannesburg, while manufacturing took place in Kimberly. The business was forced to close its doors in 2017, subsequent to an unsuccessful turnaround attempt, after which the NEF took ownership of the entity housing the factory premises in Kimberly. The property is now in the process of a sale to a third party.</p>



## Our Strategic Objectives

As depicted below, the business model is premised on the four main strategic objectives that advance the creation of value for the NEF and its stakeholders.

Strategic objectives	Advancing B-BBEE	Maximising empowerment dividend	Establish the NEF as a financially sustainable DFI	Optimising non-financial support
Key outputs	<ul style="list-style-type: none"> <li>Provide finance to business ventures established and managed by black people.</li> </ul>	<ul style="list-style-type: none"> <li>Invest in black-owned businesses that have high employment-creation opportunities.</li> <li>Support the participation of black women in the economy.</li> <li>Facilitate investment across all provinces in South Africa.</li> </ul>	<ul style="list-style-type: none"> <li>Establish the NEF as a financially sustainable DFI. This is achieved by ensuring that the organisation invests in transactions that have economic merit, through sound financial management of the NEF itself, as well as through portfolio monitoring and support activities.</li> </ul>	<ul style="list-style-type: none"> <li>Encourage and promote savings, investments, and meaningful economic participation by black people.</li> <li>Advance Black Economic Empowerment through commercially sustainable enterprises.</li> </ul>
Key performance indicators	<ul style="list-style-type: none"> <li>Value and number of deals approved.</li> <li>Value of new commitments.</li> <li>Value of new disbursements.</li> </ul>	<ul style="list-style-type: none"> <li>Number of jobs created and or supported.</li> <li>Percentage of investments in women-owned and managed businesses.</li> <li>Percentage of investment activities to be invested in the following targeted provinces: Eastern Cape (EC), Free State (FS), Limpopo (LP), Mpumalanga (MP), Northern Cape (NC), and North West (NW).</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of portfolio impaired.</li> <li>Collection ratio.</li> <li>Target Return on investment (ROI) before impairments.</li> </ul>	<ul style="list-style-type: none"> <li>Number of entrepreneurial training sessions provided.</li> <li>Number of entrepreneurs referred to and successfully completed business incubation.</li> <li>Number of social facilitation sessions for NEF investees.</li> <li>Number of investor education sessions held across the country.</li> <li>Number of enterprise development partnership agreements concluded, and amounts raised.</li> </ul>

## NEF Business – Financial Support

The business financing landscape in South Africa consists of private banks and development finance institutions as well as venture capital and private equity institutions. The NEF's competitive advantage is underpinned by its mandate which positions the NEF as a leader in financing black entrepreneurs, and its in-depth understanding of the needs of the target market which is the largest segment in the South African economy. This is done through the use of its capitals to deliver on the set strategic objectives. The capitals are expanded in detail on page 24.

The NEF is structured and transacts through its funds to address the needs of businesses as demonstrated by the nature of products housed in each of the five (5) funds listed below. The NEF provides funding of between R250 000 and R75 million.

The businesses that have funding requirements above R75 million are assisted through co-funding arrangements, in conjunction with other financing institutions appropriate to the structure and developmental mandate of transactions under review. The regional offices allow the NEF to reach clients in all the provinces.

	Strategic Projects Fund	iMbewu	uMnotho	Rural, Township and Community Development	Women Empowerment Fund
Objectives	<ul style="list-style-type: none"> <li>Fund a variety of projects, with the focus on early-stage development (Feasibility Cost) that are strategically aligned with the priority sectors (growth sectors that demonstrate high employment creation opportunities) of the South African economy.</li> </ul>	<ul style="list-style-type: none"> <li>Supports start-up businesses.</li> <li>Provides start-up and expansion capital required for SMMEs.</li> </ul>	<ul style="list-style-type: none"> <li>Provides financing for expansion.</li> <li>Funds the acquisition of equity in existing businesses.</li> <li>Funds new ventures.</li> </ul>	<ul style="list-style-type: none"> <li>Supports businesses that are broadly owned by communities and entrepreneurs.</li> <li>Such transactions are in rural areas, townships or peri-urban areas with the aim to stimulate rural and township economies.</li> </ul>	<ul style="list-style-type: none"> <li>Supports businesses that are more than 50% owned and managed by black women.</li> </ul>
Products	<ul style="list-style-type: none"> <li>Venture capital funding structures.</li> <li>Development of black industrialist funding in strategic sectors.</li> </ul>	<ul style="list-style-type: none"> <li>Franchise finance.</li> <li>Procurement/ contract finance.</li> <li>Entrepreneurship funding.</li> </ul>	<ul style="list-style-type: none"> <li>Business acquisition funding.</li> <li>New ventures funding.</li> <li>Expansion funding.</li> <li>Capital markets funding.</li> <li>Liquidity and warehousing funding.</li> </ul>	<ul style="list-style-type: none"> <li>New ventures funding.</li> <li>Business acquisition funding.</li> <li>Expansion funding.</li> </ul>	<ul style="list-style-type: none"> <li>The product offerings cut across all products provided by the different funds.</li> </ul>
Funding range	Funding up to R75 million.	Funding from R250 000 to R15 million.	Funding from R2 million to R75 million.	Funding from R1 million to R50 million.	Funding from R250 000 to R75 million.



## NEF Business – Non-Financial Support

The NEF provides non-financial support at every stage of a transaction, from initiation to conclusion, through various functions within the NEF.

Pre-Investment Unit (PIU) and Regional Offices	Post-Investment Unit (POIU) and Regional Offices	Turnaround Workouts and Restructures Unit (TWR)	Legal Services Unit	Socio-Economic Development Unit (SEDU) and Regional Offices
<ul style="list-style-type: none"> <li>• <b>Application administration</b> – which entails the registration of new applications and distribution of applications to the respective Funds for assessment.</li> <li>• <b>Product advisory</b> – which entails the handling of enquiries from clients and business development support.</li> <li>• <b>Business Planner Tool</b> – which is an online tool that assists users to compile business plans.</li> <li>• <b>Non-financial support</b>, which has three key elements, namely:             <ul style="list-style-type: none"> <li>• <b>Business Planner Tool</b> – includes a financial modelling compile business plans and financial statements.</li> <li>• Business incubation – which is aimed at providing support to clients that have an idea that is at an early stage; but is not ready for funding and therefore needs nurturing.</li> <li>• <b>Entrepreneurial training</b> – which is targeted at entrepreneurs that require capacity building and enhancement in running their fledgling businesses.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Perform portfolio management</b> – through monitoring of investee operational performance, credit control and collections.</li> <li>• <b>Provide advice</b> – to ensure a smooth operation of the business.</li> <li>• <b>Mentorship programmes</b> – which are intended to equip clients' financial and business management skills for interventions required to enhance and improve the overall business processes and management.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Turnaround and restructuring</b> – of distressed investees within the portfolio of the NEF.</li> <li>• <b>Business rescue</b> – all investees who are in business rescue fall within the TWR Unit.</li> <li>• <b>Exits and workouts</b> – should a turnaround not be possible, the TWR Unit attends to a managed exit for the NEF by disposal of assets or shares.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Protects the legal interests</b> of the NEF.</li> <li>• <b>Legal due diligence</b> – the unit is responsible for ensuring that all conditions precedent is met before finalisation of a transaction.</li> <li>• <b>Drafting and negotiation</b> – ensures all contracts and legal agreements are drafted and concluded timeously.</li> <li>• <b>Institute legal action</b> – ensure that legal actions are instituted to recover losses incurred, including recoveries in instances of illegal and criminal conduct.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Social Facilitation</b> – assist facilitates social interventions in NEF- funded transactions with broad-based groups, communities, or employee empowerment structures. The team identifies economic opportunities for the targeted beneficiaries in transactions and assists in creating market linkages and identifying other development intervention areas for meaningful participation in the economy.</li> <li>• <b>Enterprise Development</b> – the Unit also mobilises funding through partnerships with third parties as well as for the NEF Enterprise and Supplier Development Fund to benefit targeted investees in different sectors of the economy.</li> <li>• <b>Investor Education</b> – the team facilitates a culture of savings and investments through the NEF Investor Education programme.</li> <li>• <b>Corporate Social Investment (CSI)</b> – also manages the NEF CSI programme.</li> </ul>



## Value Creation Business Model

Human resources are essential in creating value through effective and efficient implementation of the NEF's business model. Our human resources strategy is centred on talent management through attraction, training and development, recognition and reward, performance management, and succession planning to ensure achievement of targets entailed on the business' balance scorecard.

The NEF executes its business model through these operational processes:

Process	Enquiries and application	Deal Origination	Reporting and Credit assessment	Deal Adjudication	Deal Commitment	Deal Disbursement	Post Investment Services
<b>Function</b>	Pre-Investment	<ul style="list-style-type: none"> <li>SME, Township and Rural Division</li> <li>Venture Capital and Corporate Fund Division</li> </ul>	<ul style="list-style-type: none"> <li>SME, Township and Rural Division</li> <li>Venture Capital and Corporate Fund Division</li> <li>Regional Offices</li> <li>Credit Risk</li> </ul>	<ul style="list-style-type: none"> <li>Investment Committees</li> <li>iMbewu Fund</li> <li>uMnotho Fund</li> <li>Rural and Township Community Development Fund</li> <li>Strategic Projects Fund</li> <li>Regional Offices</li> <li>Credit Risk</li> </ul>	<ul style="list-style-type: none"> <li>Legal Services Unit</li> <li>iMbewu Fund</li> <li>uMnotho Fund</li> <li>Rural and Township Community Development Fund</li> <li>Strategic Projects Fund</li> <li>Regional Offices</li> </ul>	<ul style="list-style-type: none"> <li>Finance Department</li> <li>Legal Services Unit</li> <li>iMbewu Fund</li> <li>uMnotho Fund</li> <li>Rural and Township Community Development Fund</li> <li>Strategic Projects Fund</li> <li>Regional Offices</li> </ul>	<ul style="list-style-type: none"> <li>Post Investments Unit</li> <li>Turnarounds, Workouts and Restructuring Unit</li> <li>Legal Services Unit</li> </ul>
<b>Activities</b>	Enquiries, product advisory	<ul style="list-style-type: none"> <li>Business Development</li> <li>Deal Screening</li> <li>Due Diligence</li> </ul>	<ul style="list-style-type: none"> <li>Producing the investment report and supporting documents</li> <li>Assessment of Invest Report</li> <li>Production of Credit Risk Report</li> </ul>	<ul style="list-style-type: none"> <li>Presentation by investment teams</li> <li>Review by adjudicating committee</li> <li>Decision making</li> </ul>	<ul style="list-style-type: none"> <li>Drafting of legal agreements</li> <li>Signing of legal agreements</li> </ul>	<ul style="list-style-type: none"> <li>CP collection</li> <li>Conveyancing</li> <li>Security</li> <li>Disbursement compliance check list</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring</li> </ul>

## Maximising Value Creation

The NEF continues to deliver on its mandate through various funding initiatives and partnerships. The table below highlights the inputs of the four forms of capital that have enabled the NEF to achieve its key performance measures (outputs) and ultimately the strategic objectives aligned to them to have meaningful impact towards its mandate and stakeholders.

Capitals	Inputs & Business Activities	Outcomes	Impact
FINANCIAL CAPITAL	<ul style="list-style-type: none"> <li>Cash generated from investments made.</li> <li>Cash raised through partnership agreements.</li> <li>Recoveries from Post Investment, TWR and Legal Services Unit.</li> </ul>	<ul style="list-style-type: none"> <li>A total of 98 transactions approved valued at R856 million.</li> <li>Committed transactions valued at R915 million.</li> <li>Disbursement of funding to the value of R838 million.</li> <li>Collected R466 million during the year.</li> </ul>	<ul style="list-style-type: none"> <li>Financial sustainability.</li> <li>Continued achievement of the NEF mandate to empower and enable black-owned businesses to participate and contribute to economic growth.</li> </ul>
HUMAN CAPITAL	<ul style="list-style-type: none"> <li>High performing workforce.</li> <li>Experienced and skilled leadership team.</li> <li>Positive ethical culture, skills, capacity and motivated staff.</li> <li>Trainee and vacation programmes.</li> <li>HR policies and systems.</li> <li>Employee wellness programmes.</li> </ul>	<ul style="list-style-type: none"> <li>182 employees, 56% of which are female.</li> <li>Females account for approximately 50% of senior management staff.</li> <li>Employee turnover is at 18%.</li> <li>The value of training and bursaries spent on the employees is R588 000.</li> </ul>	<ul style="list-style-type: none"> <li>Talent attraction and retention.</li> <li>Career development through training interventions.</li> <li>High levels of employee engagement and longevity.</li> <li>Positive employee morale and work-life balance.</li> </ul>
SOCIAL AND RELATIONSHIP CAPITAL	<ul style="list-style-type: none"> <li>Partnerships with external stakeholders.</li> <li>Funding activities to support jobs in new investments; increase investment in black women-owned business; and increase provincial distribution.</li> <li>Stakeholder engagements.</li> <li>Bursary scheme and other CSI programmes.</li> <li>Socio-economic development and investor education seminars.</li> </ul>	<ul style="list-style-type: none"> <li>37% of disbursements to black women-owned investments.</li> <li>R373 million (40% of disbursements) have been invested in targeted provinces.</li> <li>6 526 jobs were supported.</li> <li>31 social facilitations and 299 entrepreneurial training sessions held.</li> <li>66 investor education sessions, impacting 1.34 million beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>Continued achievement of mandate to empower and enable black-owned businesses to participate and contribute to economic growth.</li> <li>Reach is extended into township and rural areas, enabling economic growth in those areas.</li> </ul>
INTELLECTUAL CAPITAL	<ul style="list-style-type: none"> <li>20 years of advancing the unique mandate of the NEF.</li> <li>Establishment of Alternative Energy Fund.</li> <li>Activities to increase brand reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Tailored financial and non-financial products for the needs of black-owned businesses.</li> <li>Enable businesses to implement measures such as solar systems to alleviate power interruptions which reduce productivity during loadshedding.</li> <li>Advertising value equivalence (AVE) of R36 million with an audience reach of 202 million.</li> </ul>	<ul style="list-style-type: none"> <li>Enable business to create jobs and grow the economy.</li> <li>Continued business operations via the use of alternative energy during loadshedding period.</li> <li>Build stronger relationships with stakeholders and enable collaborations that benefit black-owned businesses.</li> </ul>





# STAKEHOLDER MANAGEMENT

An economy is built by many hands. In playing its part, the NEF relies on the support, the inspiration and partnership of many stakeholders inclusive of the SA Government, Parliament, the staff of the NEF, black entrepreneurs, communities, the public at large, the private sector, business organisations, educational and research institutions as well as the mass media, among others.

The mandate of the NEF, which is to grow the black population's economic participation in South Africa, places it among those who seek the inalienable right to economic citizenship and those who own, manage and control the means of production in a society branded as one of the most unequal in the world today.

## Objectives of the NEF's stakeholder relations strategy

The NEF's approach to stakeholder relations is informed by the need to mobilise support from all stakeholders across society and ultimately to bring them together for the historic mission of driving inclusive growth. The broader objectives of this commitment are as follows:

1. Promote awareness of the mandate and milestones of the NEF, as well as support for its value proposition.
2. Heighten positive public discourse about economic transformation.
3. Position transformation as an instrument and a strategy for economic growth.
4. Marshal moral, financial and fraternal partnerships for the success of black entrepreneurs inclusive of women and youth across all districts.
5. Achieve the immediate and long-term recapitalisation of the NEF so that the development financier may maximise the implementation of its mandate successfully.

## Who are the NEF's stakeholders?

### Our people

The NEF engages with the widest possible spectrum of stakeholders beginning with our people, comprising members of staff, management, the Board of Trustees and suppliers, who are collectively responsible for ensuring service excellence, integrity, sustainability and customer satisfaction through the values of the NEF.

### Government

As a creature of statute, the NEF owes its existence to both the Government and Parliament of South Africa and is dependent upon the dtic and parliamentary committees for oversight and direction. Section 18 of the National Empowerment Fund Act (Act 105 of 1998) provides for the NEF to be funded by Government as follows: "The operating and capital expenses of the Trust will be financed by grants, loans, income generated by the Trust or money appropriated by Parliament for that purpose".

In addition to this imperative, Government departments across the national, provincial and local spheres, have continued to partner with the NEF in providing business funding to communities, where the NEF is designated as the Fund Manager and implementing partner for the execution of these key empowerment agreements. These partnerships also include traditional authorities as the royal leaders in rural communities across the country.

### Business community

The NEF's social contract encompasses the business community, among whom are its investees, the economic ambassadors who are agents of social change, economic growth and the country's democratic dividend. The success of the business community makes it possible to create jobs, develop skills, increase development, maintain stability and improve the level of equality.

Located in this habitat are DFIs, corporates and SOEs whose value is in co-funding investees and providing supplier and enterprise development opportunities that are critical for the advancement of black entrepreneurs.

### Opinion formers and mass media

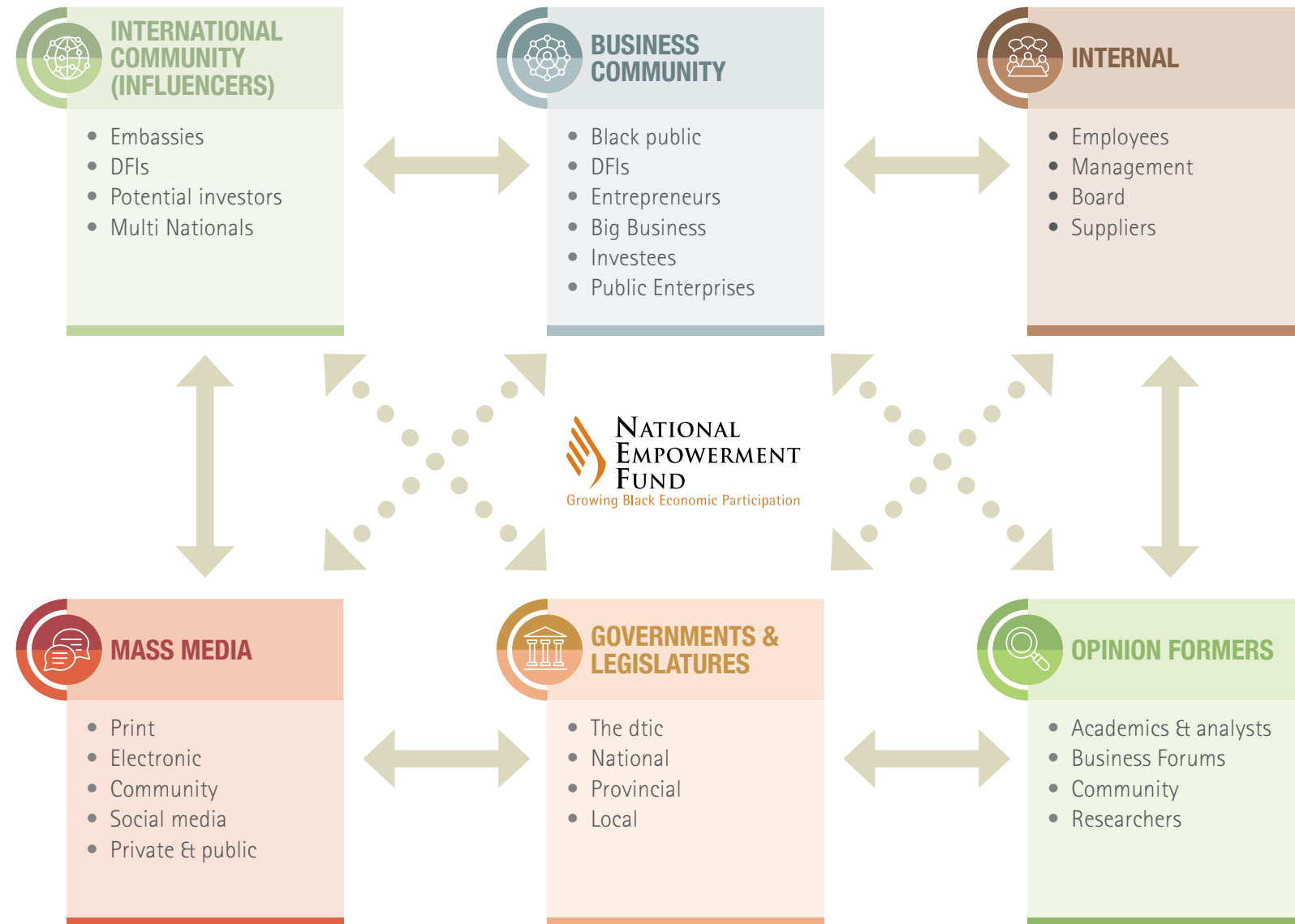
We depend upon the endorsement of opinion formers, including the mass media, for the distillation and dissemination of progressive discourse regarding the historic quest for socio-economic transformation. The NEF prioritises relationships with member-based business organisations, the empowerment fraternity, journalists and editors, in finding common ground and in setting the agenda for public consensus on transformation.

### International community

The NEF's specialist venture capital fund, the Strategic Projects Fund (SPF), provides investment and technical support for black entrepreneurs to conduct feasibility studies for commercialising their nascent business concepts for the purpose of generating new manufacturing and industrial capacity for the country, while creating new jobs. The NEF's seed capital can mitigate the risk associated with the development stage and to crowd-in private sector investment at financial year end while at the same time achieving its developmental mandate by investing in economically depressed areas or poverty nodes.

To this end, the NEF and its local and international partners have developed a significant investment portfolio of projects valued at over R14.3billion, which has enabled meaningful participation of black entrepreneurs in the services and manufacturing sectors at industrial scale across South Africa. These greenfield projects hold out meaningful opportunity and potential for co-investment across various sectors of the economy including tourism, mineral beneficiation, agro-processing, renewable energy, business process outsourcing and infrastructure development. Around 87% of the transactions are at an advanced development stage.

The schematic below outlines the key stakeholder publics that are critical for the implementation of the mandate of the NEF.



Local and international partners are therefore important co-investors towards the development of the country's industrial capacity, export revenue potential, job creation, rural development and the rise of black industrialists.

**People as the primary stakeholders**

Among the NEF's primary stakeholders are women and men, young and old, who live in villages and townships across South Africa and who have harvested knowledge and opportunities from community seminars presented by the NEF on how to save and invest through instruments such as shares, bonds, money markets among others.

Over the years, the NEF seminars enriched various stakeholders in the area of personal financial management and discipline.

In addition to non-financial programmes such as investor education, many have come to know about how to develop a business plan while some

have benefited from the NEF's entrepreneurial training and incubation support interventions.

Communities and workers who are shareholders in businesses and those who are organised into co-operatives can point to social facilitation, corporate governance training and market access through interventions that include enterprise and supplier development programmes across various sectors of the economy, co-funded with public and private sector partners.

The scores of business seminars, funding imbizos, conferences and product exhibitions that the NEF attends across various districts on a monthly basis every year are important platforms for taking hope and opportunity to communities.

The NEF values these important relationships as building blocks that contribute towards an inclusive and employment-generating economy.



*The NEF has played a pivotal role in the financial flows intended to reshape the economic development of the historically disadvantaged. An approval of 1603 transactions spread across the economy since operational inception has enabled the organisation to disburse R14.1 billion worth of investments directly to the historically disadvantaged. Catalytic investment in strategic and industrial projects worth R12.6 billion has supported allocation to key sectors of the economy, supporting small and medium enterprises, industrialists and community owned businesses to advance transformation. Investing in undercapitalised sectors and non-metro regions is critical for driving inclusive economic growth, but the business model of the NEF which is reliant on its own balance sheet and no recapitalization for the last decade means the undercapitalised sectors, regions and people may remain limited in reducing inequality and advancing redress and social equity.*



Dr Nthabiseng Moleko, NEF Board Chairperson, Integrated Report 2024





# MANAGING KEY RISKS

The NEF as a development finance institution (DFI) whose primary role is the provision of finance to black-owned and managed enterprises, is susceptible to effects of the declining South African economy as the NEF investees, like most businesses, are heavily dependent on a thriving economy for viability and success.

Further to this, the entrepreneurs supported by the NEF are characterised by inadequate own financial resources and other forms of assets to make meaningful equity contributions and/or provide collateral towards the establishment, acquisition and/or expansion of their enterprises. The absence of collateral and equity contribution means that the NEF is exposed to higher credit risk than commercial finance providers.

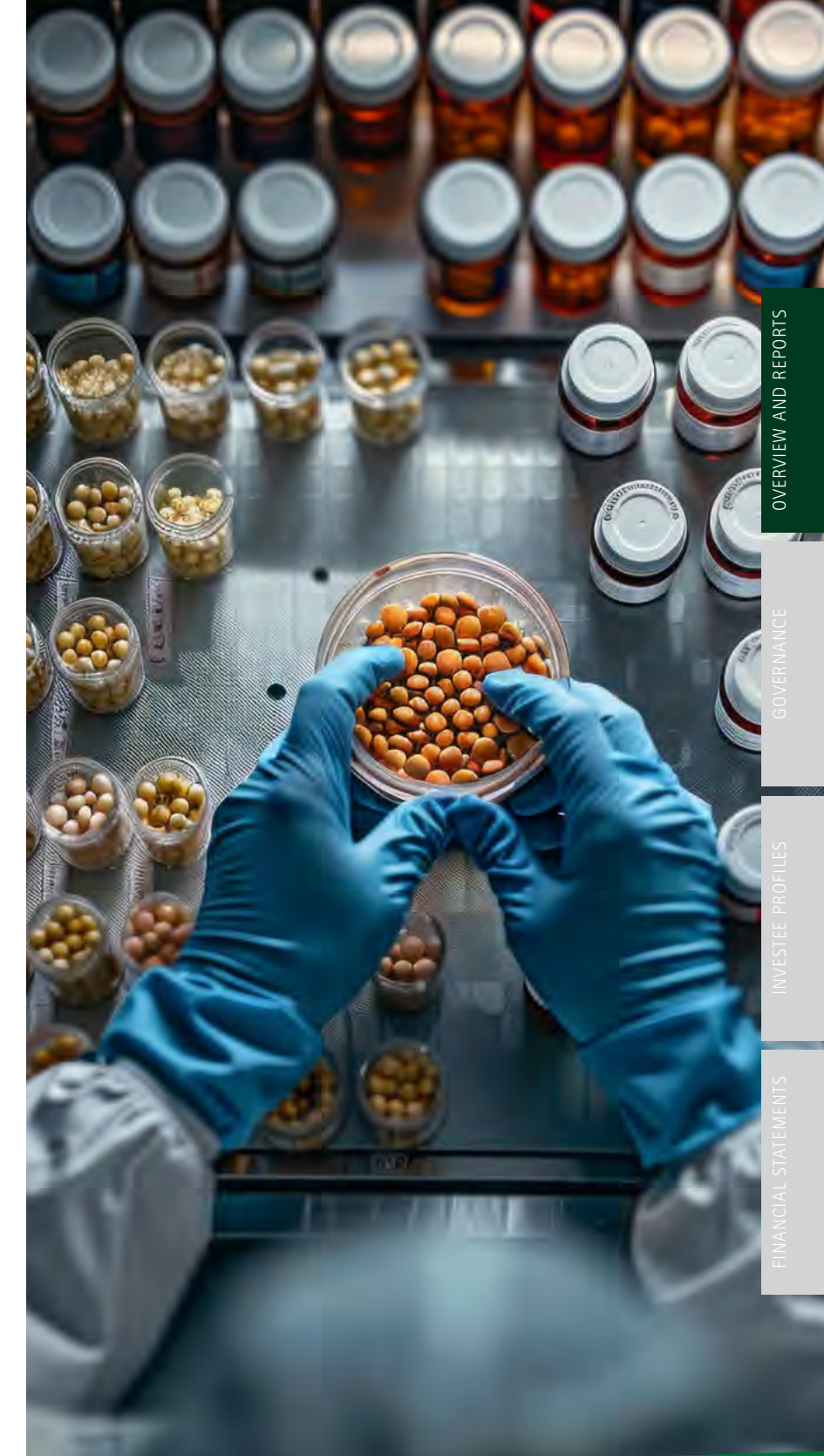
The NEF's overall credit risk rating is expected to increase further, given the bleak economic outlook reflecting stagnation in global economic activities, domestic fiscal constraint, as well as the insignificant improvement in the electricity and transportation industries. This is compounded by lingering geopolitical tensions and uncertainty relating to domestic political stability within the context of the 2024 national election.

The NEF tracks its strategic and key risks on a quarterly basis. During the 2023/24 financial year, the NEF noted increases in market risk, credit risk, failing infrastructure risk, and ability to attract and retain key skills, among others.

## Managing NEF's key risks

The NEF manages and monitors several internal and external risks which are reported on a quarterly basis to the NEF's Board subcommittee, the Risk and Portfolio Management Committee (RPMC), which is responsible for risk management and oversight. The NEF's risk management objectives are linked to the organisation's strategic objectives (SOs). The organisation manages the risk to ensure the following:

- S01** The NEF advances Broad-Based Black Economic Empowerment (B-BBEE) through responsible financial and non-financial support.
- S02** The NEF maximises the empowerment dividend in the form of financial support offered to women, youth, people with disability and communities, and through the creation of impactful jobs, among other things.
- S03** The NEF remains a financially efficient and sustainable organisation through cost-effective internal operations and lending to commercially viable entities.





The following keys risks were identified and monitored during 2023/24 financial year in line with the strategic objectives above:

**R1 CHANGES IN THE LOCAL AND INTERNATIONAL ECONOMIC CONDITIONS**

S03

Risk description	Response	Residual Risk
<ul style="list-style-type: none"> <li>There were several changes in the current financial year which had an adverse impact on the South African economy such as Russia/Ukraine war, tensions in the middle east and the rolling blackouts due to Eskom's inability to provide stable electricity.</li> <li>Investees continued to experience financial distress leading to an increase in impairments and a decline in collections.</li> </ul>	Several initiatives by the Post Investment Unit and TWR included alternative energy funding and active monitoring of the portfolio to identify distress and implement corrective actions.	The residual risk remains high.

**R2 UNSUSTAINABLE LEVELS OF IMPAIRMENTS AND CREDIT RISK**

S03

Risk description	Response	Residual Risk
<ul style="list-style-type: none"> <li>The NEF operates in a high-risk environment and supports businesses that other financial services firms are not keen to support. These businesses are more susceptible to changes in external market conditions.</li> <li>The current tough economic conditions are negatively impacting on the performance of these businesses.</li> </ul>	Various initiatives such as energy fund, site visits, and high frequency monitoring of high risks clients are being implemented by our Post Investment and TWR departments to assist clients during this difficult period. Additional human resource capacity has also been increased within the Post Investment department.	The residual risk remains high.

**R3 INABILITY TO MEET CASH COMMITMENTS**

S03

Risk description	Response	Residual Risk
<ul style="list-style-type: none"> <li>The difficult economic conditions, especially the current high interest rate environment is negatively impacting on the NEF's ability to collect on amounts due from clients.</li> <li>Despite the negative impact on NEF's cash resources, the NEF is continuing to support black businesses due to the increasing need from NEF's target market.</li> </ul>	Close monitoring of available funds by the NEF's Finance department ensures that transactions are not approved where the NEF does not have available cash. The Finance department informs relevant departments on a weekly basis regarding available cash for new transactions. Where possible, focus is on funding transactions where NEF has received Third Party Funds.	<p>The residual risk is medium as result of interventions implemented by the Finance Department.</p> <p>However, the risk of not approving transactions if the NEF does not have available cash has thus increased.</p>

**R4 LACK OF CAPITAL TO CONTINUE OPERATING (SUSTAINABILITY RISK OF LACK OF RECAPITALISATION)**

S03

Risk description	Response	Residual Risk
<ul style="list-style-type: none"> <li>Due to financial constraints being experienced by the fiscus, the NEF does not receive consistent funding allocations from its stakeholder, the dtic, and this may impact on the ability of the NEF to continue taking the same level of risk to support black businesses.</li> </ul>	Regular engagements are held with the stakeholders regarding NEF's funding requirements. The stakeholder has also supported the NEF via allocating various specialist funds. Opportunities regarding Third Party funds are being explored and are yielding results.	The residual risk was upgraded to high.

**R5 FAILURE TO ACHIEVE MANDATE BY NOT MEETING APPROVALS, DISBURSEMENTS AND JOBS TARGETS**

S02

Risk description	Response	Residual Risk
<ul style="list-style-type: none"> <li>The tough economic conditions impact on the viability of transactions and this makes it difficult to source transactions that have long term sustainability. The lack of adequate available cash resources for the NEF also impacts on its ability to fund new transactions.</li> <li>The lack of adequate capacity and possible lack of performance may impact on achieving the NEF's objectives.</li> </ul>	Implementation of performance management system and weekly monitoring of performance targets yielded an improvement in this risk. The inadequate available cash also impacts on the ability of NEF to achieve its targets. However, there are continuous engagements with the dtic and other Third Party funders.	The residual risk was upgraded to high.

**R6 ABILITY TO ATTRACT AND RETAIN KEY SKILLS**

S01

Risk description	Response	Residual Risk
<ul style="list-style-type: none"> <li>The NEF operates in a market that relies on skilled staff. The calibre of skill that the NEF requires is sought after by other players in the financial sector and the NEF often competes with other financial institutions for these skills.</li> </ul>	<ul style="list-style-type: none"> <li>The mandate of the NEF provides meaning and purpose to staff.</li> <li>Creating a conducive working environment for staff.</li> <li>Other initiatives include salary benchmarking on an annual basis and attempts to pay market related remuneration as well as short-term incentives</li> </ul>	The residual risk was upgraded to high.



**R7 FAILURE TO MEET THIRD PARTY FUNDERS' REQUIREMENTS**

S01

Risk description	Response	Residual Risk
<ul style="list-style-type: none"> <li>A key component on the NEF's strategy going forward is sourcing Third Party Funds. There is a risk of not sourcing adequate Third Party Funds.</li> </ul>	Various initiatives are implemented to explore opportunities in this area, that is, recruiting dedicated capacity to identify and manage relationships with possible Third Party partners.	The residual risk was upgraded to Medium.

**R8 FAILING INFRASTRUCTURE**

S03

Risk description	Response	Residual Risk
<ul style="list-style-type: none"> <li>Infrastructure failure (loadshedding as well as issues regarding continuous supply of water) are impacting on the ability to source viable transactions as well as on the performance of existing clients.</li> </ul>	The launch of NEF's Alternate Energy Fund continues to assist clients who are experiencing challenges with loadshedding. The NEF's Post Investment Department assesses impact of failure of municipal infrastructure on clients while the deal teams assessing the need propose back-up solutions such as water reserve tanks for new transactions.	The residual risk upgraded to high.

**R9 CONCENTRATION RISK**

S03

Risk description	Response	Residual Risk
<ul style="list-style-type: none"> <li>The NEF's exposure in MTN compromises a significant portion of the NEF's balance sheet. Movements in the share price of MTN impact the NEF's balance sheet.</li> </ul>	An analysis on the NEF's investment in MTN has been performed to assess how best to manage the investment and the associated risks. The NEF's investment in Busamed is also closely monitored with the NEF having board representation.	The residual risk was upgraded to high.

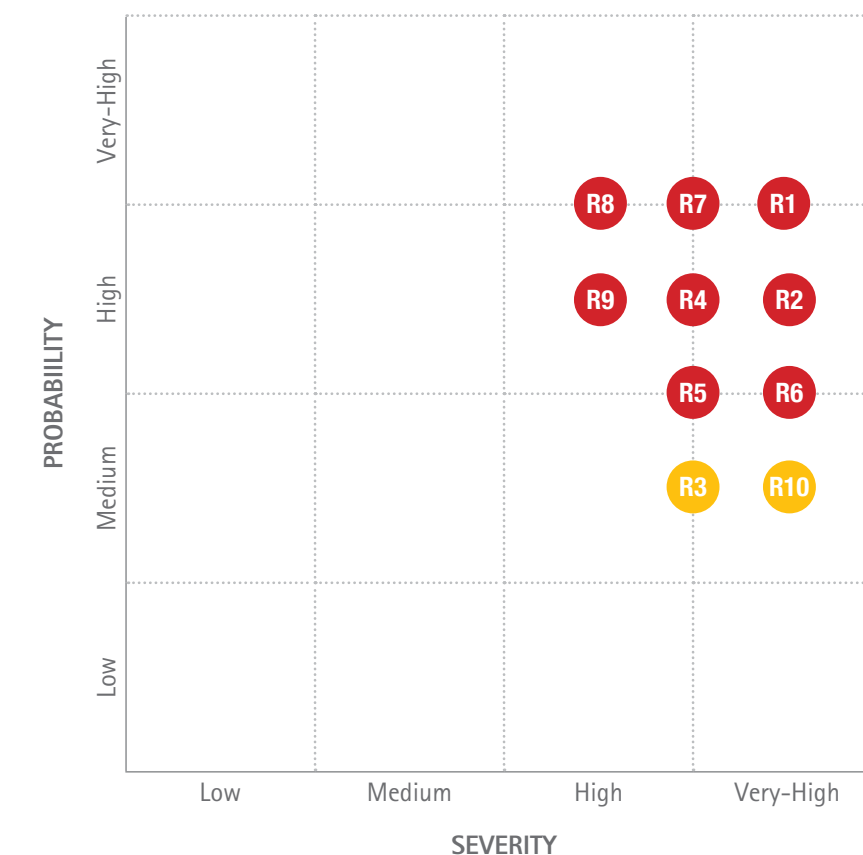
**R10 FRAUD RISK**

S03

Risk description	Response	Residual Risk
<ul style="list-style-type: none"> <li>The NEF is a funding institution, and the risk of fraud is inherent due to the nature of the sector that the NEF operates in.</li> </ul>	Various fraud prevention initiatives such as fraud prevention policies, whistleblowing hotline as well as fraud prevention plans are implemented to prevent fraud. An ethics management programme is also being rolled out.	The residual risk remained medium.

The key risk heat map is a graphic representation of the residual risks and the rating thereof after management applied all necessary control measures to mitigate these key risks.

Risk Heat Map



Risk #	Risk
R1	Changes in Local and International Economic Conditions (Market Risk)
R2	Unsustainable Levels of Impairments (Credit Risk)
R3	Inability to Meet Cash Commitments (Liquidity Risk)
R4	Sustainability/Recapitalisation Risk
R5	Failure to Achieve Mandate Risk
R6	Inability to Attract and Retain Key Skills Risk
R7	Failure to Meet Third Party Requirements Risk
R8	Railing Infrastructure Risk
R9	Concentration Risk
R10	Fraud Risk

The figure below shows the movement in the rating of the key risks from the previous financial year to the year under review.

Risk #	Risk	Movement of Residual Risk from 2022/23
R1	Changes in Local and International Economic Conditions (Market Risk)	▲
R2	Unsustainable Levels of Impairments (Credit Risk)	▲
R3	Inability to Meet Cash Commitments (Liquidity Risk)	▬
R4	Sustainability/Recapitalisation Risk	▲
R5	Failure to Achieve Mandate Risk	▲
R6	Inability to Attract and Retain Key Skills Risk	▲
R7	Failure to Meet Third Party Requirements Risk	▲
R8	Railing Infrastructure Risk	▲
R9	Concentration Risk	▬
R10	Fraud Risk	▬

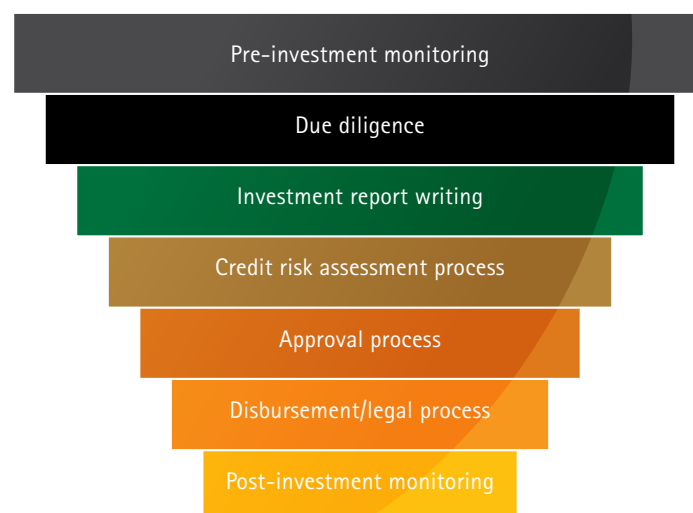
- ▲ Increase in the residual risk rating from the prior financial year.
- ▬ No change from the previous year.
- ▼ Decrease in residual risk rating from the prior financial year.

The key risk heat map shows the 10 key risks monitored during the 2023/24 financial year. Two of these key risks remained high, two remained medium while the remaining six were upgraded to high as the economic growth outlook remained subdued owing to the effects of the geopolitical tensions and weak economic activities, electricity supply and logistics constraints.

## Management of credit risk

Credit Risk Management is an important function within the Enterprise-wide Risk Management (ERM) process of the NEF. Provision of financial support, in the form of debt and quasi-equity instruments, remains the main business of the NEF. This renders credit risk management a significant part of the ERM process, which is prioritised and allocated adequate resources to ensure NEF's profitability, sustainability, and continuous delivery of the organisation's mandate.

Credit risk is the risk of a borrower failing to honour an obligation arising from a credit agreement, resulting in financial loss to the credit provider. The principal role of the Credit Risk function, within the ERM process, is to ensure that the funds of the organisation are advanced to enterprises that are credit worthy and have proven commercial viability. The function plays an active role in the investment process as shown in the figure.



The NEF has a dedicated and independent department responsible for credit risk assessment of all applications presented to fund approving committees. Nonetheless, the NEF Board of Trustees and Executive Committee apportion the responsibility for credit risk management across departments making up the investment process, namely, Fund Management, Credit Risk, Legal Services Unit, Post Investment and Turnaround Workout and Restructures.

## Key credit risk indicators monitored and their outcomes

The Risk and Compliance Department closely monitor the key risk indicators for potential credit risk factors that may adversely affect the overall performance of the organisation. Any unfavourable movement in the credit risk indicator against the risk appetite represents a potential increase in credit risk. These indicators are further analysed and explained below to provide a broader understanding of the level of credit risk monitoring at the NEF:

### 1. Impairment Ratio

Key Credit Risk Indicator description	Observation	Response
<ul style="list-style-type: none"> <li>Impairment ratio indicates potential erosion of the book value of the investment and credit portfolio of an organisation and the extent of the potential credit risk on the existing portfolio.</li> <li>The impairment provision refers to the possibility that an investment will not be recovered, or the investee is unlikely to repay the debt facility, denoting an increase in credit risk.</li> </ul>	There was a regression in the impairment ratio from 34% in 2022/23 to 33% in 2023/24. The South African economy is struggling with recovery from the prolonged effects of the Covid-19 pandemic, high interest rates, high inflation rate as well as the macro-economic challenges relating to geopolitical instability. The NEF investees are, unfortunately, not spared from this instability.	The due diligence investigations, credit risk assessments and approval processes have been boosted with introduction of pre-investment risk detection tools.

### 2. Return on Investment (ROI)

Key Credit Risk Indicator description	Observation	Response
<ul style="list-style-type: none"> <li>The ROI is an indicator of financial performance of the organisation's investments determined as a percentage of total returns over the total investment book value.</li> <li>An increase in ROI which is above the organisational target reflects good quality investments made and lower credit risk, whereas a lower than targeted ROI and a decrease in ROI means a possible increase in credit risk of the investment portfolio.</li> </ul>	ROI slowed from 9.96% in 2022/23 to 7.67% in 2023/2024 which was a direct result of the following: <ul style="list-style-type: none"> <li>Increased moratoriums on due and payable instalments from investments.</li> <li>Increased impairment rate of investments means the recoverability of investments has reduced, thus directly affecting the returns that the NEF earns on the investments.</li> </ul>	Close monitoring of investments' performance has been tightened to allow early detection of factors affecting recoverability of investments

### 3. Collections Ratio

Key Credit Risk Indicator description	Observation	Response
<ul style="list-style-type: none"> <li>Collection ratio measures the ability of the active investments to honour their monthly instalments raised.</li> <li>It is, therefore, a ratio of instalments collection over instalments or debit orders raised.</li> <li>The ratio, however, excludes investments on moratorium and those transferred to the Legal Services Unit due to breach of legal agreements from which no collections are expected.</li> </ul>	The collections ratio has remained unchanged at 80% in 2023/24 relative to prior year, indicating the financial constraints in the businesses of the investees due to the subdued South African economy.	The Post Investment and TWR units continue to implement various turn-around plans to improve the performance of the seemingly financially constrained investees.



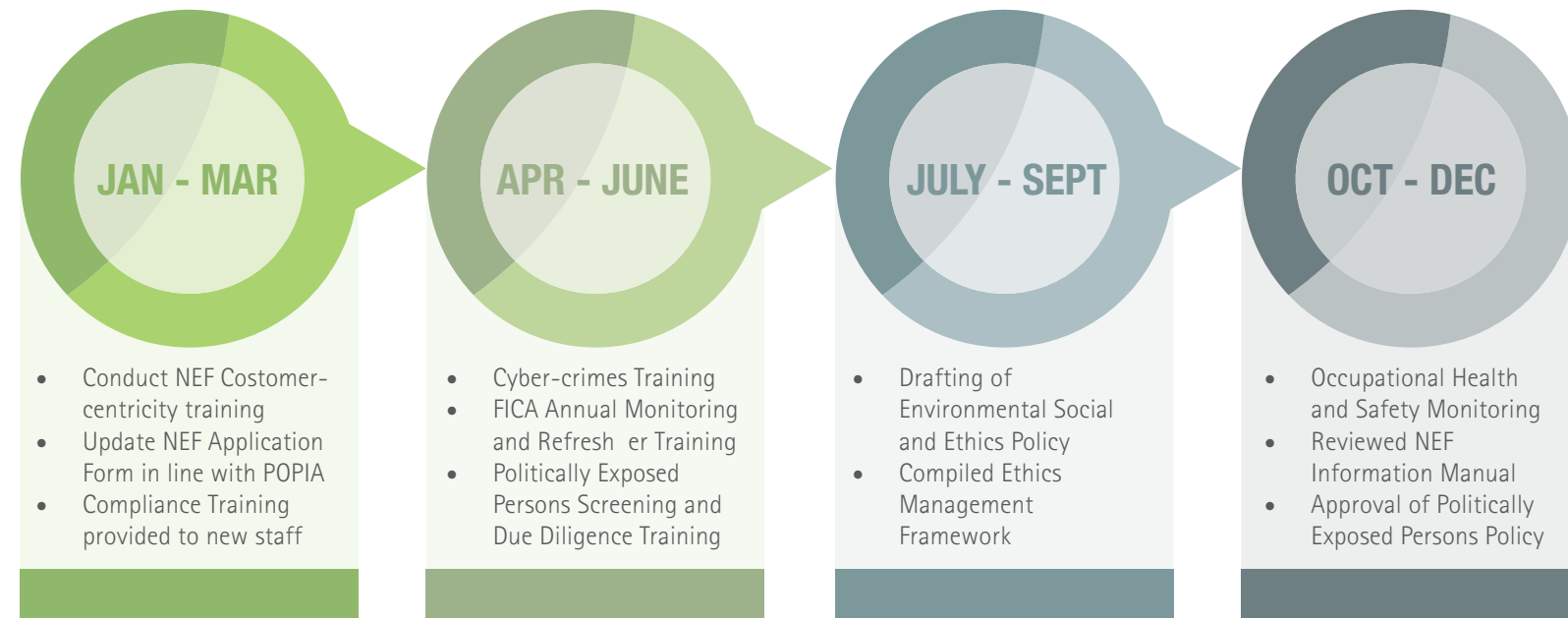
## Compliance Management

The NEF's compliance function is largely responsible for ensuring that the organisation complies with external regulations, internal policies, and ethical standards. This function is crucial for maintaining the integrity of the NEF's operations, reducing legal risks, and upholding its reputation. The Compliance Unit took great pride in ensuring that the NEF remains an abiding organisation, where its regulatory environment is concerned. It will continue to provide proficient regulatory direction to all departments of the institution in the forthcoming reporting period.

The Compliance Unit accomplished key milestones and closed significant regulatory gaps during this past reporting period. The following tasks were completed:

- Approval of the Ethics Management Framework.
- Implementation of the newly revised and approved Politically Exposed Persons Policy.
- Updating the NEF Information Manual.
- Conducting Occupational Health & Safety (OHS) Monitoring.

Overall key compliance approvals, activities and tasks also included the following:







# REPORT OF THE CHIEF FINANCIAL OFFICER

*An enduring commitment to financial sustainability*

Chief Financial Officer  
Mr Phumudzo Siphuma

As the Chief Financial Officer of the NEF, I am pleased to present the financial performance and the strategic insights for the year ending March 2024. Our commitment to financial sustainability remains at the forefront of our endeavors.

Despite the macroeconomic challenges, the NEF's financial resilience and strategic focus allowed us to navigate successfully and deliver positive results.

An amount of R465 million was collected in the current year, which resulted in a collection ratio of 80%. In fulfilling its mandate, the NEF made a commendable disbursement of R838 million into the economy.

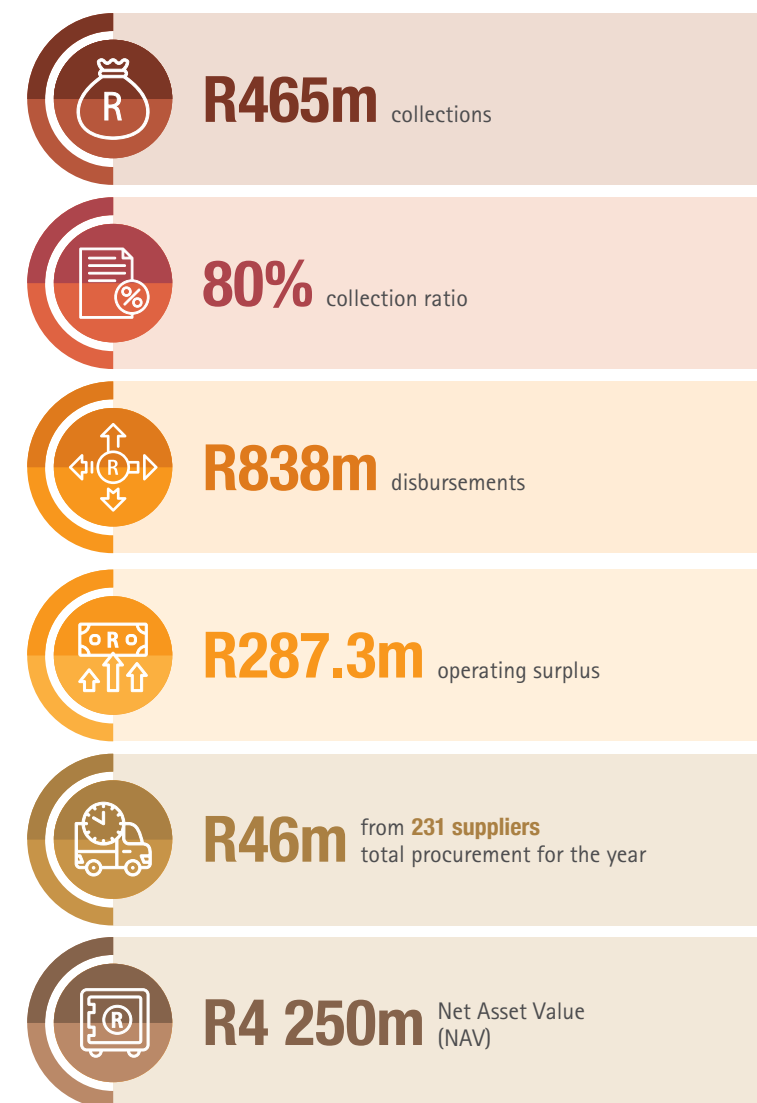
*The NEF's financial performance for the fiscal year ending March 2024 was commendable. We achieved an operating surplus of R287.3 million, before fair value and the impairment movement, surpassing the budgeted amount of R86.5 million.*

Notably, the NEF achieved most of the key financial indicators as shown in the financial indicators table.

Financial Indicator	March 2024	Target 2024	Indicator
Collection Ratio	80%	80%	●
Return on Investment (ROI)	7.67%	7%	●
Impairment Ratio	33%	25%	●
Cost to Income Ratio	43.6%	54-58%	●
Surplus before fair value adjustments	R287m	R86.5m	●
Overall, Surplus/Deficit	(R291m)	R7.9m	●
Unencumbered Cash	R403m	R400m	●
Disbursements	R837.7m	R810m	●
Net Asset Value (NAV)	R4 250m	R5 124m	●

● Favourable performance  
● Adverse performance

## HIGHLIGHTS IN THIS REPORT



the listed investments directly affects the earnings of the organization. For the financial year under review, we reported a fair value loss of R291.7 million which significantly affected the earnings.

### Impairment movement:

The NEF operates in a challenging economic environment characterised by weak growth. Factors such as power cuts and logistical hurdles have further exacerbated the situation. These challenges directly impact our

## Financial Performance

The NEF's financial performance for the fiscal year ending March 2024 was commendable. We achieved an operating surplus of R287.7 million, before fair value and the impairment movement, surpassing the budgeted amount of R86.5 million. This surplus can be attributed to several key factors:

### Dividends Income:

Our investments, both listed and unlisted, yielded dividends, contributing significantly to the surplus.

### Return on Investments:

Our prudent investment decisions led to favourable returns, bolstering our financial position.

### Return on Cash Surplus:

Effective cash management practices and a high interest rate environment resulted in a high return on the surplus of available funds.

### Operating Efficiencies:

Streamlining operations and implementing cost-effective measures played a crucial role in achieving the surplus.

After considering the fair value and the impairment movement, the entity has reported an overall net loss of (R291 million), contributed to by the fair value losses and the impairment charge.

### Fair value movement:

The listed investments make up 21% of the total gross investment portfolio. Therefore, a significant fair value movement (positive or negative) on

investees' ability to service loans, as evidenced by the increase in the impairment provision. However, the portfolio management strategy has undergone refinement, resulting in a substantial focus on strengthening the investment value chain. This proactive approach aims to minimise the risk of failures in new investment transactions. Additionally, the Post Investment department has bolstered its human resource capacity.



## Information Systems and Technology (IST) Management

Over the past year, the NEF has embarked on a strategy for comprehensive technological advancement and digital transformation, underscoring its commitment to innovation and efficiency. This endeavour is primarily focused on the digital transformation of activities and processes, with a significant emphasis on replacing core Enterprise Resource Planning (ERP) systems and integrating advanced automation layers using workflow and Artificial Intelligence solutions. This initiative is crucial for enhancing operational efficiency and fostering data-driven decision-making across the organisation.

The NEF also enhanced regional office connectivity, increased internet bandwidth, and completed the migration of its email systems to the cloud. The initiation of the Loan Management system replacement and automation projects signifies a major leap forward with numerous manual processes in the finance and procurement departments improved, thereby streamlining operations, and enhancing accuracy. Plans are underway to replace the Accounting and Customer Relationship Management systems. These initiatives are designed to improve the digital customer journey and establish a robust analytics framework through a new data warehouse and MIS dashboards.

Cybersecurity received priority attention, with the establishment of a Security Operations Centre and the conduct of a comprehensive cybersecurity audit to ensure robust defences against evolving threats. Cost efficiency in IT procurement and services has been a key objective, guided by strategic planning and prioritisation to maximise the impact of expenditure.

*An amount of R465 million was collected in the current year, which resulted in a collection ratio of 80%. In fulfilling its mandate, the NEF made a commendable disbursement of R838 million into the economy.*

The NEF's innovation drive is evident in its digitalisation project aimed at automating manual processes and integrating workflows between core systems, leveraging the foundation provided by Microsoft 365 migration and the automation tools procured to orchestrate information flow and status monitoring. This sets the stage for the development of advanced automation, AI-enhanced processes, and the adoption of machine learning capabilities that ensure the NEF remains at the cutting edge of technology adoption.

In the realm of skills development, the NEF has made notable strides by providing targeted training to employees, enhancing their proficiency in Microsoft Office tools and Microsoft Teams. This effort is aimed at bolstering productivity and encouraging a collaborative work culture.

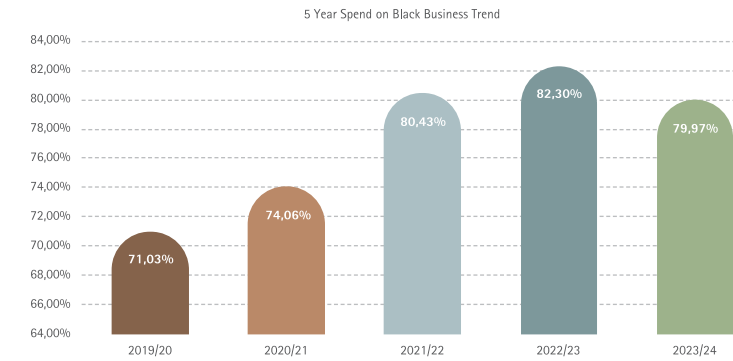
In governance, the NEF maintains a strong control environment aligned with the COBIT framework, with significant updates to policies and procedures, and timely implementation of audit recommendations. This commitment to governance ensures that the NEF's technology initiatives are not only innovative, but also secure and align with best practices, setting a strong foundation for future growth and adaptation in the digital age.

Overall, the NEF is making significant strides in digital transformation, cybersecurity, skill development, and governance, setting a strong foundation for future growth and adaptation in the digital age.

## Supply Chain Management

The NEF, by virtue of its mandate to support and promote enterprises owned and managed by black people, focuses its efforts on identifying and procuring from businesses that have significant black ownership and whose owners are operationally involved in the management of these businesses. Furthermore, the emphasis on developing emerging black-owned businesses in targeted sectors as part of the NEF Supply Chain Management Policy, is underpinned by specific targets set in the annual business plan.

The NEF's total procurement for the year was R46 million from 231 suppliers. Included in this performance is an achievement of 79.97% against a target of 65% from suppliers with black ownership between



51% to 100%. An analysis of our procurement spend of the last five years also indicates that we have managed to shift the composition of our increasing procurement spend on exempted micro-enterprises from 49.72% during the previous financial year to 56.96% in the 2023/24 financial year.

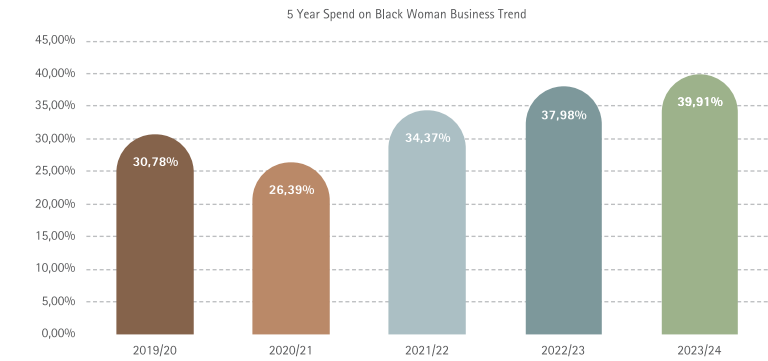
Procurement from the majority of black-owned entities over the past five years is demonstrated in the chart.

Procurement from the majority of black women-owned businesses reached 39.91% against a target of 30%. Using the minimum acceptable target of 25.1% according to the Codes of Good Practice as amended, the NEF achieved 52.27% total procurement from black women-owned and managed businesses.

In the current financial year under review, the Supply Chain Management function has had no external audit findings, a result of stringent compliance to governance frameworks, policies and regulations. The Procurement Committee reports that no procurement irregularities were identified in the financial year ending 31 March 2024 for the NEF Trust.

## NEF Group irregular expenditure

The NEF group incurred R262 million in irregular expenditure for 2023/24 (2022/23: R221 million) stemming from the subsidiaries. The cumulative expenditure amounts to R960 million (2022/23: 699 million).



Refer to the table below for details, this table must be read in conjunction with note 37 in the Consolidated Audited Annual Financial Statements.

Reconciliation of irregular expenditure		
Group		
Description	2022/2023	2022/2023
Opening Balance	698 642 283	477 206 090
Irregular expenditure Incurred in the current year	261 657 734	221 436 193
<b>Closing balance</b>	<b>960 300 017</b>	<b>698 642 283</b>

## Appreciation

I would like to extend my gratitude to the Board of Trustees, its Sub-Committees, Senior Management team and the entire NEF employee complement who contributed to the achievement of the annual outcomes. It was a challenging year but, through determination and hard work, the NEF implemented the auditor's recommendations to ensure that the entity achieved the desired outcomes.

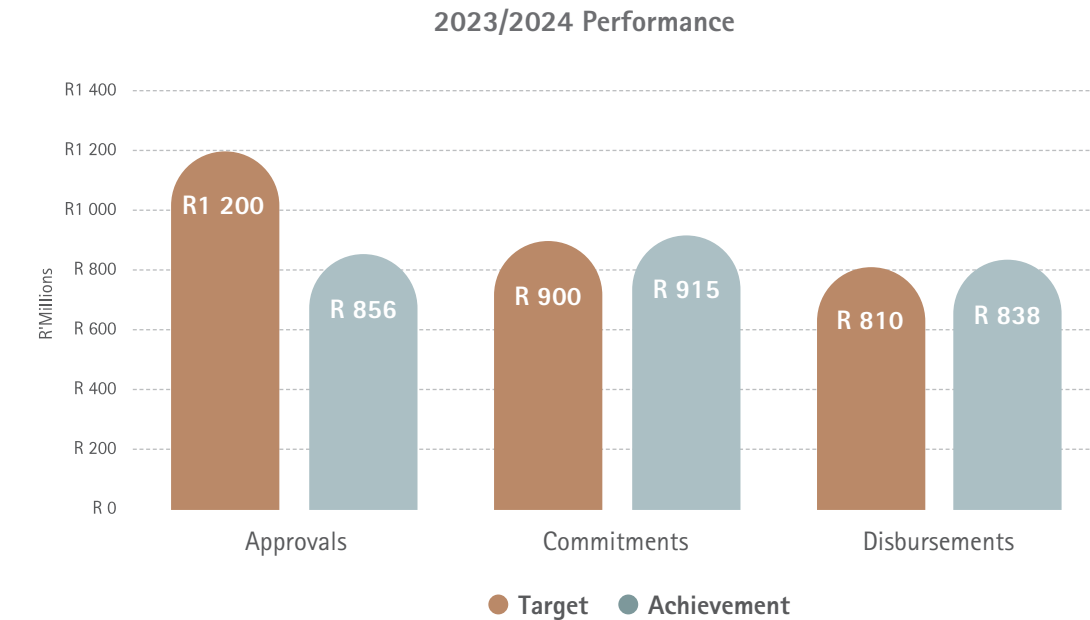
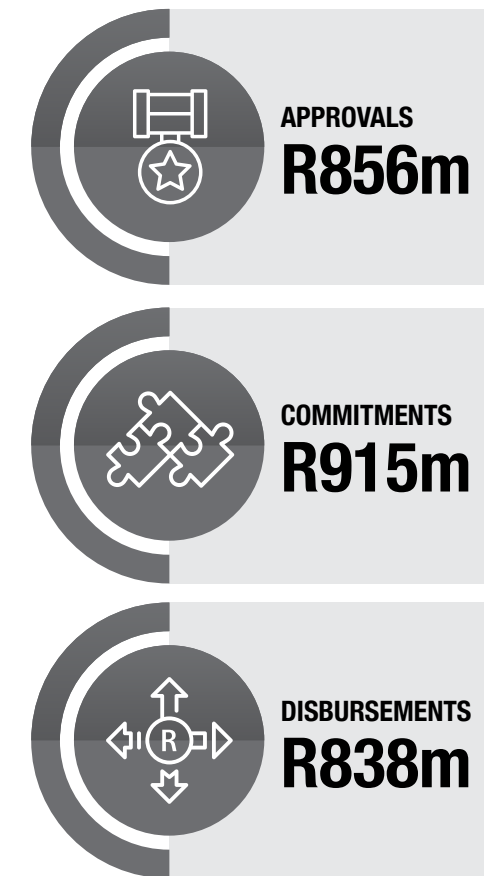
Chief Financial Officer  
**Mr Phumudzo Siphuma**

# PERFORMANCE REVIEW

Performance information for the NEF 2023/24 financial year is based on the Annual Performance Plan (APP) targets that the Minister of Trade, Industry and Competition approved and tabled, and were subsequently accepted by Parliament.

## Achievements Against Strategic Objectives

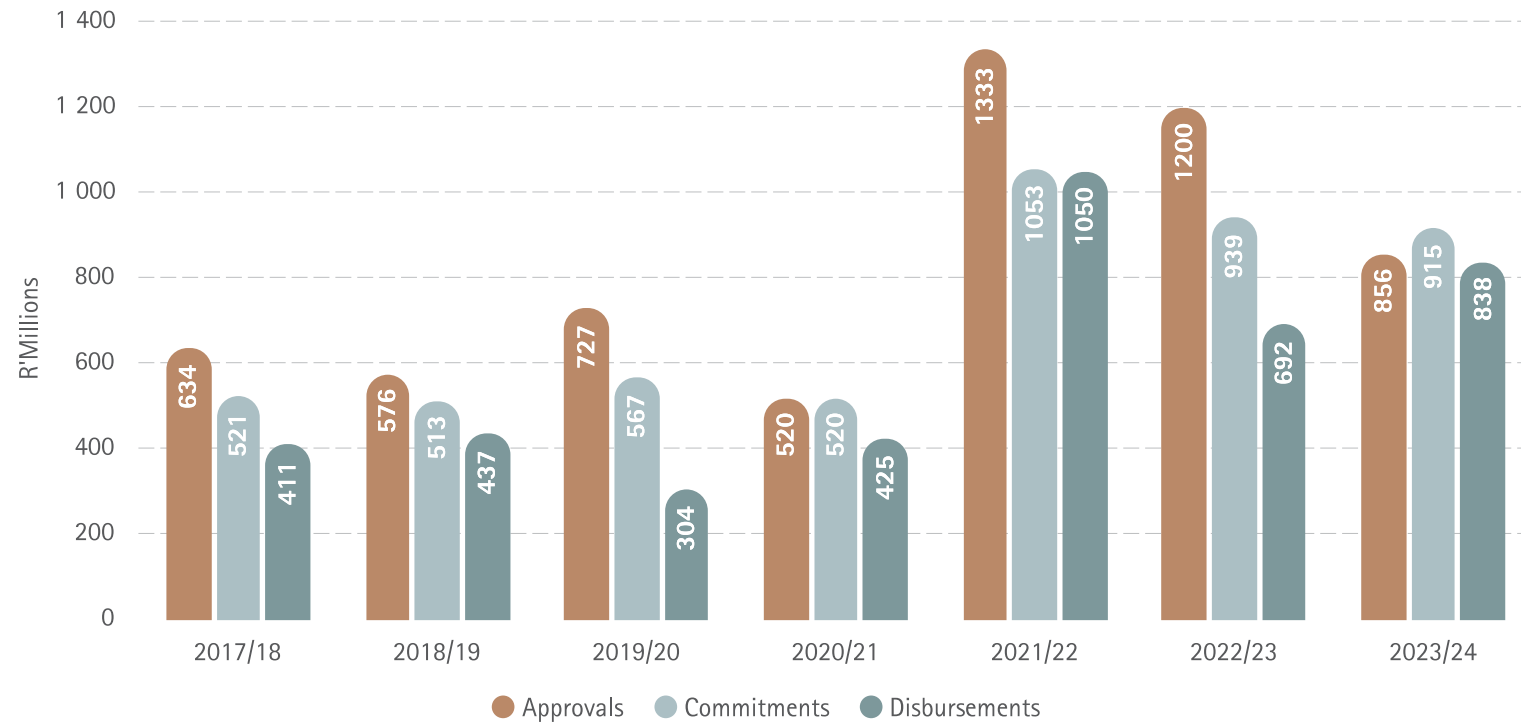
### 1. Advancing B-BBEE by providing finance to business ventures



In the 2023/24 financial year, the NEF made significant strides towards achieving its targets, although challenges were encountered in certain areas. While the NEF approved 98 deals worth R856 million, this fell short of the approval target of R1.2 billion and the performance was driven by the limited available cash to make new investments. The achievement for commitments was R914.7 million against a target of R900 million. Additionally, the NEF exceeded its disbursements target, dispensing R837.7 million into the economy, surpassing the target of R810 million. While the approval target was not fully met, the NEF's commitment to driving economic empowerment remains steadfast. Moving forward, it is essential to address the factors contributing to the variance in approval targets and continue leveraging strategic initiatives to fulfil our mandate of fostering inclusive economic growth and empowerment across South Africa.



## Achievements Against Strategic Objectives (continued)

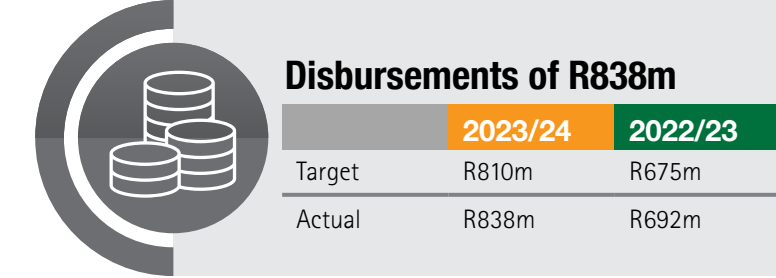
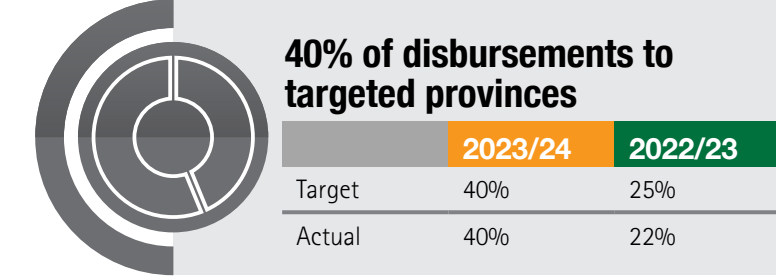
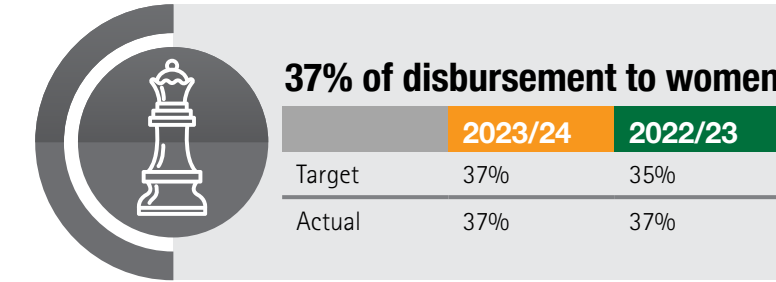
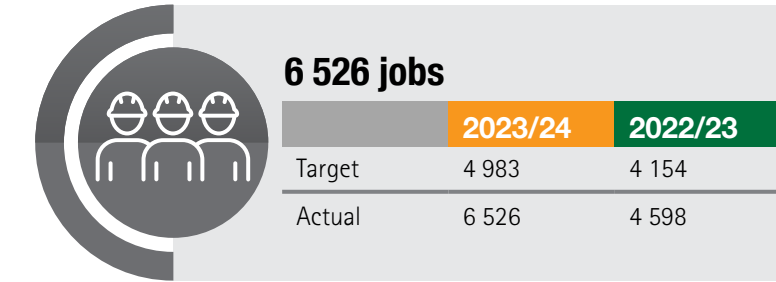


The data in the chart above reflects the fluctuating performance from 2016/17 to 2023/24 of the National Empowerment Fund (NEF) in terms of approvals, commitments, and disbursements over the past seven financial years. Notably, there has been considerable variability in approval amounts, with peaks in 2021/22 and 2022/23 at R1.3 billion and R1.2 billion, respectively, followed by a decline to R855.6 million in 2023/24. Commitments and disbursements generally followed similar patterns, albeit with some deviations.

The performance in the financial year 2021/22 peaked significantly for approvals, commitments, and disbursements as depicted in the chart above, because of Third Party Funds, mainly the funds from the dtic under

the Economic Recovery Fund, to fund businesses affected by the July 2021 unrest in the KwaZulu-Natal and Gauteng provinces. The NEF sustained the momentum into the 2022/23 financial period, recording approvals, commitments, and disbursements of R1.2 billion, R939 million, and R692 million respectively. However, despite these peaks, there has been a recent decline in approvals in the 2023/24 period, indicating the need for continued efforts to ensure sustained momentum in driving economic transformation and empowerment initiatives across South Africa.

## 2. Maximising empowerment dividend



At the Black Industrialists Conference, we secured R261 billion in pledges to buy from more than 230 black-owned firms over a period from 1 to 5 years through private sector procuring entities in retail, automotive, metal fabrication, food and agriculture, ICT, the financial sector and others. What we are also pleased to report that of this, R11,8 billion in pledges were made by 18 black industrialists to procure goods and services from 55 black industrialists in turn. We are also seeing more black industrialists making pledges at the annual South Africa Investment Conference.

Ladies and Gentlemen, this is all progress. This is transformation. This is change. We will not be swayed to shy away from it or to diminish it. The landscape for black business has fundamentally transformed since 1994. We know the picture is not all rosy. Much more remains to be done if the SA economy is to enter a phase of transformation, dynamic and inclusive growth.

Keynote address by  
President Cyril Ramaphosa  
at the Black Business Council Gala  
Dinner, Kempton Park, 30 April 2024

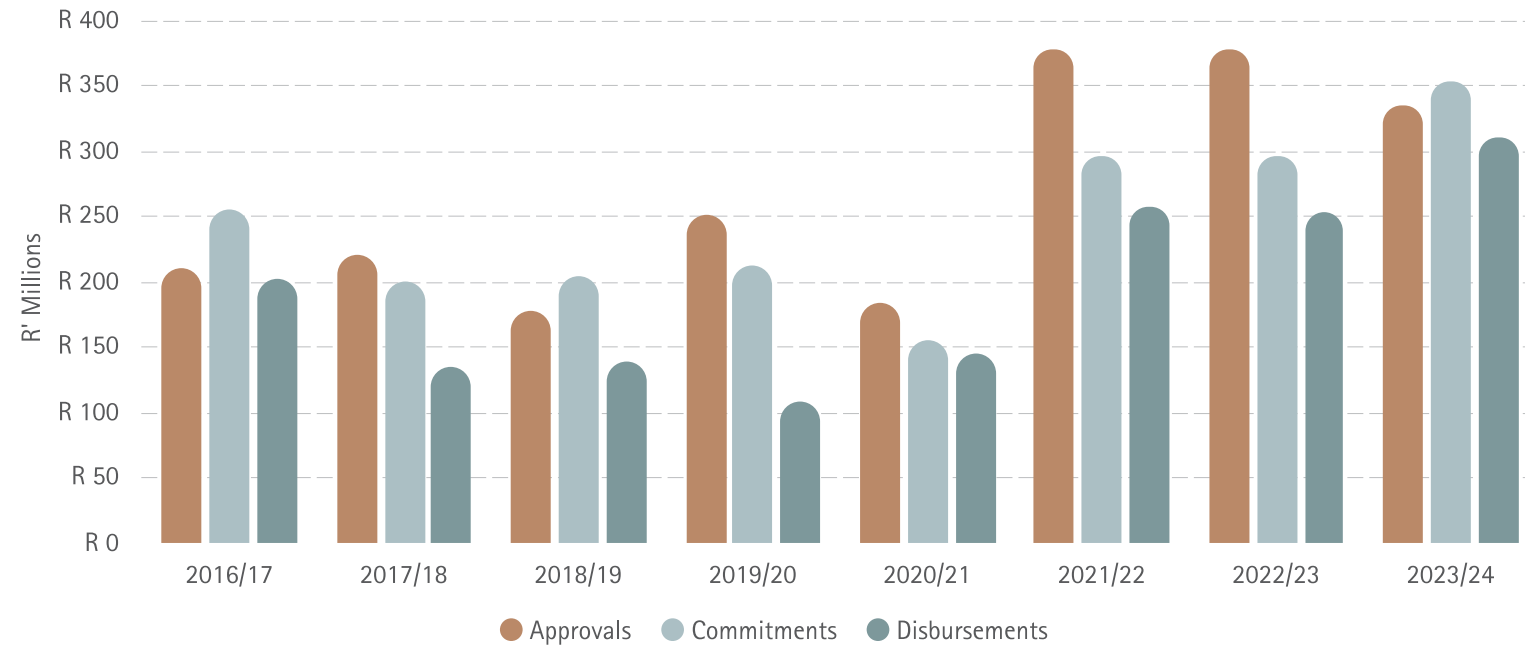
## Achievements Against Strategic Objectives (continued)

### Jobs created

The organisation facilitated 6 526 job opportunities for the year against a target of 4 983. Since inception, the number of job opportunities supported increased to 129 677.

### Women Empowerment Fund

WEF Performance



Empowering black women is a significant focal point within the NEF's objectives, as demonstrated by the upward trajectory in funds disbursed to businesses with black women ownership. Over the past five years, there has been a consistent increase in disbursements, rising from R109 million in 2019/20 to R253 million in 2022/23, reaching a peak of R311 million in the current financial year (2023/24). This enhanced performance is attributed to the sustained focus and unwavering determination of the staff to address economic inequality gaps.

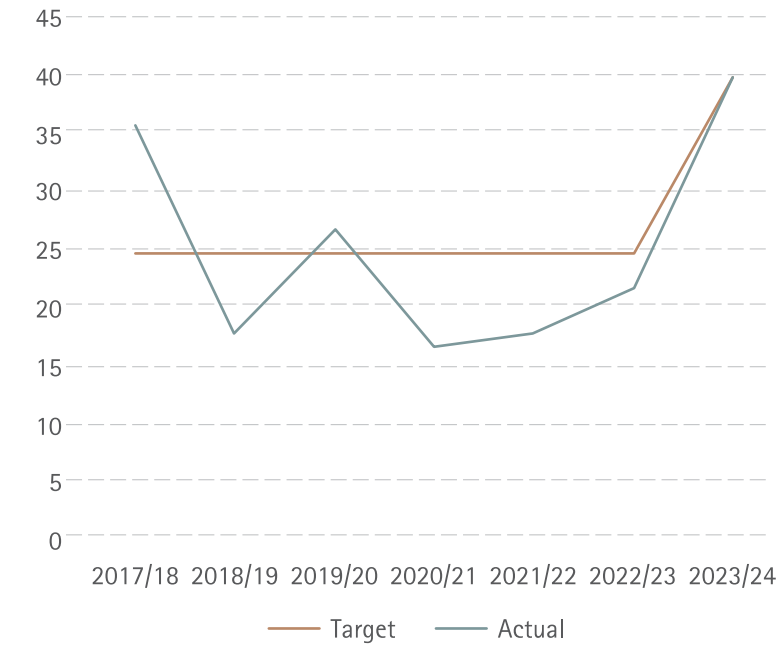
Alongside disbursements, the value of funds committed towards businesses that are owned by black women was the highest in the NEF's history, namely R354 million. This is a 21% increase from the prior year's committed funds of R296 million, further emphasising the NEF's continuous commitment to supporting black women entrepreneurs.

### Regional activity

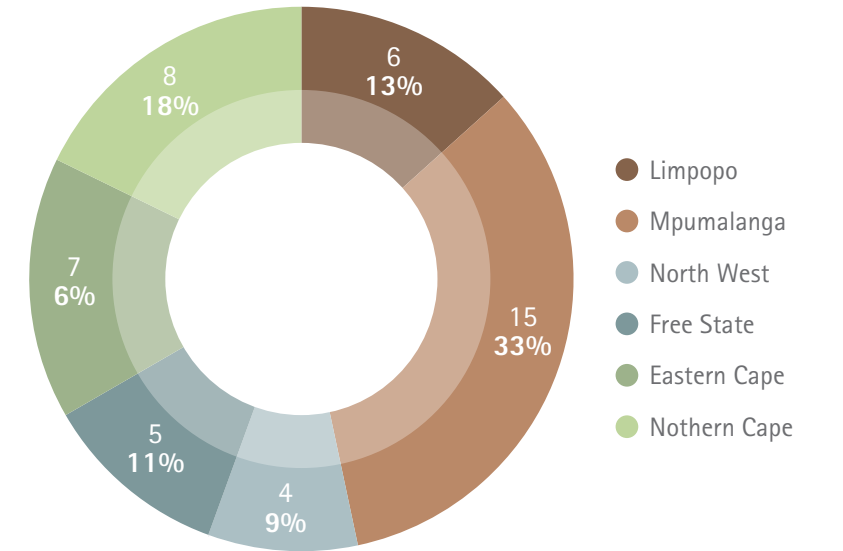
The North West, Northern Cape, Free State, Limpopo, Mpumalanga, and Eastern Cape provinces are the six provinces that the NEF has set as its target areas for portfolio growth to induce economic activity. A total of R336.6 million was invested in the targeted provinces, which represents 40% of annual total disbursements against a target of 40% in

2023/24 financial year. This achievement marks a notable turnaround, as the NEF had struggled to meet this target in previous years (which was usually lower, at 25%). This is attributable to deliberate intention from management as guided by the strategic direction of prioritising targeted provinces.

Disbursement to target (%)



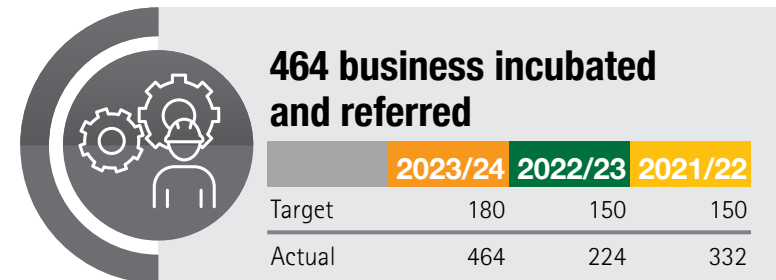
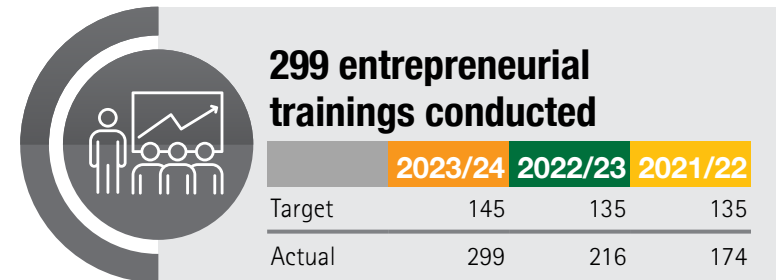
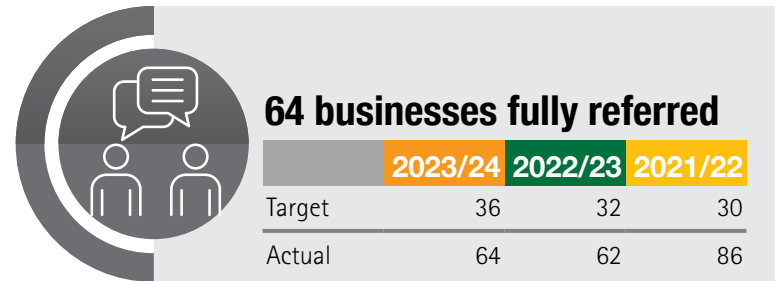
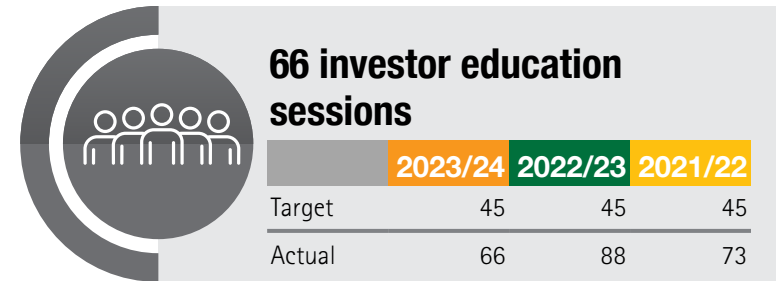
Volume





### 3. Optimising non-financial support

The non-financial support forms an integral part of the NEF's mandate and is just as crucial to the success of the enterprises supported by the NEF. As such, the NEF contributes to the delivery of its mandate through programmes that offer entrepreneurial development and support.



“Empowering black women is a significant focal point within the NEF's objectives, as demonstrated by the upward trajectory in funds disbursed to businesses with black women ownership.”

National Empowerment Fund  
Integrated Report 2024

#### Investor education

The NEF runs an Investor Education programme mainly targeting the Living Standard Measure (LSM) 1 individuals (those in South Africa with the least means) with the purpose of encouraging black people who are members of stokvels, cooperatives, SMMEs and the general public to save and invest.

The programme is offered using a hybrid model of media platforms that include face-to-face, virtual and radio station engagements. This model has widened the reach of the Investor Education programme. A total of 1.34 million beneficiaries across the provinces were reached through 66 engagements during the year under review. Since inception, the programme has held a total of 803 engagements.

#### Entrepreneurial training

The objective of the training is to provide emerging black-empowered SMMEs an understanding of basic business principles and business management competencies in the areas of finance, human resources (HR) and legal compliance. It also serves to create and maintain awareness of NEF funding products. This is typically a four-day training with up to 24 people. Upon completion, the participants are empowered to progress with the following:

- Ability to understand the structure of a business plan and produce one.
- Ability to understand and interpret financial statements.
- Competencies in business marketing and in sales.
- Understanding of the significance of creating business networks, and the techniques required to foster their own.

As depicted in the table above, performance exceeded targets with a year-on-year growth of 38% achieved for the period under review. A total of 216 entrepreneurial trainings sessions were held in the previous financial year in comparison with 299 sessions in the period under review.

#### Business incubation

Business incubation serves as a crucial mechanism for cultivating entrepreneurial concepts into viable business ventures. Over the 12-year period spanning from 2012 to date, the NEF has facilitated the referral of 7 689 entrepreneurs to business incubation programmes, totalling 1 110 training sessions. During the year under review, 64 entrepreneurs successfully completed the incubation process.

Incubation embodies a nurturing process of paramount importance for both the organisation and its beneficiaries. For the NEF, business incubation represents a strategic investment in fostering sustainable enterprises, aligning with its mission to stimulate economic growth and empowerment. By providing entrepreneurs with tailored support, mentorship, and resources, the NEF can cultivate a pipeline of thriving businesses that contribute to economic development and job creation.

For beneficiaries, participation in business incubation offers invaluable opportunities for skill enhancement, networking, and access to critical resources. Through structured training sessions and mentorship, entrepreneurs can refine their business models, overcome challenges, and enhance their chances of long-term success. Ultimately, the symbiotic relationship between the NEF and its beneficiaries underscores the significance of business incubation as a catalyst for economic empowerment and sustainable growth.

#### Social facilitation

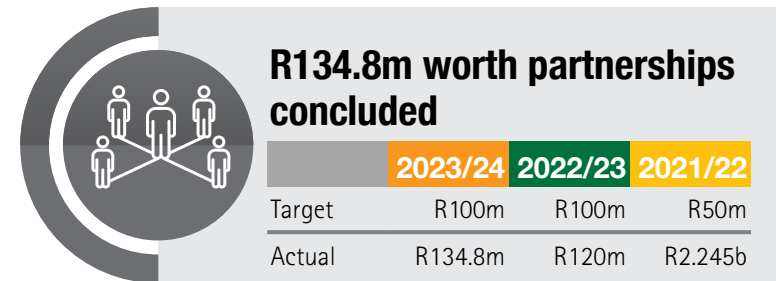
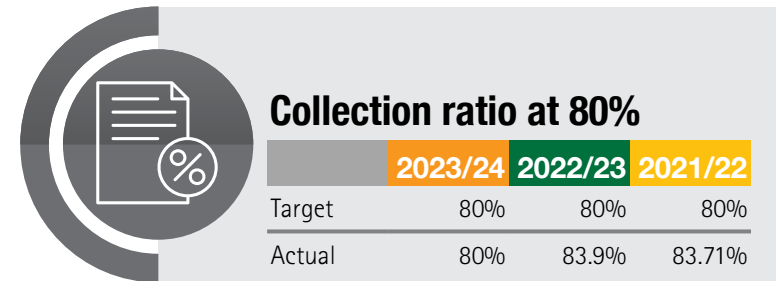
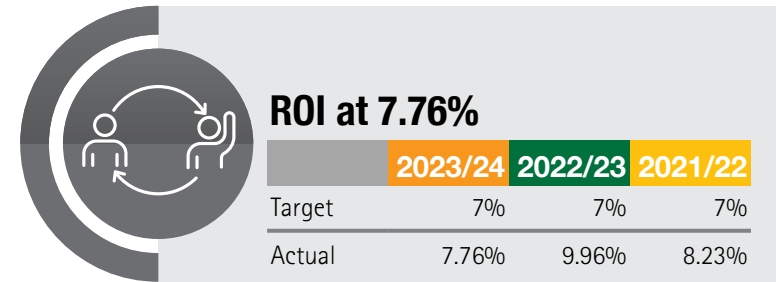
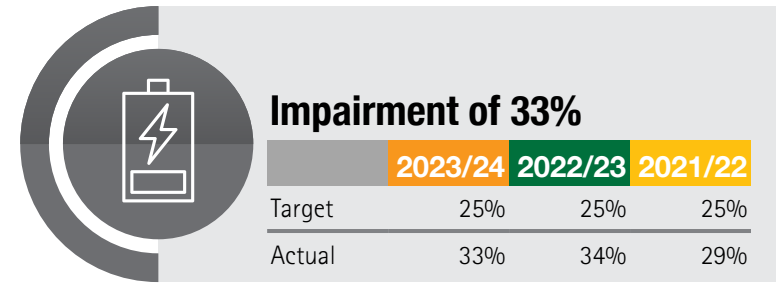
Social facilitation encompasses the NEF's suite of non-financial support services. During the reporting period, this function continued to serve as a beacon of hope for rural community members and employee-based structures such as employee profit sharing schemes and staff trusts. Over 30 NEF transactions, representing more than 3 000 beneficiaries, received support through various intervention programs aimed at accelerating transformation and development. The social facilitation function plays a crucial role in ensuring understanding of NEF transaction structures, addressing beneficiary expectations, identifying and prioritising broad-based opportunities, and fostering linkages across investees.

With a focus on maximising community impact, the function strengthens relationships with community representatives, ward councillors, tribal authorities, and seeks partnerships with private and public stakeholders who share a commitment to integrating rural communities into the mainstream economy.

During the reporting period, 31 social facilitations were completed, exceeding the target of 25 facilitations.

This overperformance reflects the increased demand for this NEF product throughout the year.

#### 4. Establish the NEF as a sustainable DFI



Active portfolio monitoring is essential to the organisation's long-term sustainability. The impairment, return on investment, and collection ratios are used to gauge the NEF's success.

##### Impairments

The NEF's portfolio impaired percentage were 33% for the 2023/24 financial year. This is above the budgeted 25% indicating a (8%) variance. This increase is attributed to unfavourable contingencies like minimal economic expansion and energy constraints, affecting clients' repayment capacity and resulting in a significant rise in arrears. The NEF is committed to monitoring and supporting clients, implementing proactive measures to enhance collections, reduce arrears, and improve portfolio performance.

##### Return on investments

An ROI of 8% was achieved in the 2023/24 financial year, exceeding the target of 7%, demonstrating prudent financial management and strategic investment decisions. Despite challenges, the NEF remains committed to sustainable returns for stakeholders and will continue to uphold responsible and ethical investment practices.

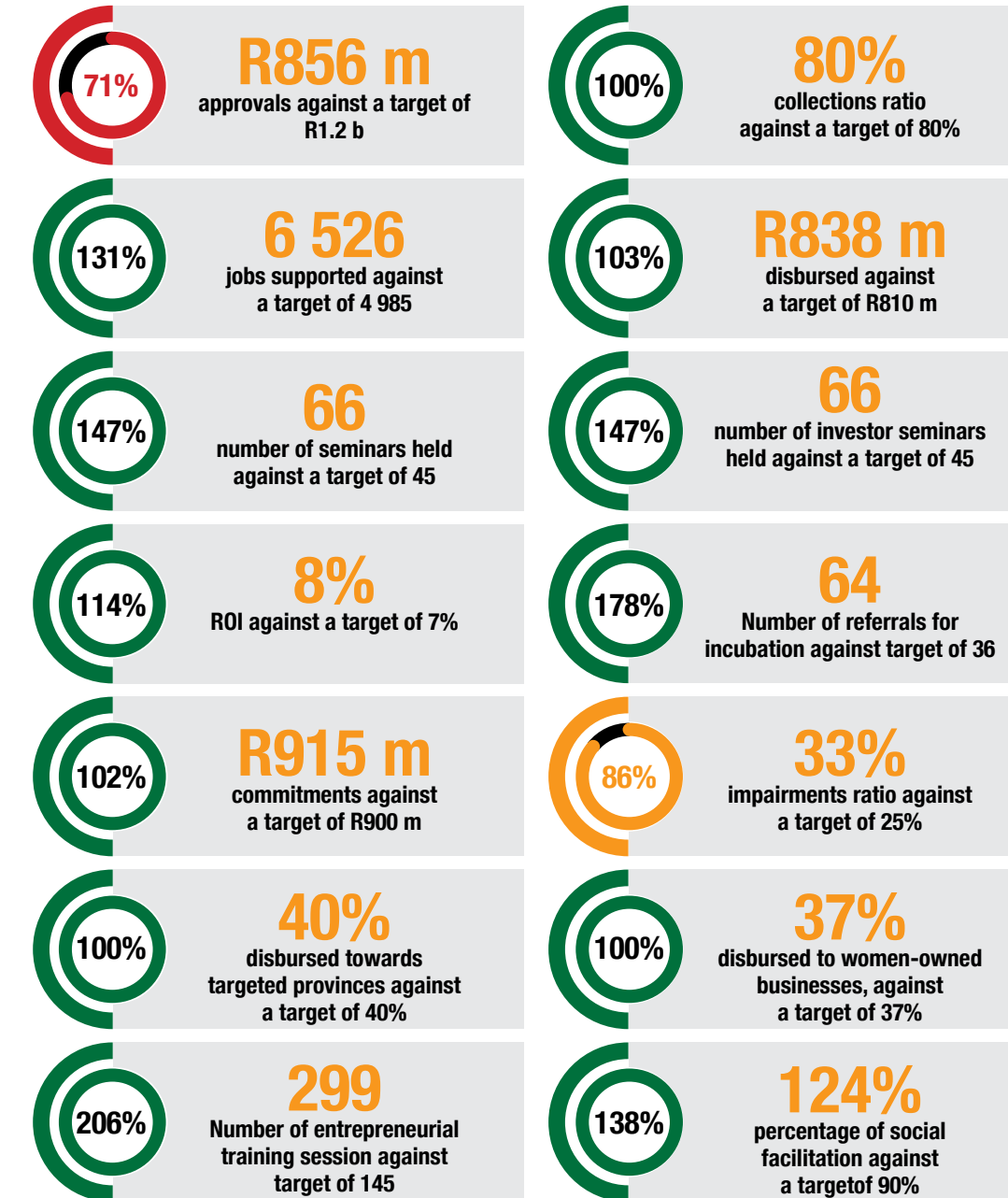
##### Collections

In the 2023/24 financial year, the NEF achieved a collection ratio of 80% against a target of 80%. This is due to economic constraints and energy deficiencies, impacting clients' repayment capacities. The NEF is committed to supporting its investees, taking proactive measures to boost collections, reduce arrears, and enhance performance.

##### Partnerships

The NEF achieved R134.8 million in concluded partnerships in the financial year, exceeding its target of R100 million. This achievement demonstrates the NEF's effectiveness in connecting entrepreneurs and investors, driving innovation, job creation, and economic empowerment. The NEF's agility and adaptability to dynamic market conditions ensure optimal resource utilisation and maximum impact.

#### Performance Against Annual Performance Plan







## GROWING B-BBEE THROUGH PARTNERSHIPS

By partnering with various stakeholders, both private and public, the NEF continues to leverage and explore more opportunities to support the funding of black-owned enterprises. It has successfully increased the availability of affordable capital for deployment to existing and prospective investees along with the organisation's own unencumbered cash by fostering strategic relationships that unlock Third Party capital.

### Enterprise and Supplier Development Fund

The NEF has seized the opportunity to partner with various stakeholders by providing a mechanism to private and public sector organisations for the delivery of sustainable B-BBEE solutions to black enterprises at an accelerated pace. The opportunity entails private sector enterprises making their Enterprise Development (ED) and Supplier Development (SD) contributions to the NEF's Enterprise and Supplier Development Fund ("the NEF ESD Fund"). The NEF utilises these contributions to co-finance its investments in ED and SD beneficiaries, in order to facilitate their development as well as their financial and operational independence.

The NEF has been growing in its efforts to grow B-BBEE by partnering with various stakeholders to leverage on funding opportunities to fund black enterprises. Since inception of the NEF ESD Fund, the NEF has raised just under R3.37 billion in ESD funding. The NEF ESD Fund has received contributions from 28 contributors from the private and public sectors such as Nissan, Sun City, Steve Tshwete Local Municipality, Department of Transport, the dtic, Limpopo Department of Economic Development, Environment and Tourism, Northern Cape Department of Economic Development and Tourism and Solidarity Fund, among others.

In addition to investment related contributions, the NEF has partnered with ED and ES funders for the provision of non-financial support in the form of business training for SMMEs. The NEF has received contributions from SARS and Transnet for non-financial support.

In 2023/24, against a target of R100 million, the NEF raised R134.8 million from the dtic, Transnet, SARS and the Northern Cape Department of Economic Development and Tourism. This is despite challenging operating environments for both private and public institutions, which makes it difficult to raise Third Party funding.



“  
Through the Black Industrialist programme, we want to have an increase in the total share of asset ownership by black South African in the economy. This must go beyond mere shareholding in existing enterprises, speculation and board memberships. We want black industrialist to be at the coal face of innovation, driving dynamic output growth in the economy and contributing to structural transformation of our economy. Long-run economic growth depends on consistently creating new firms through entrepreneurship, innovation, research and development. However, racialized, and concentrated access to capital markets in Soauth Africa limits the transition of black enterprises from small to large firms, affecting innovative enterprise development and total factor productivity in the long run.

”  
dtic Budget Vote  
2024:  
Deputy Minister  
Zuko Godlimpi,  
July 17, 2024



# INVESTING IN HUMAN CAPITAL

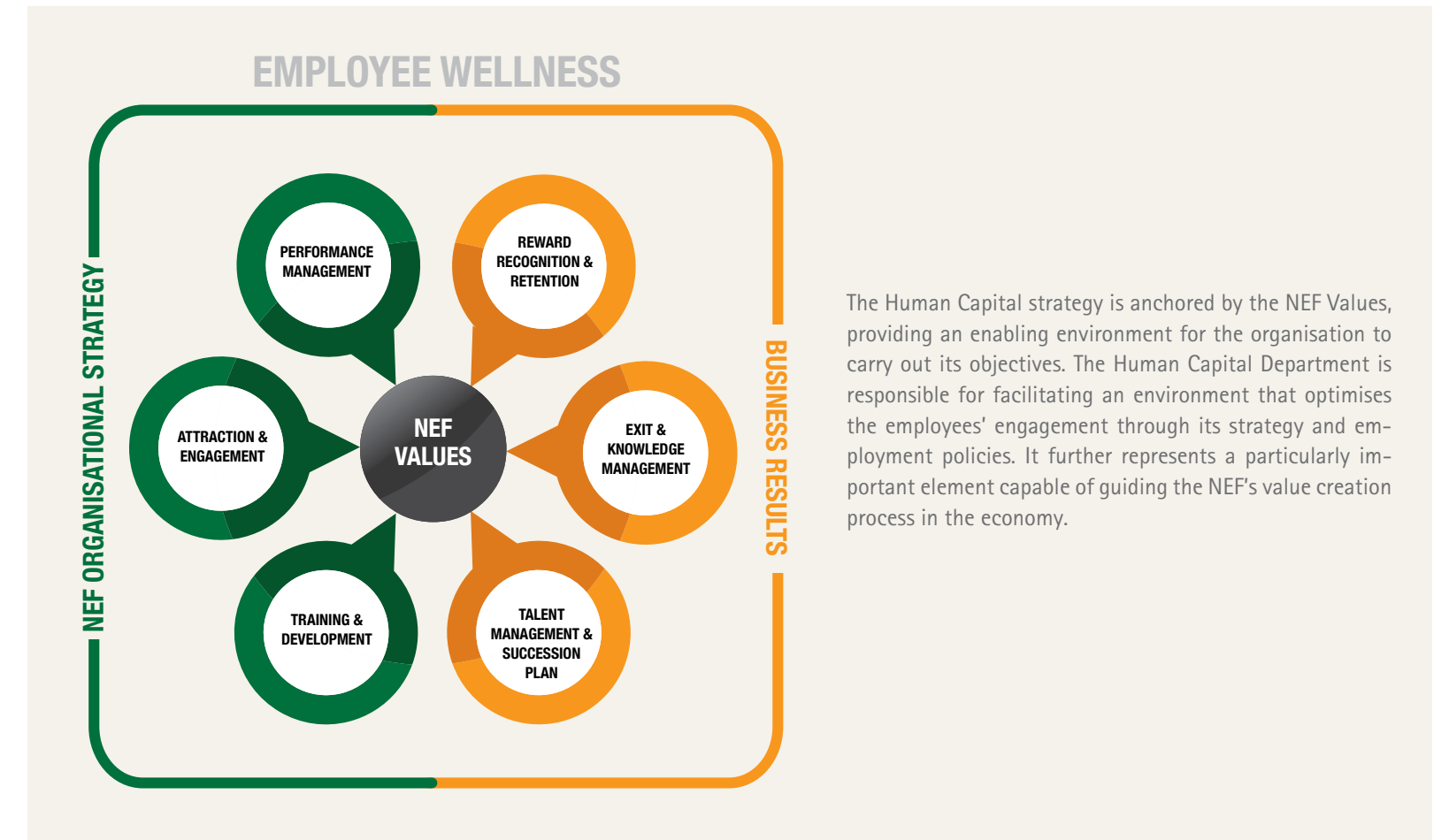
## Human Capital Management

The NEF is committed to providing a compelling employee value proposition that enriches the employment experience from entry to exit. It does this by offering equal growth, learning and development opportunities and a rewarding career that is distinctly different from other organisations. As at the end of the 2023/24 financial year, the NEF had a staff complement of 182 employees and a footprint across all nine provinces, with the head office in Johannesburg, Gauteng.

### Fit-for-purpose:

Work is underway to conduct an organisation-wide review and to conduct an assessment that will guide the NEF ensuring it is fit-for-purpose and the implementation of the recommendations thereof. Once the recommendations have been implemented, the NEF will put monitoring and review mechanisms in place.

## Human Capital Strategy

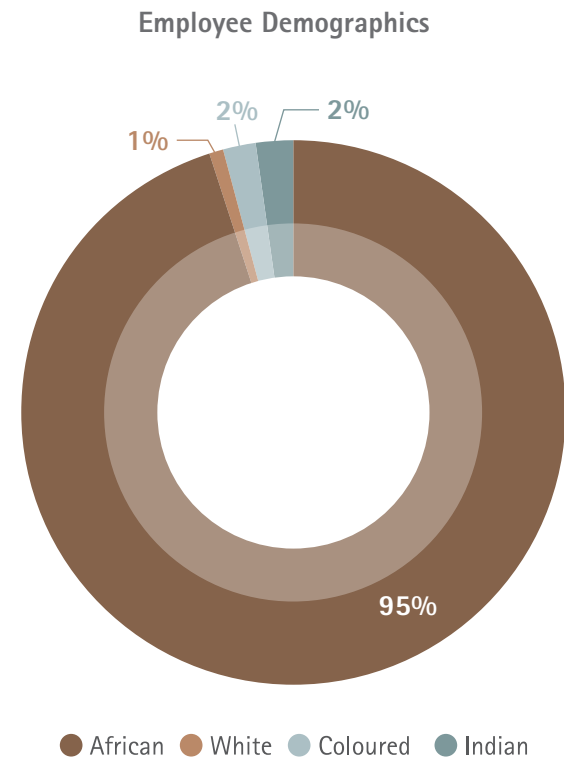




## Employee Demographics

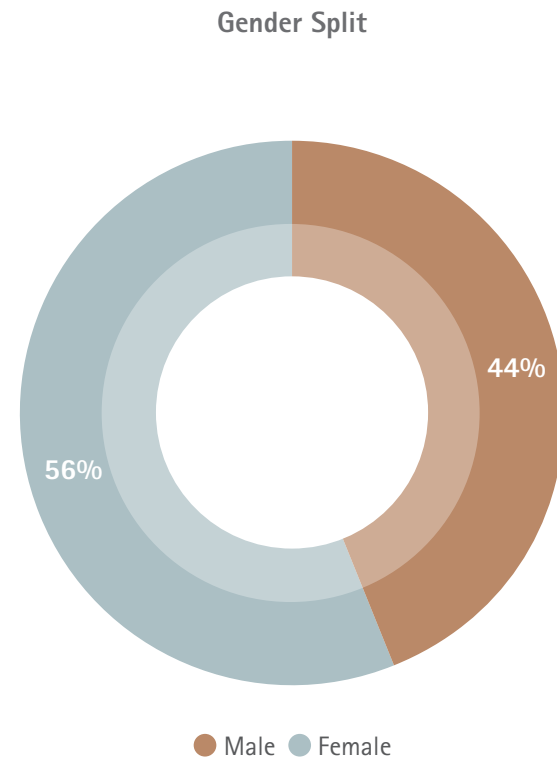
### Racial diversity

The NEF has a racially diverse staff complement of 182 people. Most of the employees (95%) are black people; this reflects the racial demographics of the country's population. The figure below shows the diversity of the NEF employees as at the end of 2023/24.



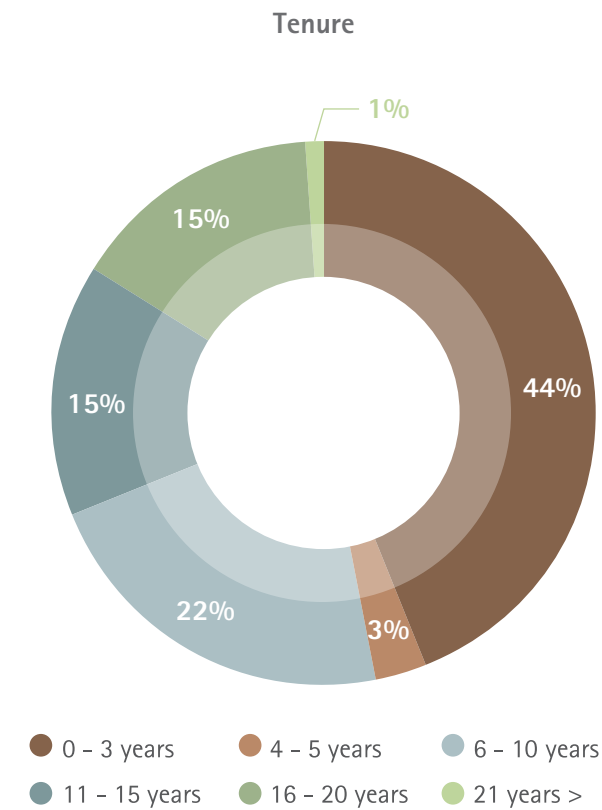
### Gender demographic

As a champion of empowerment, the NEF gives employment preference to black people and in particular to women. During 2023/24, the NEF staff complement comprised 56% women and 44% men. The NEF intends to continue driving participation of black women at all levels of the organisation.



### Tenure

It is notable that 53% of NEF employees have worked for the organisation for six to 21 years. This demonstrates unequivocally that the NEF has succeeded in creating a work environment that offers various opportunities for career growth. It indicates the longevity, commitment, and loyalty to the NEF mandate by its employees. It is critical to acknowledge that the 47% of recently recruited employees is equally significant as they bring new and fresh perspectives to the table and help to create a varied knowledge base within the NEF.



### Training and development cost

The NEF uses training and development to create value and preserve employment opportunities within the organisation as these provide our employees with a rewarding and fulfilling career. Thus, improving service to our clients and contributing to the transformation towards a more inclusive society through employment equity and gender equality.

The table shows the number of training intervention provided and related costs for the 2023/24 financial year.

Employees	Number of training interventions	Training cost
Permanent	385	R558 659
Contract	88	R29 351
Total	473	R588 010

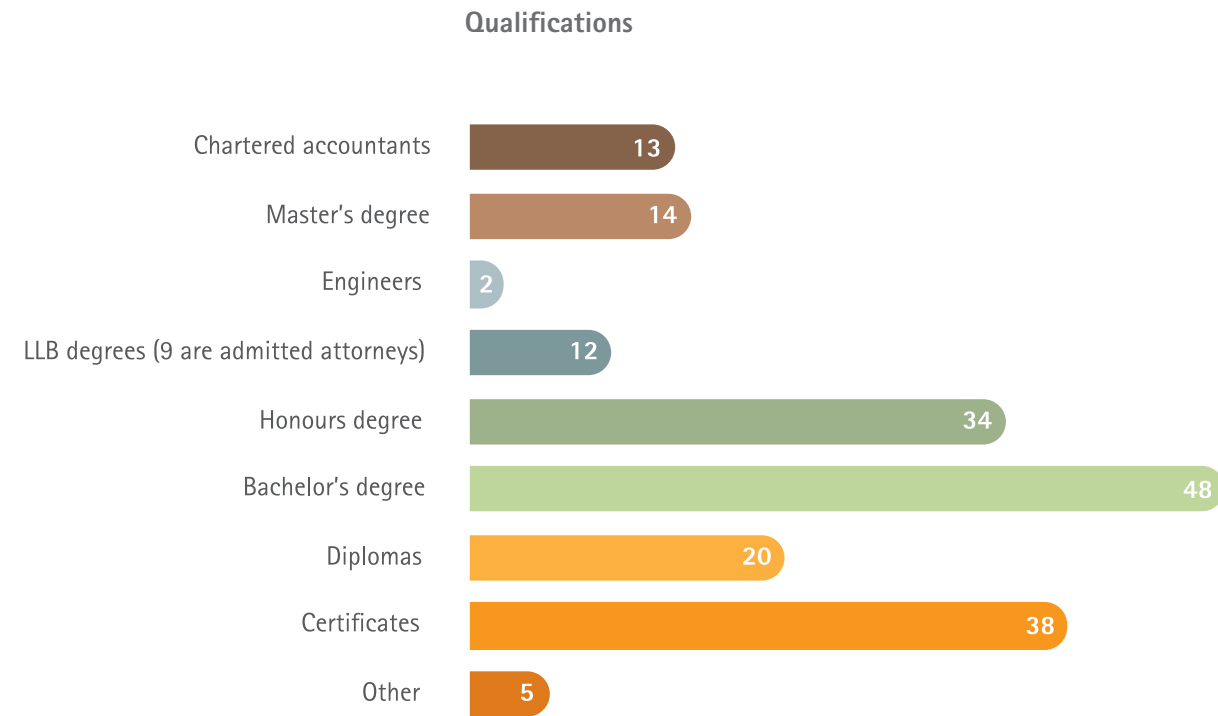
### Age demographic

The employees of the NEF are diverse in age, with 25% representing youth. During the reporting period, of the 45 youth employed, 25 were female whereas 20 were male. The majority of employees between 40 and 49 years of age, accounting for 42% of all NEF employees.



## Qualifications

The qualifications held by NEF personnel are listed in the chart below. The NEF continues being a high-performing organisation because of this cohort of highly qualified people. These employees include chartered accountants, attorneys and engineers, among others.



## Leadership Enhancement

The NEF continues to provide purpose-led, adaptability and agility leadership development in today's fast-paced, constantly changing corporate environment to successfully empower its leadership to be agile and adaptable business leaders. The leadership-enhancement initiatives equip NEF's leadership to react to the ever-changing circumstances, to better handle the difficulties and uncertainties of the current business environment.

The NEF leadership underwent development training during the year which focused on developing their skills in areas of leadership, emotional intelligence, communication as well as change management.

## Employee Benefits

The NEF as a caring employer offers:

- A rich and rewarding career that is distinctively different from others, which offers advancement and developmental opportunities.
- Competitive rewards for its employees which includes performance-based incentives.
- A work life balance – the hybrid model offers employees the opportunity to work remotely, thus enabling them to continue with their day-to-day lives while being productive.
- Staff bursaries.
- Pension-backed home loans.
- Additional leave types – moving house leave, long service leave, sport leave, adoption leave and special extended sick leave.
- Group life cover.
- Extended family funeral benefit.
- 24/7 confidential Employee Assistance programme.

### Enhanced employee well-being to foster high performance

Global studies on employee well-being post COVID-19 indicate that employees are grappling with several personal issues. The NEF continues to offer employees benefits including an employee wellness programme that offers virtual interactive and face-to-face sessions on mental well-being. The majority of our employees continue to participate in this programme, which helps ease the burdens associated with mental and physical health, and improve financial wellness.





# CORPORATE SOCIAL INVESTMENT (CSI)

The NEF participates as a corporate citizen in the social upliftment of communities and individuals through the implementation and management of empowering corporate social investment projects. Various CSI projects were undertaken during the year and are outlined below.

## Mandela Day

On Mandela day, the NEF identified community outreach centres in the North-West, Northern Cape, Eastern Cape, Limpopo, and Mpumalanga provinces and assisted around 80 individuals. The NEF assisted with the provision of food and household items to these communities.

### FAMILY IN MAKOKO VILLAGE



Mpumalanga, Makoko Village

The NEF provided support to a family living with a partially blind 83-year-old man and his 32-year-old son who is mentally challenged.

The renovation of their two-room house included installing new roofing, doors, plastering, flooring, addition of a water tank, an outside toilet, and furniture.



### BOPHELO CHILD AND YOUTH CARE CENTRE



Northern Cape, Kimberly

Bophelo Child and Youth Care Centre is a non-profit organisation that provides long-term care and support to 18 abandoned and neglected children as well as children with special needs. The centre also looks after babies until they are placed for adoption. The NEF donated winter clothes (jackets and tracksuits), 20 blankets, nappies, full cream milk, cereal, toiletries (baby wipes, soap, shampoo, Vaseline), cleaning material and laundry detergents.





## Mandela Day (continued)

### KGOLAGANO CARE CENTRE



North West, Manamakgoteng Village

Kgolagano Care Centre houses 19 elderly people between the ages of 60 and 91 years, people with disability, and 18 children with special needs, as well as orphans.

The NEF donated food, 21 beds, a gas stove, blankets, and paint.



### MIKATEKO OLD AGE HOME



Limpopo, Giyani

Mikateko Old Age Home houses 41 residents who live permanently at the centre, and who comprise people living with disability and the elderly.

The NEF donated blankets, diapers, and toiletries. The initiative was in collaboration with one of the NEF's subsidiaries, Goseame.



### KOMGA SERVICE CENTRE



Eastern Cape, Komga Village

Komga Service Centre houses elderly men and women of 60 years of age and above. Some of the beneficiaries are victims of abuse, while others suffer from depression. The centre offers a reprieve by keeping them busy with beading, knitting and sewing.

The NEF donated laptops and other IT equipment, a microwave, freezer, electric heater, cleaning detergents, toilet paper, sewing fabric, beanie hats, and blankets.



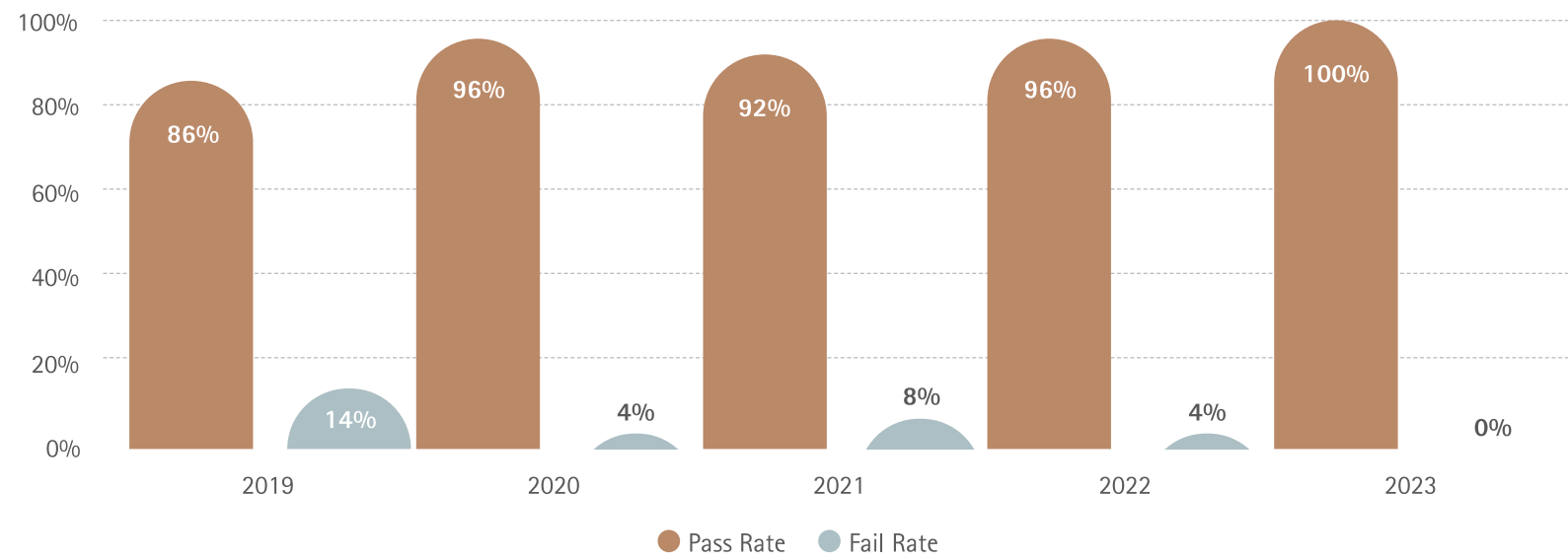


## External Bursaries

The NEF continues to support underprivileged students across South Africa, helping them pursue their future careers and ultimately transforming their lives. In the current year, an amount of R1.8 million was provided as academic bursaries for 23 students at tertiary institutions to cover tuition, accommodation and textbooks.

The supported students have undertaken studies in various fields of study including LLB, engineering, medicine, accounting and actuarial sciences, among others. The external bursary programme has produced excellent students, with seven students having completed their qualifications in the current year. The rest of the students proceeded to subsequent years of study for their degrees.

Five (05) year trend success





# GOVERNANCE

## Our Approach to Governance

The NEF corporate governance structures are underpinned by rational and up-to-date policies that support the NEF mandate to ensure that the organisation is appropriately discharging its mandate in line with good corporate governance and ethical standards. The NEF continues to uphold good corporate governance standards to underpin its reputation and its effectiveness.

## NEF Governance Structures

The Executive Authority of the NEF is the Minister of Trade, Industry, and Competition (the dtic), which in terms of sections 8(1) and 9 (2)(b) of the NEF Act, appoints the Board members into the NEF Board. In terms of section 4(2) of the NEF Act, the NEF Board shall consist of no less than seven but not more than 11 trustees appointed in terms of section 8 of the NEF Act. The members of the Board shall be appointed on the grounds of their ability and experience in the fields of, among others, law, economics, business practice, development practice, capital markets, and finance.

At the start of the year, the Board had eight trustees in office, seven were non-executive trustees and one executive trustee. During the year there were two significant changes to the constitution of the Board resulting from the end of term of the NEF CEO on 31 December 2023, after having served as the NEF CEO for 18 years.

Another vacancy arose when a non-executive trustee's term ended on 4 January 2024. The Minister is working on filling both vacancies in line with sections 8, 9 and 17 of the NEF Act. The current NEF Board consists of six non-executive trustees who were initially appointed in August 2021 and further re-appointed in September 2023, as well as one executive trustee who is the NEF Acting CEO appointed by the Minister of Trade, Industry and Competition on 1 January 2024.

## Board Diversity

During the reporting period, the Board comprised one executive trustee and seven non-executive members – six females and two males (including the Acting CEO). Diversity of gender and age ensures continuity and effective succession planning.

The Chairperson and CEO positions are separate.

## Role of the NEF Board

The Board plays a key role in setting the strategic direction of the NEF. It also provides continuous oversight of material matters, acting as an independent check and balance for the executive management team, whose main responsibility remains the operational management of

the NEF. The Board is diverse in its academic qualifications, industry knowledge, experience, and gender. This diversity encourages robust debate at Board and sub-committee level to ensure that appropriate and effective judgment, and guidance are provided to management in delivering on the NEF's strategic objectives.

The NEF Board charter is in place and is updated regularly to regulate the parameters within which the Board operates and ensures the application of the principles of good corporate governance in all its dealings. The charter sets out the roles and responsibilities of the Board and individual trustees, including its composition and relevant procedures of the Board. The charter is aligned with the provisions of the NEF Act (Act 105 of 1998) and the Public Finance Management Act (Act 1 of 1999) as well as the Companies Act (Act 71 of 2008) where applicable.

The NEF Board has deployed sound governance structures and operating policies and procedures across all levels of the NEF's functions and hierarchy. These include the Board Committee charters, Delegation of Authority Framework, Board's Conflict of Interest Policy, Board's Code of Conduct, Employees Conflict of Interest Policy and Code of Conduct, and Whistleblowing Fraud Line.

## Board Committees

In carrying out its oversight responsibility, the Board has established and delegated responsibilities to six committees, namely: the Audit Committee (AC), Risk and Portfolio Management Committee (RPMC), the Board Investment Committee (BIC), the Human Capital and Remuneration Committee (HCRC), and the Nomination Committee (NOMCO), as well as the Social and Ethics Committee (SEC). In addition, the Board establishes and sets the charters of the Board committees, which provide for the composition, roles, delegation of authority, and responsibilities of each of the committees.

While the Board remains the overall custodian of good corporate governance, each committee promotes integrity and transparency throughout the NEF. Board committees promote independent judgment and enhance the balance of power in decision-making, enabling the Board to discharge its duties effectively. The committees' terms of reference are reviewed regularly to ensure alignment with legislative developments and governance best practices.





The following applies to Board Committees:

- (i) A non-executive trustee chairs Board committees.
- (ii) The Board appoints members of committees whilst ensuring a balance between Non- Executive, Independent and Executive representation.
- (iii) Executive Management attend meetings where appropriate and by invitation.
- (iv) Board committee chairpersons report to the Board on deliberations, conclusions, and recommendations of each Board committee.

### Conflict of Interest

Trustees must avoid situations that expose them to conflict with the NEF's interests. Disclosures of conflict of interest is a standard practice at every meeting and, where required, members are expected to recuse themselves from deliberations on conflicted matters. In addition, members submit an updated list of their directorships and interests to the Company Secretary annually. The Conflict of Interest policy manages potential conflicts of interest.

### Board and Committee Evaluation

The performance of the Board, the Chairperson, individual Board members and Board committees is assessed regularly. Every second year, the assessment is conducted through a formal external process.

During the period under review, the Board conducted an internal self-assessment to consider and reflect on the discussions and performance of itself and its committees. The assessment depicted the need for the Board to focus on developing NEF executive succession plans as well as recapitalisation strategies. The assessment further highlighted the need to capacitate the Board with HR and finance expertise, as well as the need to provide ongoing governance training to the current directors to ensure that they are fully capacitated to fulfil their oversight duties to the NEF.

### Non-Executive Trustees' Remuneration

The remuneration of the non-executive trustees is determined by the shareholder in terms of section 10 of the NEF Act. The non-executive trustees' remuneration has remained unchanged during the past five years. As a result, the Remuneration Framework has been benchmarked and reviewed in line with market developments. This revised framework will be presented to the shareholder for approval prior to its implementation. The fees paid to non-executive trustees are disclosed in the annual financial statements for the reporting period.

### Board's Key Focus Areas

The Board provides oversight on the strategic direction and the set targets in terms of the Strategic Plan (SP), Annual Performance Plan (APP) and Organisational Balanced Scorecard (BSC) while monitoring overall performance. During the financial year under review, the Board was focused on the NEF's long-term recapitalisation strategy, strengthening of the NEF succession plans for executive leadership and critical skills, the appointment of a new CEO, increasing the NEF investments in targeted provinces and reviewing of the HR Strategy and Remuneration Framework to ensure that the NEF human capital is fit for purpose.

### Board Meetings and Board of Trustees Attendance

An annual work plan against agreed Board objectives and goals is in place to ensure that the Board attends to its responsibilities in a structured and orderly manner throughout the year. The Board meets at least five times a year and holds a two-day strategy session every year. Special Board meetings are convened when necessary. The table below sets out the composition of the Board and attendance by the Board of Trustees at Board and sub-committee meetings.

Member	Scheduled Meetings	Special Meetings
<b>Total Number of Meetings</b>	<b>4</b>	<b>4</b>
<b>Non-Executive Trustees</b>		
Dr Nthabiseng Moleko	4/4	4/4
Ms Thinavhuyo Mpye	4/4	4/4
Ms Rethabile Nkosi	3/4	4/4
Ms Philile Mbokazi	3/4	4/4
Dr Monde Tom	4/4	4/4
Ms Lucretia Khumalo	4/4	4/4
Mr Roy Harichunder * term ended 5 January 2024.	3/3	3/3
Ms Philisiwe Mthethwa (Chief Executive Officer) term ended 31 December 2023.	3/3	0/0
Mr Mziwabantu Dayimani (Acting Chief Executive Officer appointed 1 January 2024)	1/1	1/1

## Audit Committee

The NEF Audit Committee is a statutory committee constituted in terms of the Public Finance Management Act, as amended, and the Companies Act, as amended. The committee assists the Board in discharging its responsibilities by providing oversight over the financial reporting process, the audit process, the system of internal controls, and compliance with laws and regulations.

### Composition and attendance

The committee consists of five members, three non-executive trustees, and two independent non-executive members. In addition, the Chief Executive Officer, Chief Financial Officer, Internal Auditor, External Auditor, and a representative from the Auditor-General's office are permanent invitees to Audit Committee meetings.

The quarterly meetings of the Audit Committee are aligned with the key reporting and regulatory timelines. During the period under review, the committee held five meetings in line with its work plan and an additional special meeting. The table below sets out the composition of Audit Committee and attendance at the meetings by its members for the 2023/24 financial year.

Member	Number of Meetings
Ms Thinavhuyo Mpye (Chairperson)	6/6
Mr Roy Harichunder (term ended 05 January 2024)	4/4
Dr Monde Tom	6/6
Ms Lebogang Ndadana	6/6
Mr Tyrone Soondarjee	4/6
Lucretia Khumalo	0/1

### Activities and focus areas

Key activities and outcomes of the Audit Committee during the period under review included:

- The approval of the audit planning memorandum for the external audit of the financial year ended 31 March 2024.
- Monitoring of the transition of the outgoing external audit firm and the newly appointed audit firm
- Consulting with executive management on the engagement letter terms, audit plan, scope of work and external audit fees for the financial year ended 31 March 2024.
- Monitoring the effectiveness of internal controls and compliance with the Enterprise-wide Risk Management Framework to ensure the reliability of financial records for preparing the consolidated annual financial statements.
- Reviewing reports from the internal auditors.
- Assessing the consistency of information disclosed in the Integrated Report with the annual financial statements and information contained in operational reports.
- Assessing the NEF's finance function to ensure that it has established appropriate financial reporting procedures and that those procedures are operating effectively.
- Reviewing the appropriateness of the expertise and experience of the Chief Financial Officer and the financial management team.
- Monitoring the adequacy and reliability of management information and efficiency of management information systems
- Reviewing fraud and litigation matters with a potentially significant impact on the financial statements.
- Assessing combined assurance from the external auditors, internal auditors and management to ensure that the combined assurance was adequate to address all material risks.
- Overseeing internal audit in the implementation of audits in the risk-based audit plan.
- Reviewed the fraud prevention plan and whistle blowing policy.

## Risk and Portfolio Management Committee

The Risk and Portfolio Management Committee (RPMC) provides risk governance and independent oversight for the NEF. It assists the Board in carrying out its risk responsibilities to ensure that the NEF has implemented effective strategies and plans for risk and portfolio management that will enhance its ability to achieve its strategic objectives and that the disclosure regarding risk is comprehensive, timely, and relevant. It also oversees the development of the NEF's risk appetite framework and ensures that the risk profile is within the risk appetite parameters as well as oversight of the performance of the NEF funded portfolio and the quality of the loan book, ensuring compliance with risk policies and reviewing the overall risk profile of the NEF as well as the sufficiency of capital. The Board had further delegated the review and close monitoring Recapitalisation Risk as well as the People Risk as they were prevalent on the NEF risk register.

### Composition and attendance

The committee consists of five members, three of which are non-executive trustees, including the Board Audit Committee Chairperson. The Chief Executive Officer and the Chief Risk Officer are permanent invitees to committee meetings. The table below sets out the composition of the Risk and Portfolio Risk Committee and attendance at the meetings by its members for 2023/24.

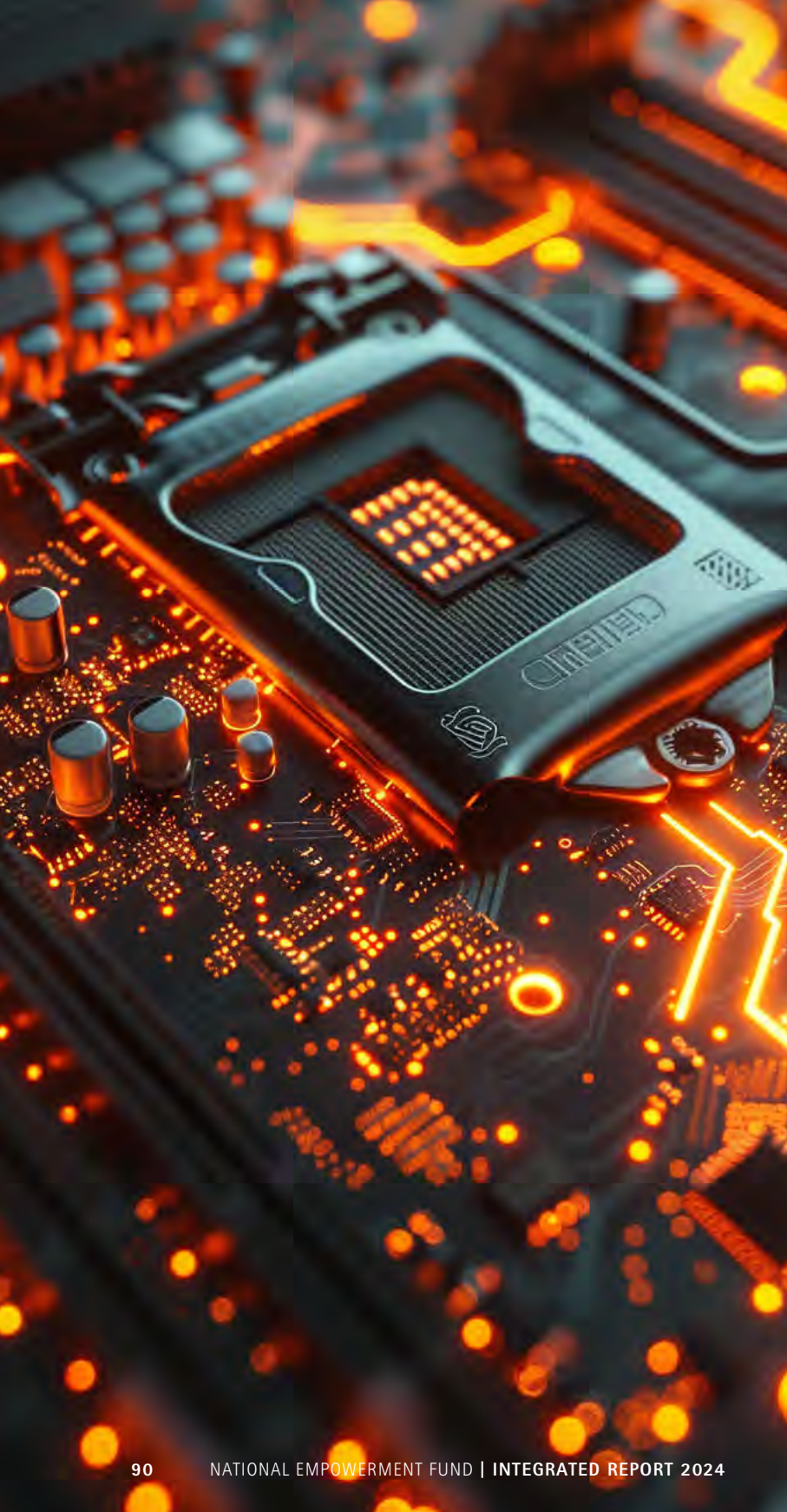
Member	Number of Meetings
Ms Lucretia Khumalo – Chairperson	3/4
Ms Thinavhuyo Mpye	4/4
Mr Gerrit van Wyk * term ended 14 October 2023	3/3
Mr Roy Harichunder * term ended 5 January 2024	3/3
Ms Rethabile Nkosi	4/4
Mr Setlakalane Molepo * appointed 15 October 2023	2/2
Dr T Xaba * appointed 31 January 2024	1/1

### Activities and focus areas

- RPMC's key activities and outcomes for the year under review included:
- Considering strategic risks and their impact on the achievement of the organisation's strategic goals.
  - Assessed the adequacy of strategies and action plans formulated to mitigate identified risks and the combined assurance provided.
  - Close monitoring of the top 20 non-performing exposures in the NEF investment portfolio.
  - Monitoring the NEF recapitalisation towards becoming a sustainable DFI.
  - Monitoring the NEF Third Party Funds.
  - Review of the NEF risk appetite framework and tolerance level







## Board Investment Committee

The Board Investment Committee (BIC) is a credit-granting committee with delegated authority to consider transactions of up to R50 million per applicant and also considers and recommends transactions above this threshold to the Board for approval.

### Composition and attendance

The committee consists of six members, two of which are non-executive trustees (includes the Board Chairperson), three are independent non-executive members, and the CEO as an executive member. Executives are permanently invited to attend BIC committee meetings. The committee held 11 meetings during the reporting period. Committee members and meeting attendance are indicated in the table below.

Member	Number of Meetings
Ms Rethabile Nkosi – Chairperson	9/9
Mr Gerrit Van Wyk *term ended 14 October 2023	6/6
Ms Philisiwe Mthethwa *term ended 31 December 2023.	5/7
Ms Cora Fernandez – term ended 14 October 2023	5/6
Ms Sawa Nakagawa – term ended 14 October 2023	5/6
Dr Nthabiseng Moleko	9/9
Mr O Mafanya *appointed 13 October 2023	3/3
Ms K Rantao *appointed 13 October 2023	3/3
Ms M Moshe *appointed 13 October 2023	3/3
Mr Mziwabantu Dayimani (Acting Chief executive Officer) appointed 01 January 2024.	3/3

### Activities and focus areas

The BIC approved 11 transactions, valued at R286 million. A total of 1 859 jobs are expected to be supported through these transactions.

## Social and Ethics Committee

Social and Ethics Committee (SEC) is a statutory committee constituted in terms of section 72 read with regulation 43 of the Companies Act. It assists the Board in discharging its duties relating to the oversight of organisational ethics, responsible corporate citizenship, sustainable development, and stakeholder relationships.

### Composition and attendance

The committee currently has three members, namely two non-executive trustees and one independent non-executive member. The General Counsel and the Chief Risk Officer are permanent invitees to the committee meetings. Other executives and senior management are invited to join meetings when matters within their respective areas of responsibility form part of the agenda. During the period under review, the committee had four scheduled quarterly meetings. The table below sets out the composition of SEC and attendance at the meetings by its members for the 2023/24 financial year.

Member	Number of Meetings
Dr Monde Tom – Chairperson	4/4
Ms Noxolo Mthembu *term ended 14 October 2023	3/3
Ms Philile Mbokazi	4/4
Ms Molebogo Lekwane *appointed 31 October 2023	1/1

### Activities and focus areas

The SEC's key activities and outcomes for the year under review included:

- Promotion of equality, preventing unfair discrimination, and fighting corruption.
- An assessment of the NEF's contribution to the development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed.
- Recording of sponsorship, donations, and charitable giving.
- Ethical procurement of goods and services for the NEF and ensuring that clients and customers of the NEF conduct themselves in an ethical manner in their dealings with the NEF.
- The environment, health and public safety, including the impact of the activities of the organisation and of its products or services.
- Consumer relationships, including advertising, public relations, and compliance with consumer protection laws.
- Labour relations and employment activities of the NEF.

“  
It assists the Board in discharging its duties relating to the oversight of organisational ethics, responsible corporate citizenship, sustainable development, and stakeholder relationships.  
”

Social and Ethics Committee,  
Integrated Report 2024





## Human Capital and Remuneration Committee

Human Capital and Remuneration Committee (HCRC) supports the Board to enable alignment of the NEF's business and people strategies. To this end, the committee ensures a current and future focus on key people-related matters, which include:

- Advising and guiding on relevant and appropriate remuneration policies, plans, trends and practices.
- Reviewing and confirming the performance of the organisation to ensure alignment of people performance to the NEF mandate and strategies.
- Overseeing people-related matters to ensure a robust and people-focused strategy that enables effective and continued leadership capacitation.
- Guiding and advising on human resource policies to ensure appropriate governance while simultaneously ensuring that these policies enable the leadership to attract, retain and manage employees.

### Composition and attendance

During 2023/24, the committee consisted of three non-executive trustees, including the Board Chairperson as a committee member, and three independent non-executive members. The committee held five meetings during the reporting period. Attendance for the meetings is depicted in the table.

Member	Number of Meetings
Ms Philile Mbokazi – Chairperson	4/5
Dr Nthabiseng Moleko	4/5
Ms Rethabile Nkosi * retired on 31 January 2024	4/4
Ms Getty Simelane *term ended 14 October 2023	3/3
Mr Sifiso Cele *term ended 14 October 2023	3/3
Mr Buyani Zwane *appointed 13 October 2023	2/2
Ms Nokonwaba Shwala *appointed 31 January 2024	1/1

## Nominations Committee

NOMCO supports the Board by operating as an overseer and a maker of recommendations regarding board committee vacancies for the Board's consideration and final approval. The Board had a lot of activities during the period as it is the delegated committee to deal with the CEO appointment as well as filling the positions that arise within the Board committees.

### Composition and attendance

At the start of the year, the committee consisted of four non-executive trustees and one executive trustee who attends the meeting as a standing invitee.

The Nominations committee had a number of activities as it was requested by the Board to oversee the appointment of the CEO, a process which culminated in the recommendation and the appointment of the Acting CEO of the NEF. NOMCO also assisted the Board to fill several positions that became vacant within the committees of the Board as a result of the terms of some independent members coming to an end in October 2023. These appointments assisted the Board to ensure that all its committees are properly constituted to effectively render their responsibilities in line with the committee charters.

NOMCO also reviewed the representation of trustees across its subcommittees to ensure that there is an adequate balance between independent, Non-Executive, and Executive Trustees as recommended by King IV, as well as to ensure an equitable spread of memberships, NOMCO thus made recommendations to the Board to reconstitute some of its committee memberships which were approved by the Board and were implemented accordingly

The committee held eight meetings during the reporting period. Attendance for the meetings is depicted below.

Member	Number of Meetings
Dr Nthabiseng Moleko – Chairperson	8/8
Ms Thinavhuyo Mpye	7/8
Ms Rethabile Nkosi	8/8
Ms Philisiwe Mthethwa *term ended 31 December 2023.	2/2
Ms Philile Mbokazi	8/8

### Activities and focus areas

The NOMCO's key activities and outcomes for the year under review included ensuring that:

- The identification of a suitable candidate for the CEO role
- The Board Committees have the appropriate composition to assist the Board to execute its duties effectively.
- Non-executive trustee members of NEF Board committees are appointed through a formal process.
- Formal succession plans for the CEO and executives are in place.
- Ensure the establishment of a formal process for the appointment of Board Committee Members, including:
  - Vetting nominations made for non-trustee members and interviewing potential candidates.
  - Identifying suitable non-trustee members of the Board committees.
  - Performance of reference and background checks of candidates prior to recommendation to the Board.
  - Overseeing the development of a formal induction programme and continuing professional development programmes for new trustees and non-trustee members.



## Board of Trustees



### Dr Nthabiseng Moleko (42) Non-Executive Trustee and Chairperson

*Appointed as a non-Executive Trustee from April 2018 to April 2020*

*Reappointed as a Non-Executive Trustee from August 2021 and as a chairperson from January 2022 to January 2025*

#### Qualifications and directorships

- PhD in Development Finance
- MPhil in Development Finance
- Bus Science (Economics Honours)
- Presidential B-BBEE Advisory Council
- DBSA Infrastructure Fund Advisory Committee

Dr Nthabiseng Moleko is the CEO and Founder of Ngezandla Advisory, an interdisciplinary research and advisory firm that specialises in providing unique solutions to business, governments, and the Philanthropic sector to navigate the complexities of today challenging terrain. She is a Development Economist who joined Stellenbosch Business School in 2017 as core Faculty. She has worked in macroeconomic, development finance, public finance, economic development, and econometrics fields for 18 years. In 2018 she was appointed

as a Board of Trustees member for the National Empowerment Fund. In 2021 she was appointed the Chairperson of the National Empowerment Fund and has been appointed to the Presidential B-BBEE Advisory Council. She also serves in the strategic advisory committee of the Development Bank of Southern Africa's Infrastructure Fund.

She has authored a wide range of articles published and presented abroad and in South Africa, several research papers, a book chapter, and reports, and has presented conference papers at five international conferences and keynote addresses. As a thought leader, she delivers frequent media commentary on important economic events. She is a seasoned speaker who has spoken at over 50 events providing economic advisory insights and intelligence. She also served as Commissioner, in the capacity of Deputy Chairperson of the Commission for Gender Equality appointed by the President 2017–2022. She completed her PhD in Development Finance at USB in 2019 and is the first South African woman to be conferred a doctorate in this discipline.



### Ms Philisiwe Mthethwa (60) Outgoing Executive Trustee and Chief Executive Officer

*Appointed in July 2005 and term ended 31 December 2023*

#### Qualifications and directorships

- MBA Corporate Finance
- MSc Economics (thesis not defended)
- Board Member of the Industrial Development Corporation (IDC)
- Board Member of the National Housing Finance Corporation (NHFC)

Ms Mthethwa, through her role as the Chief Director - BEE in the Enterprise and Industry Development Division, played a pivotal role in the

conceptualisation, formulation and the finalisation of the Government's B-BBEE Strategy, the BEE Act and the various charters, including the Mining, ICT, Construction, Paper, Automotive and the Financial Services Charters. She has been extensively involved in the development of the Codes of Good Practice on B-BBEE. Ms Mthethwa's knowledge of banking, capital markets and international investment which helped transform the NEF into a high-performing organisation under her stewardship. She continues the quest to champion South Africa's industrialisation through strategic leadership of the organisation. She has made significant contributions to the NEF's sustainability and capitalisation drive which remains ongoing.

## Board of Trustees (continued)



**Mr Mziwabantu Dayimani (46)**  
Executive Trustee and Acting Chief Executive Officer

*Appointed in January 2024 as Acting Chief Executive Officer*

### Qualifications and directorships

- LLB degree
- Masters in Tax Law
- Masters in Corporate Law
- Admitted attorney, Notary and Conveyancer
- Member of the Council of Nelson Mandela University

Mr Dayimani studied law at the University of Stellenbosch and is an admitted attorney of the High Court of South Africa. He is also a Notary Public (South Africa). He joined Cliffe Dekker in his early years as a candidate attorney and was

promoted to being an associate at the end of 2004, and was later promoted to being a senior associate in 2007.

He joined the NEF in March 2008 as a Legal Advisor and was promoted to Senior Legal Advisor in 2009 and was later promoted to being a Manager in the CEO's Office in September 2010. He was subsequently appointed as a General Counsel in March 2011. Mr Dayimani has very strong corporate finance background having spent most of his time in practice specialising in banking, finance and regulatory law. He also provided legal advice in the drafting of some of the aspects of the BEE Codes of Good Practice and has spent years working with commercial litigation, public finance law and tender regulation.



**Ms Rethabile Nkosi (38)**  
Non-Executive Trustee and BIC Chairperson

*Appointed in August 2021*

### Qualifications and directorships

- MBA
- Postgraduate Diploma
- BSc in Agricultural Economics
- Chairperson of Landbank

Ms Nkosi is an agricultural economist, investment strategist and a seasoned development finance

professional with over 15 years of experience. She has held numerous senior positions in the public and private sectors including the positions of Executive Director of Group Investments at AFGRI Group Holdings, Agribusiness Investment Specialist at the Public Investment Corporation, Lead Economist at Agri SA and Senior Manager for Research, Development and Strategy at the Office of the Auditor General of South Africa. Ms Nkosi has also served on multiple boards of entities primarily in the financial services and agribusiness sectors.



**Dr Monde Tom (71)**  
Non-Executive Trustee and SEC Chairperson

*Appointed in August 2021*

### Qualifications and directorships

- PhD in Management of Innovation & Technology
- MSc in Financial Economics (major in econometrics)
- BSc in Applied Mathematics & Physics
- G Dip in Economic Policy
- ND: Cost Accounting Management

Dr Tom has extensive practical experience in public service since 1994 and as part of the advent and architect of the democratic administration, he was one of the administrative leaders in merging the

erstwhile homelands Ciskei, Transkei, and then the Republic administration to form the Eastern Cape (EC) provincial administration as currently known. He led a team of leaders to architect the operating model with delivery mode of treasury management in the EC. The opportunity introduced him to the turning around of failed governance jurisdictions. He has consulting experience in all three spheres of Government in South Africa in strategic organisational change, organisational (re)-design, leadership/management, and people/talent management. These Human Resource Management practices are critical under failed governance jurisdictions and for a treasury management function to be constructed right.



**Ms Philile Mbokazi (44)**  
Non-Executive Trustee and HCRC Chairperson

*Appointed in August 2021*

### Qualifications and directorships

- Bachelor of Laws (LLB)
- Bachelor of Science degree in Environmental Management

Ms Mbokazi is an admitted attorney of the High Court of South Africa. She has nine (9) years of post-admission legal experience and practises under Mbokazi Attorneys Incorporated, a legal firm that has branches in KZN, Mpumalanga and Western Cape.



## Board of Trustees (continued)



### Ms Thinavhuyo Mpye (CA)SA (40) Non-Executive Trustee and AC Chairperson

*Appointed in August 2021*

#### Qualifications and directorships

- (CA)SA
- Non-Executive Director at PRASA
- Mpye Consulting
- Phato Financial Services
- Phato Consulting
- Intersite Asset Investments
- Autopax Passenger Services
- Hoffen Property Investment
- WameNtleTile Capital

After qualifying as Chartered Accountant, Ms Mpye became a financial manager at Barloworld Motor Retail under Toyota and Lexus Centurion

for two years, then Club Motors Randburg (BMW Dealership) and Club Motors Fountains Approved BMW Repair Centre for a further two years. She also spent seven years at Kwikspace Modular Buildings (six years as Group Financial Manager and one year as Finance Executive).

Over the last three years, she has been running Mpye Consulting, a financial management firm assisting clients with finance-related work like financial policies and internal controls, preparing AFS, turnaround strategies, company registrations, company secretarial services, HR services, tax services and other related functions. She also serves as a finance executive of 19th Episcopal District of the African Methodist Episcopal Church.



### Ms Lucretia Khumalo (44) Non-Executive Trustee and RPMC Chairperson

*Appointed in August 2021*

#### Qualifications and directorships

- MBA
- BSC Engineering
- Divisional Executive for Client Support and Growth at the IDC

Ms Khumalo is an accomplished executive with a passion for business growth and a track record of success in turning around struggling companies. She is particularly dedicated to supporting the empowerment of youth and women-owned businesses in South Africa and across the

continent. With extensive experience in both engineering and finance, including positions with major corporations like Richards Bay Minerals, RBM, BHP Billiton Energy Coal and HSBC. Lucretia has the expertise and vision to drive sustainable growth and job creation. In her current role as the Executive of the Post Investment Division at IDC, she provides strategic leadership and drives the financial sustainability of the IDC book while implementing turnaround strategies to ensure IDC clients can operate profitably and positively impact their communities. Ms Khumalo's commitment to transformation and her ability to identify growth opportunities make her an asset to the African business community.



### Mr Roy Harichunder (72) Outgoing Non-Executive Trustee

*Appointed in August 2021, term ended January 2024*

#### Qualifications and directorships

- CA (SA)
- BCom (UNISA)

Mr Harichunder retired as an assurance partner with a big 4 auditing firm on 1 July 2011, having reached the mandatory retirement age of 60. He

served as a partner for 22 years of the 33 years he was at the firm. He has worked extensively in the public sector at national, provincial and local government levels as well as in public entities and has a deep understanding of the issues and challenges facing this sector. In the private sector he has provided professional services to some of the largest companies in the country. After retiring from the auditing profession, he was employed as the Chief Risk Officer of a public entity in the financial services sector until 2020.

## Executive Management



**Mr Mziwabantu Dayimani**  
Acting Chief Executive Officer

*Appointed January 2024*

### Qualifications and directorships

- Masters in Tax Law
- Masters in Corporate Law
- Admitted Attorney, Notary and Conveyancer
- LLB
- Member of the Council of Nelson Mandela University



**Ms Zandile Mhlongo**  
Acting General Counsel

*Appointed in February 2024*

### Qualifications and directorships

- LLB
- Practical Legal Training
- Degree in Corporate Governance and Company Secretaryship (CIS)
- Women Executive Development Programme



**Mr Phumudzo Siphuma**  
Chief Financial Officer

*Appointed in May 2023*

### Qualifications and directorships

- CA(SA)
- Hons. BCompt
- Bankseta
- Bapotrans



**Mr Nhlanhla Nyembe**  
Divisional Executive: SME and Rural Development

*Appointed in May 2021*

### Qualifications and directorships

- BCom Finance
- Busamed Holdings
- BRICS Financial Services



**Mr Joel Mphela**  
Acting Divisional Executive: Venture Capital and Corporate Finance

*Appointed in February 2024*

### Qualifications and directorships

- Masters in Development Finance
- Postgraduate Diploma in Development Finance
- Management Advancement Programme
- BCom Bus Finance & Accounting



**Mr Andile Stemela**  
Strategy, Planning and Significant Investments

*Appointed in February 2024*

### Qualifications and directorships

- BCom Economics and Finance





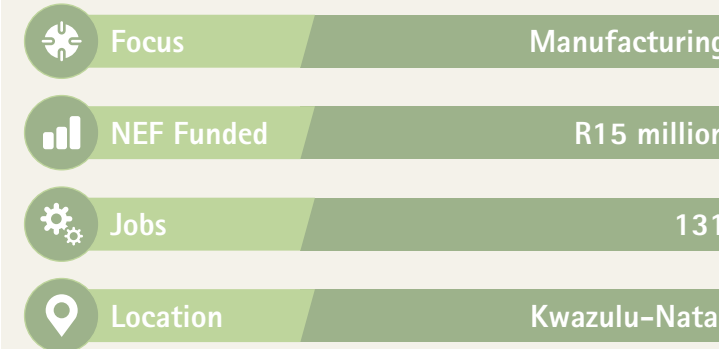
## NEF INVESTEE PROFILES

Investees Companies	Woman % shareholding	Province	Jobs (#)	Strategic Sector	Partnerships	Industrial Development	NEF-funded Amount
Royal Commerce (Pty) Ltd	100%	KZN	131	MANUFACTURING	the dtic – Alternative Energy Fund	Manufacturing	R15m
Rensia Palace and Spa (Pty) Ltd	100%	LP	34	WHOLESALE AND RETAIL TRADE	Department of Tourism – Tourism Transformation Fund	Tourism	R6.29m
Senate and Wandisile Joint Venture	80%	MP	75	WHOLESALE AND RETAIL TRADE	Department of Tourism _Tourism Transformation Fund	Tourism	R15m
The Chickery	49%	KZN	42	MANUFACTURING	the dtic – Alternative Energy Fund	Food Processing	R2.4m
Triangle Stores (Pty) Ltd	0%	KZN	171	WHOLESALE AND RETAIL TRADE	the dtic – Alternative Energy Fund	Retail and Wholesale Trade	R5m
Smith Capital	56%	GP	54	MANUFACTURING	the dtic – Black Business Manufacturing Fund	Manufacturing	R22.633m
CYLU Industries	65%	GP	18	MANUFACTURING	the dtic – Furniture Fund	Manufacturing	R5.9m
Global Wheel	0%	GP	115	MANUFACTURING	the dtic – Alternative energy Fund	Manufacturing	R4.23m
OL Family Pride Supermarket	40%	KZN	30	WHOLESALE AND RETAIL TRADE	n/a	Retail	R15m
OP Village Batlharo	68%	NC	282	WHOLESALE AND RETAIL TRADE	the dtic – Alternative Energy Fund	Retail Trade	R5.467m
The Prawnerly	40%	GP	34	WHOLESALE AND RETAIL TRADE	n/a	Restaurant	R7.827m
Mafoko Global	100%	GP	260	WHOLESALE AND RETAIL TRADE	n/a	Business Services	R15m
City of Gold Movie	0%	GP	135	COMMUNITY, SOCIAL AND PERSONAL SERVICES	the dtic	Business Services	R10.3m

Investees Companies	Woman % shareholding	Province	Jobs (#)	Strategic Sector	Partnerships	Industrial Development	NEF-funded Amount
Bibi Cash and Carry	0%	FS	785	WHOLESALE AND RETAIL TRADE	Department of Economics, Small Business Development, Tourism and Environmental Affairs - FS	Retail Trade	R27.73m
Mamello Clinical Solutions	0%	LP	8	COMMUNITY, SOCIAL AND PERSONAL SERVICES	Department of Economic Development, Environment and Tourism - LP	Healthcare	R15m
Imvomvo Country Lodge	55%	EC	30	WHOLESALE AND RETAIL TRADE	Department of Tourism - Tourism Transformation Fund and the dtic - Alternative Energy Fund	Tourism	R12.08m
Africa's Best 350	15%	EC	474	TRANSPORT, STORAGE AND COMMUNICATION SERVICES	n/a	Business Services	R50m
Micro Vulintuthukho Business Enterprises	100%	KZN	57	TRANSPORT, STORAGE AND COMMUNICATION SERVICES	n/a	Business Services	R7.32m
Makwande Supply and Distribution	100%	MP	372	TRANSPORT, STORAGE AND COMMUNICATION SERVICES	the dtic - Alternative Energy Fund	Business Services	R5.58m

Investee Profile

Royal Commerce (Pty) Ltd



Royal Commerce (Pty) Ltd, is a 100% black women-owned business in Cornubia Industrial Park, KwaZulu-Natal.

The company is a specialist manufacturer of men's shirts, which it sells and distributes to Retailability, Woolworths, Truworths, and The Foschini Group.

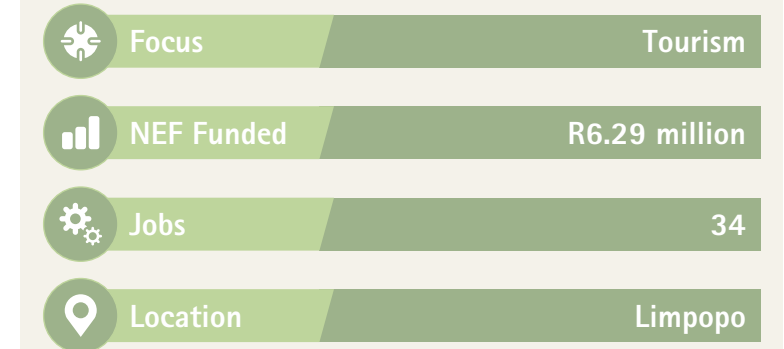
The NEF approved R15 million to purchase and install new manufacturing equipment and an Alternative Energy Solution for the company to ensure better manufacturing efficiencies, improve the quality of its products and mitigate the negative impact of loadshedding.

In addition, the funding will create 34 new jobs and maintain 97 existing jobs.



Investee Profile

Rensia Palace And Spa (Pty) Ltd



Rensia Palace and Spa (Pty) Ltd is a 100% black woman-owned business situated in Thohoyandou, Venda, Limpopo Province.

The business will operate as a 4-star lodge that offers accommodation of 20 rooms, 30-seater restaurant, 10-seater boardroom, 10-seater bar and 30-seater conference facility, a gym and a spa facility.





The NEF provided R6.29 million towards the project to enable the lodge to be fully furnished and equipped, and prepared to commence trading.

The funding of the project will ensure the creation of 34 jobs.





### Senate And Wandisile Joint Venture (Pty) Ltd

 Focus	Tourism
 NEF Funded	R15 million
 Jobs	75
 Location	Mpumalanga





Senate and Wandisile Joint Venture t/a Belvedere at Blyde is a 100% black-owned and 80% women-owned and managed enterprise.

The guest house will fall under the Thaba Chweu Local Municipality in Mpumalanga. Belvedere Guest House is positioned to be a 5-star facility consisting of 15 rooms, with rooms that have queen-size beds and ensuites.

The NEF approved R15 million which will go towards restoration of the guesthouse and operating expenses. Belvedere Guesthouse will create a total of 15 new permanent jobs with at least 70% of the staff being women. 60 temporary jobs will be created during the 12 months of construction.



### The Chickery (Pty) Ltd

 Focus	Agro-Processing
 NEF Funded	R2.4 million
 Jobs	42
 Location	Kwazulu-Natal




The Chickery is a distributor and wholesaler of fresh and frozen poultry, and other frozen foods. The company is a 100% black-owned and managed business, with 49% black women ownership. It operates from Westmead Pinetown, KwaZulu-Natal and has been in existence since 1980.

The NEF approved R2.4 million to install an Alternative Energy Solution for the business. The NEF funding will assist in mitigating the negative impact of loadshedding on the business's operations and will maintain 42 existing jobs.

The business ensures accessibility of processed chicken to lower income households and small businesses such as caterers, National School Nutrition suppliers, shisanyamas. etc



### Triangle Stores (Pty) Ltd

 Focus	Wholesale
 NEF Funded	R5 million
 Jobs	171
 Location	Kwazulu-Natal

Triangle Stores (Pty) Ltd is one of the largest Retailer and Wholesalers of FMCG (Fast Moving Consumer Goods) that has been the nucleus of economic activity in the Harry Gwala District Municipality for over 40 years.

Triangle Stores (Pty) Ltd is a 100% black-owned business in Highflats, Harry Gwala District Municipality, KwaZulu-Natal. The NEF approved R5 million to install an Alternative Energy Solution for the business.

The NEF funding will assist in mitigating the negative impact of loadshedding on the business's operations. In addition, the funding will maintain 171 existing jobs.







Industrial policy is placed as a central theme of the 7th administration. Improving the effectiveness of this industrial policy will be key to this administration's success. We need to focus our interventions on those which grow exports, while targeting activities such as investment infrastructure and innovation. However, this is not the job of the dtic alone. In the spirit of working together outlined by the Minister, our department will be bold in developing a more transversal relationship between key partners and moving away from the silos that are holding us back. By investing in safety and security, building and maintaining infrastructure, and ensuring quality education and training for citizens, South Africa's competitiveness will be improved, which will assist in making our exports more competitive in the global markets. I would add, that we need to strengthen key economic agencies and entities in our provinces in order to unlock their full potential to deliver the growth we need to create jobs.



National Council of Provinces Budget Vote Speech by Deputy Minister Andrew Whitfield, 30 July 2024



### Smith Capital Equipment (Pty) Ltd





 Focus	Manufacturing
 NEF Funded	R22.633 million
 Jobs	54
 Location	Gauteng

Smith Capital Equipment (Pty) Ltd is a 100% black-owned and 56% black women-owned manufacturer of aerial platforms and drilling rigs. It was established in 1968 and is based in Germiston, Ekurhuleni Municipality. Smith Capital employs about 54 employees. Its client base includes major South African private and public firms, as well as some firms across the continent. In 2015, the NEF approved a R40 million facility to support the acquisition of shares by BEE shareholders, and to cover working capital requirements. That investment was subsequently exited by NEF.

In 2021, the NEF made a further investment of R22.633 million to support the business on its expansion plans. Funding was for the purchase of new manufacturing equipment. Smith Capital Equipment continues to grow, with promising export opportunities. It remains the only black-owned manufacturer of aerial platforms in South Africa.



### Landa Homeware (Pty) Ltd





 Focus	Manufacturing
 NEF Funded	R5.9 million
 Jobs	18
 Location	Gauteng

CYLU Industries (Pty) Ltd t/a Landa Homeware is a 100% black-owned entity and 65% women and youth owned. The entity, based in Johannesburg, was established in 2020 and operates in the furniture manufacturing sector.

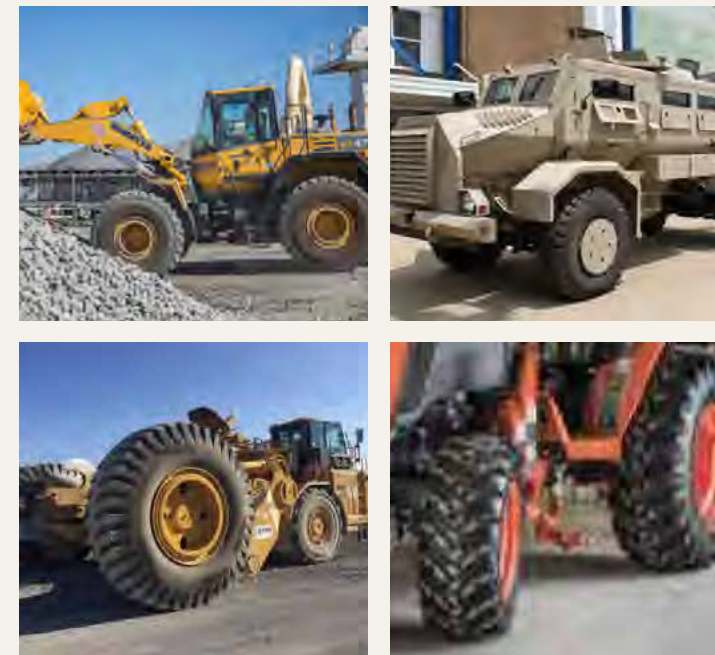
Landa products include household furniture such as coffee tables, television stands, couches, dining tables, chairs, reception desks, office tables, shop fittings, décor accessories, indoor and outdoor feature walls, and many others. Landa's funding of R5.9 million from NEF was to upgrade its operations to a larger operating site and for working capital to increase capacity.







### Global Wheel (Pty) Ltd

 Focus	Manufacturing
 NEF Funded	R4.23 million
 Jobs	115
 Location	Gauteng

Global Wheel (Pty) Ltd is a 100% black-owned and managed business based in Heidelberg, Gauteng and specialises in the manufacturing of commercial, agricultural, earth moving and military steel wheels/rims. It is the largest producer in the Sub-Saharan region. The NEF funded the company with the total investment of R4.23 million. The investments assisted in maintaining approximately 115 jobs and alleviating the effects of loadshedding on the business. Some of their customers include companies such as Bell Equipment, Basil Read Mining, Exxaro Coal and General Motors.



### OP Family Pride Super Market (Pty) Ltd

 Focus	Retail
 NEF Funded	R15 million
 Jobs	30
 Location	Kwazulu-Natal

OL Family Pride Supermarket (Pty) Ltd is a 100% black and 40% women-owned and managed entity.





The applicant has signed a Tripartite lease and operator agreement with KZN Oils (Pty) Ltd to co-develop and operate a "new build" Astron Energy Service Station in the rural town of Nongoma, Zululand District Municipality, KwaZulu-Natal. KZN Oils (Pty) Ltd is a branded marketer for Astron Energy (Pty) Ltd responsible for new site developments, sales, and marketing of Astron Energy fuel products in North and Central KwaZulu-Natal.

The applicant approached NEF for an amount of R15-million to finance the development of an Astron Energy service station as well as the installation of the FreshStop C-Store. The transaction will result in the creation of 30 new jobs.





### Op Village (Pty) Ltd

 Focus	Retail Trade
 NEF Funded	R5.467 million
 Jobs	282
 Location	Northern Cape





OP Village (Pty) Ltd is a 100% black-owned and 68% women-owned business owned by Retail Development Trust (90%) and Ba-Ga Motlhwane Community Development Trust (10%). The entity operates a retail shopping complex in Kuruman, Northern Cape. Shoprite and Shoprite liquor are the major (anchor) tenants with initial lease period of 10 and 5 years respectively.

The initial NEF investment of R19 million unlocked rural economic revitalisation and economic livelihood generation through redevelopment and expansion.

In November 2023, funding was approved by NEF of R5.4 million to fund installation of an alternative solar energy solution in order to stabilise the energy supply for the business and reduce the impact of electricity loadshedding. The funds are used to purchase solar panels and energy storage, to bolster its energy supply infrastructure. Through the funding 282 jobs were maintained.



### The Prawnerly (Pty) Ltd

 Focus	Retail
 NEF Funded	R6 million
 Jobs	34
 Location	Gauteng

The Prawnerly (Pty) Ltd t/a The Prawnerly Bistro & Bar is a 100% black and 40% women-owned restaurant.





The restaurant was established in 2019 just before the harsh lockdowns with restricted trade. The Prawnerly operated successfully from 2019 until 2022 and had to close doors because of the building being sold as a consequence of COVID-19. The centre (Illovo Junction) was struggling with a decrease in foot traffic due to many of tenants moving out without new tenants moving in. Crime in the area had also escalated.

The entrepreneur managed to keep the brand a success through relationships established in the industry. The restaurant continued to be operational offering catering services for events catering exclusively for sea food, truck vendor, and meal planning. The entrepreneurs found a new and more compelling location which is better suited to the growth requirements for The Prawnerly along the prominent Keyes Avenue in Rosebank, Johannesburg and required funding to set up the restaurant in a new location.

The NEF has approved R6.6 million to finance setting up the restaurant including purchase of kitchen equipment, bar equipment, furniture and fittings, stock and working capital. The transaction resulted in the creation of 25 new jobs, and 9 jobs maintained.



### Mafoko Global (Pty) Ltd

 Focus	Telecommunications
 NEF Funded	R15 million
 Jobs	260
 Location	Gauteng





Mafoko Global (Pty) Ltd hereafter "Mafoko" T/A EFTelco is 100% black women-owned and managed business established by Ms. Refiloe Mafoko in 2021 for the purposes of exploring opportunities in the ICT sector.

The business began trading in 2021 as part of Telkom's ESD program where the business operated as a sub-dealer for 11 stores under an existing Telkom franchisee for a period of two years. After successful completion of the mentorship programme in July 2023, Mafoko Global was appointed as the first women franchisees in the Telkom network and awarded 23 new Telkom stores, in addition to the initial 11 stores, bringing the total stores under Mafoko's control, to 34 stores in total.

Mafoko Global has now approached the NEF to source funding of R15 million to fund the capital required to operate the 34 allocated Telkom stores, which are in the North West, Free State, Northern Cape and Gauteng. The funding application will go towards a bank guarantee, vehicles, equipment and working capital. The investment will maintain 71 jobs and create 189 new jobs.



### City of Gold (Pty) Ltd





 Focus	Video Production
 NEF Funded	R10.3 million
 Jobs	135
 Location	Gauteng

City Of Gold Movie (Pty) Ltd ("COG") is a 100% black-owned special purpose vehicle (SPV) established to house the production of the feature film "City of Gold".

City of Gold is a crime action movie, starring local actors and actresses Bonko Khoza, Langley Kirkwood, Kgaosi Raditholo and Redi Sebang. It is set in Johannesburg and is about a struggling Evangelical church that provides a dim glow of hope for a community ravaged by the stock market collapse of 2010. Production has 135 total jobs. It is set for release in early 2024. In 2022, City of Gold entered into license agreement with Netflix. In 2023, **the dtic** also approved a grant application of R4m to COG. In 2023, after the film had reached editing, COG approached the NEF for a cashflow facility of R10.3 million to cashflow outstanding payment milestones from **the dtic** and Netflix.







## Bibi Cash and Carry (Pty) Ltd

 Focus	Retail
 NEF Funded	R27.73 million
 Jobs	785
 Location	Free State

Bibi Cash and Carry Supermarket (Pty) Ltd is a 100% black-owned wholesale and retail entity that was established in 2004. Located in the Free State province, it has a distribution centre of 5 supermarkets, 4 bottle stores, a training academy and 7 spaza shops called Bibi Quickstop. It currently employs 785 employees (over 51% are female employees). Due to its growing market, in 2023, Bibi approached the NEF for capex funding of R31 million to relocate one of its stores to larger premises, expanding the store to 3 864 sqm. Funding was to cover the internal upgrades and installations at the new store.



## Mamello Clinical Solutions (Pty) Ltd

 Focus	Health Services
 NEF Funded	R15 million
 Jobs	8
 Location	Limpopo

Founded in 2014, Mamello Clinical Solutions aims to be the most integrated, reliable and customer-driven healthcare solutions provider in South Africa.

The business services both the public and private healthcare sectors, focusing on a range of diagnostic imaging, biomedical and accessory medical equipment including medical consumables products.





Mamello Clinical Solutions (MCS) is the exclusive distributor and service partner for the Hero21 system for Sub-Saharan Africa.

It was developed by German company ICA Health, endorsed by Ruhr University Bochum and global electronics group Omron, which is responsible for the production of the robotics components, which are supported by its South African operation. Mamello Clinical Solutions is the exclusive distributor and service partner for the Hero21 system for Sub-Saharan Africa.

The applicant has approached the NEF for R15-million to finance acquisition and supply of the MRI equipment to the Mankweng Hospital in Limpopo. The transaction will result in the creation of 3 new jobs, and 5 jobs will be maintained.







## Imvomvo Country Lodge (Pty) Ltd

 Focus	Tourism
 NEF Funded	R12.080 million
 Jobs	30
 Location	Eastern Cape

Imvomvo Country Lodge is a 100% black-owned and 55% black women-owned 3-Star Graded country lodge in Ntabankulu, Eastern Cape. Imvomvo Country Lodge was established in 2014. The business started off with 8 lodging rooms at the time and a small boardroom. It has now expanded to 35 rooms, 1 large event hall (which can accommodate 350 people), as well as 4 smaller conference rooms and an executive boardroom. In 2023, the NEF approved a total of R12 million for the expansion capital. A total of 30 jobs are being supported; of which 24 existed previously while 6 were created recently.



## Africa's Best 350 (Pty) Ltd

 Focus	Transportation
 NEF Funded	R50 million
 Jobs	474
 Location	Eastern Cape

AB350 (Pty) Ltd is a 100% black-owned and 15% woman-owned commuter transport company that was established in 2005. The company is owned by 188 Eastern Cape-based small bus operators.

AB350 provides subsidised transport to rural communities in the former Transkei, on behalf of the Eastern Cape Department of Transport.

Its head office is in Mthatha, King Sabata Dalindyebo Municipality, in the Eastern Cape. It also has 8 depots in several towns that include Mthatha, Matatiele, Ngqobo, Lusikisiki and Bizana.





The business transports over 5.7 million people in rural EC per annum with a total of 134 routes spread across the former Transkei.

Currently, the company employs 474 individuals. In November 2023, AB350 approached the NEF for a cashflow facility of R50 million to fund the most critical expenses to be incurred over a three-month period from 31 January 2024, including salaries and wages.





### Micro Vulintuthuko Business Enterprise CC

 Focus	Logistics
 NEF Funded	R7.32 million
 Jobs	57
 Location	KwaZulu-Natal





Micro Vulintuthuko Business Enterprise CC trading as Micro MicroVBE (thereafter referred to as "MicroVBE" or "VBE Couriers") is a 100% black female owned business that specialises in logistics services. The business is located in Durban North, KwaZulu-Natal (head office) and has a warehouse located in Midrand, Gauteng.

MicroVBE is a family run logistics business that specialises in courier services i.e., transportation of commercial packages, documents, and goods across South Africa. They offer business to business courier solutions.

The NEF has approved R7.320 million to finance the purchase of vehicles and for working capital. The transaction resulted in the creation of 10 new jobs, and 47 jobs maintained.



### Makwande Supply and Distribution (Pty) Ltd

 Focus	Fuel wholesale
 NEF Funded	R5.5 million
 Jobs	372
 Location	Mpumalanga

Makwande Supply and Distribution (Pty) Ltd (hereafter referred to as Makwande) is a 100% black women-owned business offering transport and logistics services to the petroleum industry. The company's operates cross South Africa with their head office in Alrode, Gauteng.

The company currently owns a fleet of 19 trucks, and they are looking to expand to 22 units in the next year. The company is ready and geared to increase its fleet and become a medium sized operator.

The applicant has approached the NEF for funding of R5.581 million to set-up a depot in the Mbombela area which is going to services areas such as the Mpumalanga and Limpopo. Makwande is an existing client of the NEF and has been servicing the accounts in a satisfactory manner. Through the funding, Makwande will create 17 new jobs and maintain 355 jobs.







# ANNUAL FINANCIAL STATEMENTS

## TABLE OF CONTENTS

### CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS 31 MARCH 2024

118	Trustees' Statement of Responsibility
119	Report of the Audit Committee
120	Independent auditor's report to Parliament on National Empowerment Fund Group
126	Consolidated Statement of Financial Position
128	Consolidated Statement of Financial Performance
130	Consolidated Statement of Changes in Net Assets
131	Consolidated Cash Flow Statement
132	Statement of Comparison of Budget and Actual
133	Notes to the Consolidated Financial Statements
211	Administration



## TRUSTEES' STATEMENT OF RESPONSIBILITY

The Trustees are responsible for the preparation, integrity and fair presentations of the consolidated financial statements of the National Empowerment Fund Trust (NEF). The consolidated financial statements presented were prepared in accordance with the Statements of Generally Recognised Accounting Practice (GRAP), and requirements of the Public Finance Management Act (PFMA) and the National Empowerment Fund Act (NEF Act) and include amounts based on judgements and estimates made by management. The Trustees prepared the other information presented in the Annual Integrated Report and are responsible for both its accuracy and its consistency with the financial statements.

The going concern basis has been adopted in preparing the Trust and the Group unaudited annual financial statements. The Trustees have no

reason to believe that the Trust and the Group will not be a going concern in the foreseeable future based on forecasts, available cash resources and approval of new investment facilities. These consolidated financial statements support the viability of the Trust and the Group.

The consolidated financial statements were audited by the independent auditors, SKX Audit Services Incorporated, whom were given unrestricted access to all financial records and related data, including minutes of all meetings of the Committees of the Board.

The audited consolidated financial statements, as set out on pages 126 to 210, have been approved by the Board of Trustees and are hereby signed on its behalf.



Mr Mziwabantu Dayimani  
Acting Chief Executive Officer  
31 July 2024



Dr Nthabiseng Moleko  
Chairperson of the Board of Trustees  
31 July 2024

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee is pleased to present this report and confirms that it has complied with its responsibilities arising from section 51(1)(a)(ii) of the Public Finance Management Act (1999, as amended) and Treasury Regulations 3.1.13 and 27(1). The terms of reference are set out in the Audit Committee Charter, which is approved by the Board of Trustees and is continuously reviewed and updated for changes in legislation, business circumstances and corporate governance practices. The Audit Committee has regulated its affairs in compliance with applicable laws, regulations and the charter, and has discharged all responsibilities contained therein and has reported quarterly in this regard to the Board of Trustees.

### Effectiveness of internal Control

A high-level review of the design, implementation and effectiveness of the NEF's internal financial controls was performed as per the Internal Audit Plan. The review is aimed at providing comfort on financial reporting controls that are relied on in preparing the Annual Financial Statements. Based on the information and explanations given by management, the internal auditors and discussions with the independent external auditors on the result of their audit, the Committee believes the system of internal control for the period under review was adequate, efficient and effective.

In our opinion, based on discussions with management and the internal and external auditors, the audit findings reported in the current year are a fair representation of the internal control environment at the NEF and have been for the most part adequately responded to by management. Where undertakings have been made to address control weaknesses, these are followed up and reported on a quarterly basis to the Audit Committee through a tracking register.

A separate Risk and Portfolio Management Committee monitors and oversees the assessment and mitigation of risk on a prioritised basis throughout the organisation. The internal auditors used this Risk Control Framework to prepare their audit coverage plans and to undertake audit work in the higher prioritised risk areas identified. We are satisfied that the internal audit function at the NEF has provided adequate coverage for the year under review.

The finance function at the NEF is adequately staffed by suitably experienced and qualified personnel under the executive management of the Chief Financial Officer. During the financial year under review, quarterly management reports were submitted to the dtic as required under the PFMA (1999, as amended) and Treasury Regulations, including performance information related to core business activities extracted out of the organisation's Annual Performance Plan. The Audit Committee is satisfied with the content and quality of quarterly management reports that are prepared by management and approved by the Board of Trustees.

### Evaluation of Annual Financial Statements

The Audit Committee has:

- Reviewed and discussed with the External Auditors and Management the audited annual financial statements included in the integrated report.
- Reviewed the External Auditors' management letter and management's responses thereto.
- Reviewed the appropriateness of accounting policies and practices.
- Reviewed the independence of the External Auditors.
- Reviewed the compliance with legal and regulatory provisions.
- Reviewed the information on predetermined objectives to be included in the integrated report.
- Reviewed adjustments resulting from the audit.

The AC has discussed the conclusions of the External Auditors on the annual financial statements, read together with the report of the External Auditors and recommended these to the Board of Trustees for approval.

The NEF received funds from third-party partnerships to the total value of R134.8 million for deployment in the 2023/24 and subsequent years. With a cash balance of R2.2 billion at 31 March 2024, coupled with a review of the cash flow projections, the committee is satisfied that the going concern principle can be adopted in the preparation of its financial statements for the year ended 31 March 2024.



Thinavhuyo Mpye  
Chairperson of the Audit Committee  
31 July 2024

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON NATIONAL EMPOWERMENT FUND TRUST

#### Report on the audit of the consolidated and separate financial statements

##### Opinion

We have audited the consolidated and separate financial statements of the National Empowerment Fund Trust and its subsidiaries (the group) set out on pages 126 to 210, which comprise the consolidated and separate statement of financial position as at 31 March 2024, consolidated and separate statement of financial performance, statement of changes in net assets, consolidated cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the National Empowerment Fund Group as at 31 March 2024 and their financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practices (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the National Empowerment Fund Act (Act 105 of 1998) (NEF Act).

##### Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

We are independent of the National Empowerment Fund Group in accordance with the *Code of professional conduct for auditors* of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA

code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Emphasis of matter

We draw attention to the matter below. Our opinion is not modified in respect of this matter.

##### Restatement of corresponding figures

As disclosed in note 40 to the consolidated and separate financial statements, the corresponding figures for March 2023 were restated as a result of errors in the financial statements at and for the year ended 31 March 2024.

##### National Treasury Instructions Note No. 4 of 2022–23: PFMA Compliance and Reporting Framework

On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022–2023 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which comes into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure of the annual financial statements, only the current and prior year figures are disclosed in note 37 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the NEF Group. The disclosure of these movements (e.g. condoned, recoverable, removed, written off,

under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the NEF Group. We do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

##### Responsibilities of accounting authority for the consolidated and separate financial statements

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

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

##### Responsibilities of the auditor for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from

material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

A further description of our responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

##### Report on the annual performance report

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected strategic objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

We selected the following strategic objectives presented in the annual performance report for the year ended 31 March 2024 for auditing. We selected strategic objectives that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

STRATEGIC OBJECTIVES	PAGE NUMBERS	PURPOSE
Objective 1 – Growing Black Economic Participation in the South African Economy	61 to 62	In ensuring that the strategic outcomes and objectives of the DTIC and the NEF are aligned, the NEF has selected the following strategic outcomes/objectives of the DTIC, which align with the NEF's mandate: <ul style="list-style-type: none"> <li>Implement transformation through EE and B-BBEE</li> <li>Increased number of Black People that participate in the mainstream economy</li> <li>Grow the manufacturing sector to promote industrial development, job creation, investment and exports</li> <li>Township and rural economies' development initiatives facilitated</li> </ul>
Objective 2 – Growing BEE Through Partnerships	71	
Objective 3 – Maintaining Financial Sustainability	68	



We evaluated the reported performance information for the selected strategic objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

#### We performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that we can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

We performed the procedures for the purpose of reporting material findings only, and not to express an assurance opinion.

The material findings on the reported performance information of selected key performance areas are as follows:

#### Establish the NEF as a sustainable DFI

Collection ratio – we were not able to substantiate the reported value of 80%. The collection ratio measures the percentage of collections against instalments raised. The calculation of the ratio include comparison of the collections achieved during the year against instalments raised. The calculation of the ratio is based on information from the accounting records and the general ledger. We were not able to verify some of the

amounts used in the calculation. Some instalments which were supposed to have been raised in terms of the loan agreements with borrowers were not raised in terms of the loan agreement, resulting in understatement of the instalments raised, which in turn affect the calculation of the collection ratio.

As a consequence, were not able to obtain sufficient and appropriate evidence to confirm the reliability and to determine whether any adjustments were needed to the collection ratio and therefore unable to conclude on the KPI figure reported.

#### Achievement of planned targets

The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievement. This information should be considered in the context of the material findings on the reported performance information.

#### Report on compliance with legislation

In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

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

Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

#### Expenditure management

Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R261 657 734 as disclosed in note 37 to the consolidated and separate financial statements, as required by section 51(1)(b)(ii) of the PFMA.

#### Annual Financial Statements

The financial statements submitted for auditing were not prepared in accordance with prescribed reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements and restatements loans and advances, operating expenses and related disclosure items, identified by the auditors and management in the submitted financial statements, were corrected, resulting in the consolidated and separate financial statements receiving an unqualified opinion. The details of the restatements have been described in note 40 to the consolidated and separate financial statements.

#### Other information in the annual financial statements and integrated report

The accounting authority is responsible for the other information. The other information comprises the information included in the annual financial statements and the integrated report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected strategic objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

Our opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected strategic objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Internal control deficiencies

We considered internal control relevant to our audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.

The matter reported below is limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Group management did not implement adequate internal controls over the preparation and review of accurate financial statements to ensure that they were fully compliant with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA, as material misstatements and restatements were identified in the financial statements that were submitted for auditing.



SkX Audit Services Inc.

Dumisani Manana

Director

Registered Auditor

27 September 2024

## Annexure to the auditor's report

### Auditor's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected strategic objectives and on the public entity's compliance with selected requirements in key legislation.

#### Financial statements

In addition to our responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, we also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also

conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the National Empowerment Fund and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the consolidated and separate financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

#### Communication with those charged with governance

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

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

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

STRATEGIC OBJECTIVES	PAGE NUMBERS
Public Finance Management Act 1 of 1999 (PFMA)	Sections 38(1)(b), 44, 45(b), 51(1)(e)(iii), 52(b), 53(4), 54(2)(c), 55(1)(a), (b) and (c)(i), 57(b)
Preferential Procurement Regulations of 2022 (PPR)	Regulations 4(4), 5, 6(8),7(8),10,11(1)
Treasury Regulations	Treasury Reg 8.2.1 and 8.2.2, 16A3.2, 16A6.1, 16A6.2(a) and (b), 16A6.3(b) and (c), 16A6.4, 16A6.5, 16A6.6, 16A.7.1, 16A8.3 and 8.4, Reg 16A9.1(d) and (e), 16A9.2(a)(ii), 30.1.1, 30.1.3, 30.2.1, 31.1.2(c), 31.2.1, 33.1.3
SCM Instruction Notes	Note 02 of 2021-22 par 3.2.1 Note 02 of 2021-22 par 3.2.4 Note 02 of 2021-22 par 3.3.1
PFMA SCM Instruction Notes	Note 03 of 2021/22 definition Note 03 of 2021/22 par 4.1 Note 03 of 2021/22 par 4.2(b) Not 03 of 2021/22 par 4.3 and 4.4 Note 3 of 2021/22 par 7.2
National Treasury Instruction Note	Note 4A of 2016/17



NATIONAL EMPOWERMENT FUND TRUST  
REGISTRATION NUMBER: IT 10145/00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
as at 31 March 2024

	Notes	GROUP		TRUST	
		2024	* Restated 2023	2024	* Restated 2023
		R	R	R	R
<b>ASSETS</b>					
<b>Non-current assets</b>					
		<b>2 810 123 317</b>	<b>2 916 030 260</b>	<b>2 838 669 232</b>	<b>2 945 882 602</b>
Property, plant and equipment	4	37 596 352	39 168 329	2 668 905	3 068 408
Investment property	5	5 373 157	5 373 157	-	-
Intangible assets	6	2 437 724	3 294 534	-	-
Goodwill	7	-	2 800 000	-	-
Investments in associates	9	77 874 854	87 998 872	77 874 854	87 998 872
Investment in subsidiaries	10	-	-	19 876 554	19 876 554
Investments at fair value	11	1 243 400 766	1 527 806 788	1 243 400 766	1 527 806 788
Originated loans	12	1 204 391 446	1 128 347 476	1 255 799 135	1 185 890 876
Finance lease receivables	13	239 049 018	121 241 104	239 049 018	121 241 104
<b>Current assets</b>					
		<b>2 844 822 471</b>	<b>3 127 090 251</b>	<b>2 824 512 468</b>	<b>3 101 724 169</b>
Current portion of originated loans	12	397 366 786	337 675 240	412 631 738	348 561 670
Current portion of finance lease receivables	13	102 232 646	95 721 901	102 232 646	95 721 901
Investments held-for-trade	14	25 775 210	21 947 209	25 775 210	21 947 209
Inventories	16	16 284 942	15 727 462	-	-
Trade and other receivables	17	25 048 698	32 782 212	16 328 388	15 442 083
Dividends receivables		33 379 058	33 379 058	33 379 058	33 379 058
Cash and cash equivalents	19	2 244 735 131	2 589 857 169	2 234 165 428	2 586 672 248
<b>TOTAL ASSETS</b>					
		<b>5 654 945 788</b>	<b>6 043 120 511</b>	<b>5 663 181 700</b>	<b>6 047 606 771</b>

NATIONAL EMPOWERMENT FUND TRUST  
REGISTRATION NUMBER: IT 10145/00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
as at 31 March 2024

	Notes	GROUP		TRUST	
		2024	* Restated 2023	2024	* Restated 2023
		R	R	R	R
<b>NET ASSETS AND LIABILITIES</b>					
<b>Net Assets</b>					
		<b>4 218 932 180</b>	<b>4 517 433 914</b>	<b>4 250 945 082</b>	<b>4 542 341 397</b>
Trust capital	20	2 468 431 472	2 468 431 472	2 468 431 472	2 468 431 472
Accumulated surplus		1 747 079 035	2 045 580 769	1 782 513 610	2 073 909 925
Revaluation reserve		3 421 673	3 421 673	-	-
<b>Non-current liabilities</b>					
		<b>69 129</b>	<b>610 839</b>	<b>9 249 151</b>	<b>9 249 151</b>
Instalment sale agreements	21	-	519 303	-	-
Deferred tax liability	8	69 129	91 536	-	-
Investment in subsidiary	10	-	-	9 249 151	9 249 151
<b>Current liabilities</b>					
		<b>1 435 944 479</b>	<b>1 525 075 758</b>	<b>1 402 987 467</b>	<b>1 496 016 223</b>
Trade and other payables	22	107 562 611	105 601 057	74 688 494	76 788 290
Enterprise development fund	23	1 328 298 973	1 419 227 933	1 328 298 973	1 419 227 933
Instalment sale agreements	21	82 895	246 768	-	-
<b>Total Liabilities</b>					
		<b>1 436 013 608</b>	<b>1 525 686 597</b>	<b>1 412 236 618</b>	<b>1 505 265 374</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>					
		<b>5 654 945 788</b>	<b>6 043 120 511</b>	<b>5 663 181 700</b>	<b>6 047 606 771</b>

\* Please refer to note 40 for more details.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE  
For the year ended 31 March 2024

	Notes	GROUP		TRUST	
		2024	* Restated 2023	2024	* Restated 2023
		R	R	R	R
<b>Interest and dividend income</b>	25	<b>509 616 793</b>	<b>424 130 563</b>	<b>514 584 851</b>	<b>431 763 233</b>
<b>Net sundry income</b>	26	<b>234 081 343</b>	<b>356 319 596</b>	<b>143 714 630</b>	<b>277 823 885</b>
<b>Net revenue</b>		<b>743 698 136</b>	<b>780 450 159</b>	<b>658 299 481</b>	<b>709 587 118</b>
Finance charges		(121 005)	(116 028)	-	-
Social benefit	12 & 13	(41 771 937)	(47 745 078)	(41 771 937)	(47 745 078)
Administration expenses	27	(416 232 181)	(374 255 139)	(329 276 365)	(292 584 817)
Loss on derecognised subsidiary	28	-	(2 920 139)	-	-
<b>Net operating income</b>		<b>285 573 013</b>	<b>355 413 775</b>	<b>287 251 179</b>	<b>369 257 223</b>
Net impairment and write-offs	30	(289 893 916)	(264 308 510)	(286 977 144)	(264 085 674)
<b>Net gain before fair value adjustments</b>		<b>(4 320 903)</b>	<b>91 105 265</b>	<b>274 035</b>	<b>105 171 549</b>

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE  
For the year ended 31 March 2024

	Notes	GROUP		TRUST	
		2024	* Restated 2023	2024	* Restated 2023
		R	R	R	R
<b>Fair value loss</b>		<b>(291 670 350)</b>	<b>(676 542 905)</b>	<b>(291 670 350)</b>	<b>(669 916 062)</b>
- Investments in associates	9	(10 130 720)	5 977 708	(10 130 720)	5 977 708
- Investments at fair value - non associate equity investments	11.1	(284 401 023)	(680 320 054)	(284 401 023)	(680 320 054)
- Investments at fair value - unincorporated equity investments	11.2	(966 608)	(269 398)	(966 608)	(269 398)
- Revaluation of Investment Property	5	-	(6 626 843)	-	-
- Investments held-for-trade	14	3 828 001	4 695 682	3 828 001	4 695 682
<b>Deficit before taxation</b>		<b>(295 991 253)</b>	<b>(585 437 640)</b>	<b>(291 396 315)</b>	<b>(564 744 513)</b>
Taxation	29	(2 510 480)	97 774	-	-
<b>Deficit for the year</b>		<b>(298 501 733)</b>	<b>(585 339 866)</b>	<b>(291 396 315)</b>	<b>(564 744 513)</b>
<b>Deficit attributable to</b>					
Owners of the parent of the entity		(298 501 733)	(585 278 019)	-	-
Non-controlling interest		-	(61 847)	-	-
		<b>(298 501 733)</b>	<b>(585 339 866)</b>	<b>(291 396 315)</b>	<b>(564 744 513)</b>

\* Please refer to note 40 for more details.



NATIONAL EMPOWERMENT FUND TRUST  
REGISTRATION NUMBER: IT 10145/00

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS  
For the year ended 31 March 2024

Group

	Trust capital	Accumulated surplus	Revaluation reserve	Non-controlling interest	Total
Note	R	R	R	R	R
Balance as at 31 March 2022	2 468 431 472	2 630 858 787	3 421 673	(13 503 581)	5 089 208 351
Restated Deficit for the year	-	(585 278 019)	-	(61 847)	(585 339 866)
Elimination of Non-controlling interest				13 565 428	13 565 428
Balance as at 31 March 2023	2 468 431 472	2 045 580 768	3 421 673	-	4 517 433 913
Deficit for the year	-	(298 501 733)	-	-	(298 501 733)
Balance as at 31 March 2024	2 468 431 472	1 747 079 035	3 421 673	-	4 218 932 180

Trust

	Trust capital	Accumulated surplus	Total
	R	R	R
Balance as at 31 March 2022	2 468 431 472	2 638 654 438	5 107 085 910
Restated Deficit for the year	-	(564 744 513)	(564 744 513)
Balance as at 31 March 2023	2 468 431 472	2 073 909 925	4 542 341 397
Deficit for the year	-	(291 396 315)	(291 396 315)
Balance as at 31 March 2024	2 468 431 472	1 782 513 610	4 250 945 082

Note 20

NATIONAL EMPOWERMENT FUND TRUST  
REGISTRATION NUMBER: IT 10145/00

CONSOLIDATED CASH FLOW STATEMENT  
For the year ended 31 March 2024

	Note	GROUP		TRUST	
		2024	2023	2024	2023
		R	R	R	R
Net cash generated from operating activities	33	(343 905 526)	(438 994 807)	(350 766 648)	(437 703 616)
Cash received from customers		490 681 422	434 413 178	8 436 072	13 508 831
Cash paid to suppliers and employees		(778 401 353)	(702 066 639)	(312 684 143)	(289 461 427)
Cash paid from enterprise development		(114 672 434)	(566 283 575)	(114 672 434)	(566 283 575)
Cash received from enterprise development funders		134 788 040	119 675 000	134 788 040	119 675 000
Investment disbursements	34	(799 482 186)	(505 191 334)	(799 482 186)	(505 191 334)
Repayments on originated loans and leases	35.1	266 261 995	403 359 378	270 960 954	405 317 035
Dividends received		65 307 058	78 128 598	65 307 058	78 128 598
Interest received	35.2	391 611 933	298 970 587	396 579 991	306 603 257
Net cash utilised by investing activities		(2 520 261)	(1 457 293)	(1 740 172)	(877 651)
Additions to property, plant and equipment	4	(3 315 503)	(1 457 293)	(1 740 172)	(877 651)
Proceeds from disposal of property, plant and equipment		795 242	-	-	-
Net cash utilised by financing activities		1 303 749	1 174 252	-	-
Repayment of instalment sale		(187 324)	(439 178)	-	-
Addition in other financial liabilities		1 491 073	1 613 430	-	-
Decrease in cash and cash equivalents		(345 122 038)	(439 277 848)	(352 506 820)	(438 581 267)
Cash and cash equivalents at beginning of the year		2 589 857 169	3 029 135 017	2 586 672 248	3 025 253 515
Cash and cash equivalents at end of the year	19	2 244 735 131	2 589 857 169	2 234 165 428	2 586 672 248

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL  
For the year ended 31 March 2024

	Notes	TRUST		
		Approved final budget	Actual	Variance
		R	R	R
<b>Revenue</b>	<b>36.1</b>	<b>366 981 848</b>	<b>514 584 851</b>	<b>147 603 003</b>
Sundry income	36.2	68 859 382	143 714 630	74 855 248
<b>Total Income</b>		<b>435 841 230</b>	<b>658 299 481</b>	<b>222 458 251</b>
<b>Expenses</b>				
Compensation of employees		(240 076 340)	(221 522 542)	18 553 798
Social benefit		-	(41 771 937)	(41 771 937)
Use of goods and services		(109 253 648)	(107 753 823)	1 499 825
<b>Total expenses</b>	<b>36.3</b>	<b>(349 329 988)</b>	<b>(371 048 302)</b>	<b>(21 718 314)</b>
<b>Net operating income</b>		<b>86 511 242</b>	<b>287 251 179</b>	<b>200 739 936</b>
Impairment charge	36.4	(80 000 000)	(286 977 144)	(206 977 144)
Write-offs		-	-	-
<b>Surplus before fair value adjustments</b>		<b>6 511 242</b>	<b>274 034</b>	<b>(6 237 208)</b>
Net fair value loss	36.5	-	(291 670 350)	(291 670 350)
<b>Surplus/(Deficit) for the year</b>		<b>6 511 242</b>	<b>(291 396 316)</b>	<b>(297 907 558)</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

**1 ACCOUNTING POLICIES AND BASIS OF PREPARATION**

The accounting policies below are employed by National Empowerment Fund Trust (NEF), National Empowerment Fund Corporation SOC Limited and its subsidiaries.

**1.1 Main business and operations**

The National Empowerment Fund Trust is a South African public entity (Schedule 3A) under the direction of the Department of Trade Industry and Competition (dtic). The Trust was established through the National Empowerment Fund Act (Act 105 of 1998), to provide access to funding for black owned and managed businesses through the Fund Management Division and Strategic Projects Fund, which provides funding for venture capital activities in the priority sectors. In addition, the promotion of investments and savings activities is undertaken by designing and offering retail investment products through the Asset Management Division which are offered for subscription by black investors.

**1.2 Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

**1.3 Basis of preparation**

The financial statements have been prepared on the historical cost basis, apart from certain financial instruments that are carried at fair value, in accordance with South African Statements of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements of the Trust and the Group have been prepared except for cash flow statement information, using the accrual basis of accounting.

The going concern basis has been adopted in preparing financial statements for the Trust and the Group. The Accounting Authority has no reason to believe that the Trust and the Group will not be a going concern in the foreseeable future based on forecasts, available cash resources and approval of new investment facilities. The Group and Trust financial statements are presented in South African Rand, which is the functional currency, rounded-off to the nearest rand.

**1.4 Consolidation**

**Investments in associates**

Associates are all entities over which the Trust has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

GRAP 7 exempts venture capital organisations from equity accounting investments in associates if they, upon initial recognition, decide to designate the investment at fair value through profit and loss. As a venture capital organisation, the Trust has elected to apply this exemption and accordingly all such investments are not equity accounted but designated as investments at fair value through profit and loss.

Once an investment in associate is initially designated at fair value through profit and loss it is recognised at fair value. Subsequent measurement will thereafter be in terms of GRAP 104 which allows for an associate to either be held at fair value or at cost. Specifically where the fair value of unquoted associate investments cannot be reliably measured the investment will be measured at cost. The Trust



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

has opted to hold all associate investments at fair value, except for project related investments initiated by the Strategic Projects Fund Division (SPF), where the measurement thereof is dependent on the stage of the project.

Investments in associates that are in pre-finalisation or bankable feasibility stage are written down to nominal value. On finalisation of bankable feasibility stage and incorporation, the investment is held at cost with annual impairment testing. Once the company has reached the intended operating capacity or if the value can be reliably calculated the investment will thereafter be measured at fair value.

#### Interests in joint ventures

GRAP 8 exempts venture capital organisations from equity accounting investments in joint ventures if they, upon initial recognition, decide to designate the investment at fair value through profit and loss. As a venture capital organisation, the Trust has elected to apply this exemption and accordingly all such investments are not equity accounted but designated as investments at fair value through profit and loss in terms of GRAP 104.

#### Investments in subsidiaries

Subsidiaries are entities controlled by the NEF. Control exists when the NEF has the power, directly or indirectly, to govern the financial and operating affairs and policies of an entity so as to obtain benefits from its activities. In assessing control voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

The cost of an acquisition is measured at its acquisition date fair value.

Intercompany transactions, balances and unrealised gain on transactions between Group entities are eliminated on consolidation.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investments in subsidiaries in the Trust's separate financial statements are carried at cost.

National Empowerment Fund Corporation SOC Ltd is a subsidiary that was created by the NEF to fulfil specific functions of the NEF. The subsidiary is treated as a normal investee in the separate financial statements and consolidated under GRAP 6 in the Group financial statements. National Empowerment Fund Trust acquired Delswa (Pty) Ltd, Surgetek (Pty) Ltd, and Zastrovect (Pty) Ltd through exercising its rights when defaulted on the terms on their loans. The NEF Trust lost control in Golden Dice (Pty) Ltd in the current financial year.

These subsidiaries are temporary in nature while National Empowerment Fund Trust seeks suitable buyers. These subsidiaries are accounted for in terms of GRAP 6.

#### Loss of control

If the NEF as controlling entity loses control of a controlled entity, the NEF:

- derecognises the assets and liabilities of the former controlled entity from the consolidated statement of financial position;
- recognises any investment retained in the former controlled entity and subsequently accounts for it and for any amounts owed by or to the former controlled entity in accordance with the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

relevant Standards of GRAP. That fair value is regarded as the fair value on initial recognition of a financial asset in accordance with Standard of GRAP on Financial Instruments or the cost on initial recognition of an investment in an associate or joint venture; and

- recognises the gain or loss associated with the loss of control attributable to the former controlling interest.

#### 1.5 Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably and when specific criteria have been met for each of the Group activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies related to the transaction have been resolved.

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

- the entity has transferred to the buyer 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 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.

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

The entity recognises revenue when it has transferred the significant risks and rewards of ownership to the buyer and does not retain continuing managerial involvement nor control over the goods.

Interest is recognised on a time apportioned basis using the effective interest rate method. When a receivable is impaired, the Trust reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established.

Sundry income mainly comprises of bad debt recovered from investments written-off, conditional and unconditional grants including enterprise suppliers development funds (ESD).

Revenue for bad debt recovered is recognised to the extent of cash received in the year of assessment. Conditional grant is recognised when disbursements are made to the beneficiaries of the relevant fund. Unconditional grant is recognised when transfer is received from partner(s).

The Trust only recognises revenue and expense that it receives or incurs in return for executing the transactions on behalf of the principal. The NEF as an agent recognises the funds received as a liability on receipt of the funds.

#### 1.6 Property, plant and equipment

Property, plant and equipment are identifiable non-monetary assets which the Group holds for its own use and which are expected to be used for more than one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Property, plant and equipment is recognised when:

- It is probable that expected future economic benefits attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

All items of property, plant and equipment, are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and if the cost of the item can be reliably measured. All repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

Where parts of an item of property, plant and equipment have significantly different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is calculated using the straight line method to reduce the cost of assets to their residual values over their estimated useful lives as follows.

Item	Rate p.a.
Furniture and fittings	10% - 16,67%
Motor vehicles	20% - 25%
Office equipment	20% - 40%
Leasehold improvements	10% - 20%
Audio Visual equipment	33,33%
Paintings	2%
Property	5%
Plant and machinery	16,67% - 20%
Trolleys and bins (Other assets)	50%
IT equipment	33%
Signage (Other assets)	20%

Investment property is held by National Empowerment Fund Corporation SOC Ltd (Subsidiary) at fair value and is accounted for at cost in the group annual financial statements. Where there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. Should residual values or useful lives be adjusted, the adjustment is accounted for and disclosed as a change in accounting estimate.

An asset's carrying amount is written down to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the surplus or deficit, under the 'administrative expenses' line.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

1.7 Goodwill

Goodwill is initially measured at cost, being the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Subsequent goodwill is tested for impairment annually and it is carried at cost less any accumulated impairment.

Goodwill is amortised at 10% rate per annum.

1.8 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance which the Group holds for its own use, and which are expected to be used for more than one year.

An intangible asset is recognised when:

- It is probable that expected future economic benefits attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are initially measured at cost including transaction costs and directly attributable expenditure in preparing the asset for its intended use.

Acquired computer software is capitalised on the basis of cost incurred to acquire and bring to use the specific software purchased and is amortised on a straight-line basis over the expected useful lives of the assets. Intangible assets are subsequently carried at cost less any accumulated amortisation and any impairment losses.

Intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortisation shall begin when the asset is available for use, i.e. when it is in the location and

condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the date that the asset is derecognised. The amortisation method used shall reflect the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight line method shall be used. The residual values, amortisation period and the amortisation method for intangible assets are reviewed at each reporting date and adjusted if appropriate. The amortisation charge for each period shall be recognised in surplus or deficit.

An intangible asset shall be derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset shall be included in surplus or deficit.

Item	Rate p.a.
Computer software	33,33%
Surge Technology IP	10,00%

1.9 Investment Property

Investment property is property (land or building - or part of a building- or both) held by the owner to earn rentals or for capital appreciation or both. Investment property is initially recognised at cost and subsequently at fair value with changes in fair value recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are carried at amortised cost at reporting date. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and other short term highly liquid investments with original maturities.



### 1.11 Inventory

Inventories are measured at the lower of cost and net realisable value, on the first-in-first-out (FIFO) basis. Where inventories are acquired through a non-exchange transaction, their cost shall be measured at their fair value as at the date of acquisition. When inventories are sold, exchanged or distributed the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.12 Financial instruments

#### Recognition and derecognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets and financial liabilities at fair value are recognised on trade date, which is the date on which the Group commits to purchase or sell the asset. The Group recognises a financial asset and financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument, that is, when cash is advanced to the borrowers.

Financial assets or financial liabilities are initially recognised at fair value including transaction costs, except financial assets or

financial liabilities at fair value through profit and loss that are initially recognised at fair value with transaction costs being expensed on date of recognition. Differences, on recognition, between the fair value of a financial asset or financial liability and the purchase price is recognised as a Day 1 profit and loss only where the fair value determined is based on observable market data.

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when, and only when, the obligations are discharged, cancelled, expire or are substantially modified. The difference between the carrying amount of the financial liability derecognised, and the consideration paid and payable shall be recognised in surplus or deficit.

#### Classification

The Group classifies financial assets in the following categories: investments at fair value or held for trade, GRAP 7 category: loans and receivable and investments held at cost. Management determines the classification of investments at initial recognition.

#### Originated loans

Originated loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after reporting date. These are classified as non-current. They arise when the Trust provides money, goods or services directly to a borrower with no intention of trading the originated loan.

### Concessionary loans

Where the Trust grants concessionary loans, it considers whether part of the consideration granted is a social benefit. The Trust accounts for the components of a concessionary loan granted separately.

The loan component of concessionary loans issued by the Trust is accounted for as a financial asset. The non-exchange (social benefit) component of arrangement is accounted for using the Framework for the Preparation and Presentation of Financial Statements.

The loan is recognised when the Trust becomes party to the contractual provisions of the instrument. Concessionary loans are initially measured at fair value plus transaction costs. The difference between transaction price (loan proceeds) and fair value is recognised as a social benefit in accordance with the Framework.

### Investments carried at fair value

This category has two subcategories: financial assets held for trading and those designated at fair value on inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated. Assets in this category are classified as non-current assets when designated at fair value, whilst investments held for trading are classified as current.

Financial assets are designated as fair value in instances where: (i) they meet the definition of held for trading in that they are principally held with the intention to dispose of in the near term or (ii) they represent assets that are intended to be held for an indefinite period of time, which may be sold in response to the needs of liquidity or changes in interest rates, exchange rates or equity prices or non-derivatives that are not classified in any other category.

### Embedded derivative financial instruments

The Group has invested in instruments which in some instances contain embedded derivatives. These derivatives are part of the equity exit and conversion mechanisms used by the NEF. In such instances where an embedded derivative is identified, these are treated and disclosed as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract; the terms of the embedded derivative are the same as those of a stand alone derivative; and the combined contract is not recognised at fair value with any gains or losses from the change in fair value being recognised in the surplus or deficit. Upon identification and separate disclosure, the host contracts are accounted for and measured applying the rules of the relevant category of that financial instrument with the embedded derivative portion being recognised at fair value.

### Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

**Subsequent measurement**

Investments at fair value are subsequently carried at fair value. Loans, receivables and preference share investments are carried at amortised cost, less accumulated impairments, using the effective interest rate method. Gains and losses arising from changes in the fair value of the financial assets at fair value category are included in the surplus or deficit in the period in which they arise.

Concessionary loans are subsequently measured at amortised cost, which includes any modification gains and losses, write-offs, and impairment losses.

**Fair value**

The fair values of listed investments in active markets are based on current prices. For unlisted securities and financial assets which are not traded, the Trust establishes fair value by using enterprise valuation techniques. These include the use of: equity based valuations derived out of enterprise valuations on discounted price earnings multiples less non-current liabilities; or the net asset value of the enterprise. The latest company earnings and asset values as reported in their financial statements, comparable to other similar sector companies or independent asset valuation are used to perform the valuations. These valuation techniques are commonly used by market participants and based on South African Private Equity and Venture Capital Association guidelines.

**Fair value estimation – day 1 gain/(loss)**

Day one gains and losses occur when the Group uses a model to measure the fair value of the instrument and the model price at initial recognition is different from the transaction price. Day one gains and losses are recognized only when the fair value is evidenced by a quoted price in an active market for the same instrument or is

based on a valuation technique that only uses data from observable markets.

**Impairment of financial assets**

**(a) Assets carried at amortised cost**

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about, amongst others, the following loss events:

- (i) significant financial difficulty of the issuer or obligated party;
- (ii) a breach of contract, such as a default or delinquency in interest or principal payments;
- (iii) the granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- (iv) it becomes probable that the borrower will encounter financial difficulties or become bankrupt;
- (v) the disappearance of an active market for that financial asset because of financial difficulties; or
- (vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- adverse changes in the payment status of borrowers in the group; or
- national or local economic conditions that correlate with defaults by borrowers.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Trust determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried 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 and the amount of the loss is recognised in the surplus or deficit. If a loan or preference share investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Trust may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a financial asset reflects the cash flows that may result from foreclosure less the cost of obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics (i.e. on the basis of the Trust's grading process that considers asset type, industry, geographical location, collateral type, past due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows of such assets and are indicative of the borrowers' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for a group of assets reflect and are consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Trust to reduce any differences between loss estimates and actual loss experience.

When a loan becomes uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are recognised as bad debts recovered 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. The amount of the reversal is recognised in the surplus or deficit.

**(b) Investments held at cost**

Equity investments that are measured at cost as a result of fair value not being reliably measurable, are assessed for impairment on an annual basis. Where there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the investment and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

**(c) Renegotiated originated loans**

Originated loans that have been subject to impairment losses and whose settlement terms have been formally and legally renegotiated are reset in terms of the assessment of the objective evidence for impairment losses. Renegotiated loans are subject to ongoing review to determine whether they should thereafter be considered as impaired or past due following their reset.

Reversals of impairment losses are recognised in surplus or deficit.

**Impairment of non-financial assets**

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Property and equipment and other non-current assets, including intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying

amount may not be recoverable. Intangible assets with indefinite useful lives are reviewed for impairment at each reporting date regardless of indication of impairment or not. An impairment loss is recognised in the surplus or deficit for the amount by which the carrying amount of the asset exceeds its recoverable amount, that is, the higher of the asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash generating unit and
- then, to the other assets of the unit, pro-rata on the basis of the carrying amount of each asset in the unit.

**Deferred conversion grant expense**

The deferred conversion grant expense is recognised for clients who received the Economic Recovery Fund and did not receive any other grant.

It is measured as a difference between the fair value of the financial asset on transaction effective date and the transaction price. The fair value is calculated by discounting the future cash flows expected to be received from the client after taking into account the 30% portion which will be converted to a grant using the NEF's normal lending rate. The deferred conversion grant expense is derecognised when the client meets the conditions to qualify for the grant.

**1.13 Trade and other payables**

Trade and other payables relate to goods and services for operating expenses incurred before year end but not settled as at reporting date. The Group recognises a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

**1.14 Enterprise development fund**

Conditional enterprise development funds are initially recognised at its fair value and classified as a liability until such time when conditions are met.

Unconditional enterprise development funds are initially recognised at its fair value and classified as an income upon receipt.

**1.15 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.

**Finance leases and instalment sale agreements**

Suspensive sale agreements are primarily stand alone financing transactions, with rentals and instalments receivable, less unearned finance charges, being included in the gross lease receivable in the Statement of Financial Position.

Finance leases and instalment sale agreements are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, the present value of the minimum lease payments. The corresponding liability to the lessee is included in the statement of financial position as a finance lease obligation. The lease payments are apportioned between the finance charge and reduction of the outstanding liability.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

**Operating leases**

Leases, where the significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to the surplus or deficit on the straight line basis over the period of the lease.

**1.16 Employee benefits**

**a) Pension obligations**

The Group contributes to a provident fund, which is a defined contribution plan, on a monthly basis. A defined contribution plan is one under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions when the fund does not hold sufficient assets to pay all benefits relating to employee service in the current and prior periods. The regular contributions constitute the net periodic costs for the year in which they are due, and are included in staff costs. Short-term employee benefits are recognised as an expense in the accounting period when the services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

**b) Performance awards**

The Group recognises a liability and an expense in circumstances when bonuses are approved. The Group recognises an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

**1.17 Provisions and contingencies**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and is measured at management's best estimate of the amount that would be required to settle or transfer the liability at balance sheet date. Long term provisions are discounted to net present value, with the relevant increase in the provision due to the passage of time being recognised as an interest expense. The provisions are mainly made up of performance bonuses as well as provision for leave pay. The contingencies are arise mainly emanates from litigations which are originated by clients.

**1.18 Critical accounting estimates and judgements in applying accounting policies**

Management has applied judgement on the basis of valuation methodologies in the estimation of the carrying value of loans (for impairments), and investments held at fair value through profit and loss. It is reasonably possible, on the basis of existing knowledge that outcomes within the next year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected. The valuation methodologies are disclosed below.

Judgements and assumptions in the valuations and impairments include determining the:

- Free cash flow of investees;
- Replacement values;
- Realisable value of assets;
- Net Asset Value model and other relevant valuation techniques

**(a) Impairment losses on originated loans, finance leases and goodwill**

The Group reviews its loan portfolios to assess impairment at quarterly intervals. In determining whether an impairment loss should be recognised in the surplus or deficit, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease is identified for an individual loan in that portfolio. The portfolio is made up of new black empowerment investments most of which are start ups in the market. As a result, there is no financial performance history which guides the impairment process. The Trust's management has thus developed an impairment matrix and is continually refining it. The impairment matrix was benchmarked against those utilised by peers in the market. Amongst others, the impairment matrix encompasses the review of the following observable data:

- Falling markets;
- History of payment default;
- Legal action taken against the investee;
- Breach of contract;
- Non-submission of financial information;
- General attitude of the investee as demonstrated by their repayment history;
- Value of security; and
- Arrear payments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Originated Loans are individually assessed and impaired utilising management's impairment matrix. For the carrying amount of these investments refer to note 12.

**(b) Fair value of equity investments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques (above-mentioned). The Group uses its judgement to make assumptions that are mainly based on market conditions.

**(c) Fair value of investment property**

Fair value on investment property is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

**1.19 Taxation**

**a) Income tax**

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period.

**b) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

**1.20 Events after reporting date**

An entity should adjust its financial statements for events after the reporting date; and the disclosures that an entity should give about the date when the financial statements were authorised for issue and about events after the reporting date.

This Standard also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting date indicate that the going concern assumption is not appropriate.

**1.21 Segment Reporting**

If a financial report contains both the consolidated financial statements and the separate financial statements of a controlling entity, segment information is required only in the consolidated financial statements. An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates.



## 2 NEW STANDARDS AND INTERPRETATIONS

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, there were no new standards adopted by the Trust.

### 2.2 Standards and interpretations not yet effective or relevant

#### GRAP 1 – Presentation of Financial Statements (Amendments to the Standard of GRAP)

The objective of this Standard is to amend the existing GRAP 1 accounting standard on going concern and disclosure on going concern.

The effective date of the standard is still to be determined by the Minister of Finance. It is likely that the standard will have a material impact on the Trust's annual financial statements.

#### GRAP 103 – Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

The effective date of the standard is still to be determined by the Minister of Finance. It is likely that the standard will not have an impact on the Trust's annual financial statements.

#### GRAP 104 – Financial Instruments

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.

The effective date of the standard is 1 April 2025. It is likely that the standard will have a material impact on the Trust's annual financial statements.

#### GRAP 105 – Transfer of Functions Between Entities under Common Control

The objective of this Standard is to establish principles and requirements for the acquirer and transferor in a transfer of functions between entities under common control and its effects.

The effective date of the standard is still to be determined by the Minister of Finance. It is likely that the standard will not have an impact on the Trust's annual financial statements.

#### GRAP 106 – Transfer of Functions Between Entities Not under Common Control

The objective of this Standard is to establish principles and requirements for the acquirer in a transfer of functions between entities not under common control and its effects.

The effective date of the standard is still to be determined by the Minister of Finance. It is likely that the standard will not have an impact on the Trust's annual financial statements.

#### GRAP 107 – Mergers

The objective of this Standard is to establish principles and requirements for the combined entity and combining entities in a merger and its effects.

The effective date of the standard is still to be determined by the Minister of Finance. It is likely that the standard will not have an impact on the Trust's annual financial statements.

## 3 RISK MANAGEMENT

### 3.1 Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and also comprises the potential loss on financing due to counterparty default on the advancing of Originated Loans as well as any trade and other receivables arising out of investment activities of the Group.

The risk of default on Originated Loans is actively managed especially through the fully established Post Investment Department, responsible for the ongoing performance monitoring of the Loans Investment portfolio.

Only the National Treasury approved banks are used by the Group for cash and call deposits, and these are split between the banks as follow:

Credit Ratings*	GROUP	
	2024	2023
	R	R
Standard Bank	250 733 149	99 118 751
First National Bank	50 710 030	139 701 321
South Africa Reserve Bank	1 940 750 068	2 348 712 796
Rand Merchant Bank	2 398 671	2 216 017
	<b>2 244 591 918</b>	<b>2 589 748 885</b>

	TRUST	
	R	R
Standard Bank	249 866 317	98 753 780
First National Bank	41 150 124	136 989 407
South Africa Reserve Bank	1 940 750 068	2 348 712 796
Rand Merchant Bank	2 398 671	2 216 017
	<b>2 234 165 180</b>	<b>2 586 672 000</b>

The Group's maximum exposure to credit risk is represented by the carrying amount of all the financial assets determined to be exposed to credit risk (net of impairment losses where relevant). Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics. \*Ratings quoted are Moody's announced in March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Originated Loans and Finance leases are individually impaired, and may be analysed as follows:

	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
<b>Originated Loans</b>				
Normal monitoring and performing loans	1 823 066 228	1 731 181 292	1 961 711 046	1 875 474 024
Close monitoring*	132 921 779	48 667 631	155 883 693	70 655 593
Partly/fully impaired**	455 646 220	447 276 166	455 646 221	447 276 166
<b>Gross originated loans</b>	<b>2 411 634 227</b>	<b>2 227 125 089</b>	<b>2 573 240 960</b>	<b>2 393 405 783</b>
Impairment provision	(809 875 995)	(761 102 373)	(904 810 087)	(858 953 237)
<b>Net originated loans balance</b>	<b>1 601 758 232</b>	<b>1 466 022 716</b>	<b>1 668 430 873</b>	<b>1 534 452 546</b>
<b>Finance Leases</b>				
Normal monitoring and performing leases	337 365 523	218 510 585	335 386 960	218 510 585
Close monitoring*	24 445 116	24 445 116	26 423 679	24 445 116
Partly/fully impaired**	71 025 496	56 390 437	71 025 496	56 390 437
<b>Gross finance leases</b>	<b>432 836 135</b>	<b>299 346 138</b>	<b>432 836 135</b>	<b>299 346 138</b>
Impairment provision	(91 554 471)	(82 383 133)	(91 554 471)	(82 383 133)
<b>Net finance lease balance</b>	<b>341 281 664</b>	<b>216 963 005</b>	<b>341 281 664</b>	<b>216 963 005</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Financial assets at carrying value

Aging analysis that are due and impaired (2024)

# Restated Aging analysis that are due and impaired (2023)

	TRUST			
	Total Balance	Current to 30 days	60 days to 120 days	150 days to 180+
Aging analysis that are due and impaired (2024)	2 069 012 637	1 366 636 120	233 733 442	468 643 075
# Restated Aging analysis that are due and impaired (2023)	1 751 415 553	1 549 570 416	75 354 628	126 490 509

Aging analysis that are due and impaired (2024)

# Restated Aging analysis that are due and impaired (2023)

	GROUP			
	Total Balance	Current to 30 days	60 days to 120 days	150 days to 180+
Aging analysis that are due and impaired (2024)	1 998 011 196	1 338 882 528	206 808 472	452 320 196
# Restated Aging analysis that are due and impaired (2023)	1 690 936 413	1 511 079 238	53 366 666	126 490 509

The carrying amounts of advances that would otherwise be past due whose terms have been renegotiated in the last 12 months amounts to R62 538 007 (2023: R20 981 193).

\* Close monitoring relates to clients that are transferred to the turnaround primarily as a result of the macro and micro factors, to which the organisation embarks on turnaround strategies to improve the performance of the investments.

\*\* Partially or fully impaired relates to clients that have been handed over to the legal department for recoveries as a last resort after all avenues of collection have been exhausted.

# Please refer to note 40 for more details.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Concentration risk of loans and leases by sector

	GROUP		TRUST	
	2024	2023	2024	2023
Agriculture, Hunting, Forestry and Fishing	4%	5%	4%	5%
Community, Social and Personal Services	12%	14%	12%	13%
Construction	3%	3%	3%	3%
Electricity, Gas and Water	1%	2%	1%	2%
Financial Intermediation Insurance, Real Estate and Business Services	18%	18%	18%	18%
Manufacturing	25%	25%	24%	25%
Mining and Quarrying	2%	2%	2%	2%
Transport Storage and Communication	6%	3%	6%	3%
Wholesale and Retail Trade, Hotels and Restaurants, Repairs of Vehicles and Personal Household Goods	29%	28%	30%	29%
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Concentration risk of loans and leases by region

	GROUP		TRUST	
	2024	2023	2024	2023
Eastern Cape	10%	9%	9%	9%
Free State	3%	3%	3%	3%
Gauteng	43%	45%	44%	44%
KwaZulu-Natal	18%	19%	17%	17%
Limpopo	7%	7%	9%	10%
Mpumalanga	7%	6%	7%	6%
North West	4%	5%	4%	5%
Northern Cape	3%	2%	3%	2%
Western Cape	5%	4%	4%	4%
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Managing credit concentration risk

The concentration risk in the investment portfolio is decreased through industry diversification. Investment projects in the NEF's portfolio with a cumulative exposure of R2.7 billion are representative of most sectors of the economy, with no specific industry or geographical area representing undue risk. No single investment represents more than 5% of the total investment portfolio by value, limiting the concentration of single investments. As the economic hub of the country, the portfolio is highly concentrated to Gauteng which represents 44% of the total portfolio by value.

There are continuous efforts to decrease the concentration risk through the following:

- Active operation and presence of NEF regional offices in all provinces;
- Increasing the NEF's exposure to potential transactions in other economic areas of the country through referrals from other provincial DFIs such as Sefa, Seda, NYDA, etc;
- Co-funding strategic partnerships with both private and public sectors such as the Limpopo Economic Development, Environment and Tourism Agency, and
- Northern Cape Economic Development Agency, Steve Tshwete Local Municipality, Sun City Resort, etc., by providing blended funding (grants and concessionary loans) to SMMEs that are domiciled in their respective and under-served provinces.

Management of credit risk

The NEF as a DFI faces a unique challenge in maintaining a sustainable balance between maximising development returns and minimising financial loss in its lending and investment activities. As such, the credit granting activities are informed by the strategic acceptance by the Board, that a higher risk appetite than entities driven by a purely commercial objective is essential to fulfil the mandate given by government in relation to its small business development and job creation objectives.

The Trust obtains collateral against funds disbursed to investees. The collateral includes the following forms:

- Special notarial bonds on any plant and equipment funded.
- General notarial bonds on movable assets.
- Cession of trade debtors and specific cash balances.
- Mortgage bonds on land and buildings.
- Cession of insurance proceeds.

Any fair value of such collateral is considered against collectible debt at outstanding amounts including accrued interest. The book value of collateral represents the original collateral value discounted for loss of asset value over time. The fair value of collateral represents the book values further discounted for costs estimated to be incurred by the Trust in liquidating/ collecting on the collateral. When the Trust collects on the mortgage bonds on land and buildings, the entity obtains a court order from the sheriff of court then after put these properties on auction for disposal.

### 3.2 Market risk

Market risk represents the risk that the value of investments will fluctuate because of general changes in market factors which are not unique to individual instruments or its issuers. Market risk embodies not only the potential for loss but also the potential for gain.

#### 3.2.1 Interest rate risk

The Group is exposed to interest rate risk through the financing of investment proposals, at fixed as well as variable interest rates, as well as cash management activities. Changes in market interest rates affect the fair value of cash and investment assets. Investment interest rate risk is managed through the investment policy while cash returns are managed through the cash management policy.

This risk materialises in the Group's significant cash portfolio invested in various interest earning bank treasury and call accounts. The Group is partially dependent on interest income from cash on call to fund its annual operations, and will become more dependent on interest income from cash balances as well as from the originated loans portfolio to fund its annual operational requirements going forward.

A significant part (2024 - 86%; 2023 - 89%) of the Group's investment portfolio is advanced in the form of originated loans. These loans are advanced at interest rates which linked to the prime lending rates as well as others that are fixed rates. The terms usually range from 5 to 15 years.

The Group individually assesses the effect of interest rate risk in a series of scenario and sensitivity analysis of each individual transaction that the Trust funds. In these scenarios the impact of an interest rate change is assessed against the businesses' ability to meet the increased charge in lending rates out of own cash flows. The decision to grant funding to applying businesses is fundamentally based on these sensitivity analyses. The underlying risk therefore within the range of interest rate changes run in sensitivity analysis is the business risk associated with the approval of loans to applying businesses. This business risk is assessed regularly by the Post Investment Department of the Trust and is assessed on a risk rating scale as follows performing (low risk deals), impairments (medium risk deals) and workouts (high risk deals). As at 31 March 2024, the portfolio was assessed from this risk rating approach as follows:

Category	TRUST			
	2024		2023	
	% by number	% by value	% by number	% by value
Performing	77%	76%	78%	77%
Impaired	18%	18%	18%	19%
Close Monitoring	5%	6%	4%	4%

Category	GROUP			
	2024		2023	
	% by number	% by value	% by number	% by value
Performing	77%	76%	78%	77%
Impaired	18%	19%	18%	20%
Close Monitoring	5%	6%	4%	3%

The impact of this risk assessment has been catered for in the impairment provisions against the individual loans.

In response to the effects that the global economic crisis was having on the originated loans portfolio, the Trust approved a restructuring programme for potentially eligible investments. This programme allows for transactions that would be performing if it were not for the impact of the economic downturn conditions to undergo restructuring resulting in the deferment of up to half of outstanding loan for up to three years with the coupled conversion of interest charges from variable to fixed rates.

The potential effects of eligible loan restructurings in terms of this programme would not have a significant bearing on interest rate risk since these loans are associated with the smaller end of the portfolio and would only be applied in isolated and deserving cases. This programme is however to be closely monitored as well as any potential effects on interest rate risks.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

**Interest rate risk sensitivity analysis**

In assessing the impact of changes in interest rates on the most impacting areas of the investment activities of the Trust, the effect of a 1% change in the interest environment around originated loans and cash and cash equivalents was considered as follows:

	TRUST					
	2024			2023		
	Carrying Amount	Interest earned	Sensitivity of 1% effective adjustment	Carrying Amount	Interest earned	Sensitivity of 1% effective adjustment
R	R	R	R	R	R	
Originated loans	1 668 430 873	217 503 021	16 684 309	1 534 452 546	177 265 339	15 344 525
Finance leases	341 281 664	29 543 580	3 412 817	216 963 005	21 277 647	2 169 630
Cash and cash equivalents	2 234 165 428	202 231 192	22 341 654	2 586 672 248	152 057 189	25 866 722
<b>Total effect on Profit/Loss</b>	<b>4 243 877 965</b>	<b>449 277 793</b>	<b>42 438 780</b>	<b>4 338 087 799</b>	<b>350 600 175</b>	<b>43 380 877</b>

	GROUP					
	2024			2023		
	Carrying Amount	Interest earned	Sensitivity of 1% effective adjustment	Carrying Amount	Interest earned	Sensitivity of 1% effective adjustment
R	R	R	R	R	R	
Originated loans	1 601 758 232	212 284 858	16 017 582	1 466 022 716	169 595 255	14 660 227
Finance leases	341 281 664	29 543 580	3 412 817	216 963 005	21 277 647	2 169 630
Cash and cash equivalents	2 244 735 131	202 481 297	22 447 351	2 589 857 169	152 094 603	25 898 572
<b>Total effect on Profit/Loss</b>	<b>4 187 775 027</b>	<b>444 309 735</b>	<b>41 877 750</b>	<b>4 272 842 890</b>	<b>342 967 505</b>	<b>42 728 429</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

**3.2.2 Foreign exchange risk**

The Trust does not have exposure to foreign exchange risk beyond that associated with occasional foreign currency based goods and supply purchases primarily denominated in US dollar and EU euro currencies. These occur in the operational management of the Trust and in some instances in the funding of plant and equipment purchased by the Trust's investee companies from overseas suppliers in foreign currency denominated transactions. These transactions are undertaken at spot rates and no forward cover contracts are entered into by the Trust. No financial assets or liabilities at year end are denominated in foreign currencies.

Due to the fact that the impact of foreign exchange exposure is immaterial for the Trust, no additional disclosure has been provided.

**3.2.3 Price risk**

The Trust is exposed to listed equity market price risk due to its portfolio of equities classified as either held for trading, at fair value through profit and loss or available for sale. These investments are as a result of the government allocated investment in MTN as well as an investment in Southern Sun undertaken as a result of the Trust's funding products for listed investments.

The investment in MTN was transferred to the Trust at subscription date value and hence significant fair value has accrued to the Trust through the fair value reserve. This fair value is applied in the development of appropriate retail products in terms of the mandate of the Trust and part of this fair value has been transferred to the Trust's beneficiaries in the form of discounts on subscription values.

The Trust manages other price risk in terms of its listed investment portfolio by means of structured exits as well as minimum return fair values being catered for in the investment funding agreements. In this way the Trust's maximum exposure to other price risk is limited with the bulk of the risk being associated with underlying business and credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

2024					
Listed Investments	Number of shares at year end	Share price at year end	Market Value of Listed Portfolio at year end	10% increase in share price	10% decrease in share price
		R	R	R	R
Southern Sun	5 104 002	5,05	25 775 210	28 352 731	23 197 689
MTN Ltd	10 114 866	93,74	948 167 539	1 042 984 293	853 350 785
<b>Total</b>			<b>973 942 749</b>	<b>1 071 337 024</b>	<b>876 548 474</b>

2023					
Listed Investments	Number of shares at year end	Share price at year end	Market Value of Listed Portfolio at year end	10% increase in share price	10% decrease in share price
		R	R	R	R
Southern Sun	5 104 002	4,30	21 947 209	24 141 929	19 752 488
MTN Ltd	10 114 866	127,47	948 167 539	1 418 276 166	1 160 407 772
<b>Total</b>			<b>970 114 748</b>	<b>1 442 418 095</b>	<b>1 180 160 260</b>

3.3 Liquidity risk

The Trust was historically capitalized out of voted transfers made to it for the purposes of funding operations and also for the advancing of capital to eligible black empowered businesses through its fund management products.

The cash balances of the Trust are invested in treasury and call accounts of its four banks. The treasury management function in the finance department under the CFO manages the investment of cash in various market quoted treasury accounts on terms commensurate with the liquidity requirements of the Trust. These liquidity requirements of the Trust are measured against forecasted liquidity requirements.

Liquidity risk would arise to the extent the Trust has committed investment disbursements that cannot be met out of fixed treasury commitments or available cash balances, or to the extent that cash held by the Trust is reclaimed by the National Treasury through the provisions of the PFMA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

3.4 Capital Risk Management

Trust Capital primarily comprises funds transferred from the dtic for the purposes of granting funding to eligible black empowered businesses through its fund management products. To date cash funds received from the dtic for these purposes totals R2 297 431 472 (2023:R2 297 431 472 - note 20). Historically funding for operations was also advanced by the dtic in the form of transfer funds. These were matched against operational expenditure for the year and to the extent there was some level of operational surplus or deficit, then this was transferred or offset to Accumulated Surplus once approval is granted in this respect from National Treasury.

Capital advanced for fund management is applied only against budgeted and actual investment disbursements in terms of the fund management products and mandate of the Trust. Operational capital is strictly applied against operational expenditure only, in terms of PFMA requirements.

Proceeds raised on asset management retail product subscriptions are transferred to capital through profit and loss. This capital is managed separately and utilised for the purposes of reapplication into asset management activities and other related investments in consultation with the dtic and National Treasury.

The Trust has complied with the requirements of the application of transfers for capital purposes and transfers for expenditure purposes as imposed through the PFMA.

The Trust has since 2010 funded its activities through internally generated cash flows, and has not received any capital transfers from the dtic and/or National Treasury.



4 PROPERTY, PLANT AND EQUIPMENT (TRUST)

2024	Motor Vehicles	Computer Equipment	Audio Visual Equipment	Office Equipment	Furniture & Fittings	Leasehold Improvements	Paintings	Total
	R	R	R	R	R	R	R	R
<b>Opening Balance</b>								
Cost	1 620 867	12 368 755	315 811	359 613	632 987	821 002	149 790	16 268 825
Accumulated depreciation	(1 559 216)	(9 504 150)	(315 811)	(355 970)	(582 333)	(821 002)	(61 935)	(13 200 417)
<b>Net Book Value</b>	<b>61 651</b>	<b>2 864 605</b>	<b>-</b>	<b>3 643</b>	<b>50 654</b>	<b>-</b>	<b>87 855</b>	<b>3 068 408</b>
<b>Movement for the year</b>								
Additions	-	1 740 172	-	-	-	-	-	1 740 172
Net Disposal	-	-	-	-	-	-	-	-
Disposals/ Derecognition at cost	-	-	-	-	-	-	-	-
Depreciation on disposed/ derecognised assets	-	-	-	-	-	-	-	-
Depreciation	(61 651)	(2 044 657)	-	(3 645)	(26 798)	-	(2 924)	(2 139 675)
	<b>(61 651)</b>	<b>(304 484)</b>	<b>-</b>	<b>(3 645)</b>	<b>(26 798)</b>	<b>-</b>	<b>(2 924)</b>	<b>(399 503)</b>
<b>Closing Balance</b>								
Cost	1 620 867	14 108 927	315 811	359 613	632 987	821 002	149 790	18 008 996
Accumulated depreciation	(1 620 867)	(11 548 808)	(315 811)	(359 613)	(609 130)	(821 002)	(64 859)	(15 340 091)
<b>Net Book Value</b>	<b>-</b>	<b>2 560 118</b>	<b>-</b>	<b>-</b>	<b>23 857</b>	<b>-</b>	<b>84 931</b>	<b>2 668 905</b>

4 PROPERTY, PLANT AND EQUIPMENT (TRUST)

2023	Motor Vehicles	Computer Equipment	Audio Visual Equipment	Office Equipment	Furniture & Fittings	Leasehold Improvements	Paintings	Total
	R	R	R	R	R	R	R	R
<b>Opening Balance</b>								
Cost	1 620 867	11 531 714	315 811	359 613	632 987	821 002	149 790	15 431 784
Accumulated depreciation	(1 325 555)	(7 330 729)	(315 811)	(351 716)	(552 381)	(814 550)	(59 020)	(10 749 762)
<b>Net Book Value</b>	<b>295 312</b>	<b>4 200 985</b>	<b>-</b>	<b>7 897</b>	<b>80 606</b>	<b>6 452</b>	<b>90 770</b>	<b>4 682 022</b>
<b>Movement for the year</b>								
Additions	-	877 651	-	-	-	-	-	877 651
Net Disposal	-	(25 106)	-	-	-	-	-	(25 106)
Disposals/ Derecognition at cost	-	(40 610)	-	-	-	-	-	(40 610)
Depreciation on disposed/ derecognised assets	-	15 504	-	-	-	-	-	15 504
Depreciation	(233 661)	(2 188 925)	-	(4 254)	(29 952)	(6 452)	(2 916)	(2 466 159)
	<b>(233 661)</b>	<b>(1 336 380)</b>	<b>-</b>	<b>(4 254)</b>	<b>(29 952)</b>	<b>(6 452)</b>	<b>(2 916)</b>	<b>(1 613 614)</b>
<b>Closing Balance</b>								
Cost	1 620 867	12 368 755	315 811	359 613	632 987	821 002	149 790	16 268 825
Accumulated depreciation	(1 559 216)	(9 504 150)	(315 811)	(355 970)	(582 333)	(821 002)	(61 935)	(13 200 417)
<b>Net Book Value</b>	<b>61 651</b>	<b>2 864 605</b>	<b>-</b>	<b>3 643</b>	<b>50 654</b>	<b>-</b>	<b>87 855</b>	<b>3 068 408</b>
<b>Gross carrying amount of fully depreciated assets still in use</b>	<b>1 621 711</b>	<b>7 950 653</b>	<b>315 811</b>	<b>359 613</b>	<b>502 410</b>	<b>821 002</b>	<b>5 000</b>	<b>11 576 200</b>

NATIONAL EMPOWERMENT FUND TRUST  
REGISTRATION NUMBER: IT 10145/00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

4 PROPERTY, PLANT AND EQUIPMENT (GROUP)

2024	Land and Buildings	Motor Vehicles	Computer Equipment	Audio Visual Equipment	Plant and Machinery	Office Equipment	Furniture & Fittings	Leasehold Improvements	Paintings	Other assets	Total
	R	R	R	R	R	R	R	R	R	R	R
<b>Opening Balance</b>											
Cost	30 178 500	11 755 132	14 384 801	315 811	3 389 697	1 232 498	1 356 848	2 879 892	149 790	972 710	66 615 677
Accumulated depreciation	(2 079 833)	(6 921 276)	(10 860 756)	(315 811)	(2 294 482)	(1 026 144)	(1 183 548)	(2 251 943)	(61 944)	(451 611)	(27 447 349)
<b>Net Book Value</b>	<b>28 098 667</b>	<b>4 833 856</b>	<b>3 524 046</b>	<b>-</b>	<b>1 095 215</b>	<b>206 354</b>	<b>173 300</b>	<b>627 949</b>	<b>87 846</b>	<b>521 099</b>	<b>39 168 329</b>
<b>Movement for the year</b>											
Additions	-	807 044	1 962 737	-	314 112	55 950	33 875	109 008	-	32 776	3 315 502
Net Disposal	-	(1 240 651)	(59)	-	-	-	-	-	-	-	(1 240 710)
Disposals/ Derecognition at cost		(1 953 436)	(370 889)								(2 324 325)
Depreciation on disposed/ derecognised assets		712 785	370 830								1 083 615
Depreciation	-	(708 885)	(2 229 742)	-	(445 387)	(64 083)	(55 621)	(97 968)	(2 924)	(42 157)	(3 646 768)
	-	(1 142 492)	(267 064)	-	(131 275)	(8 133)	(21 746)	11 040	(2 924)	(9 381)	(1 571 975)
<b>Closing Balance</b>											
Cost	30 178 500	10 608 740	15 976 650	315 811	3 703 809	1 288 448	1 390 723	2 988 900	149 790	1 005 486	67 606 854
Accumulated depreciation	(2 079 833)	(6 917 376)	(12 719 669)	(315 811)	(2 739 869)	(1 090 226)	(1 239 170)	(2 349 911)	(64 868)	(493 768)	(30 010 503)
<b>Net Book Value</b>	<b>28 098 667</b>	<b>3 691 364</b>	<b>3 256 981</b>	<b>-</b>	<b>963 940</b>	<b>198 222</b>	<b>151 553</b>	<b>638 989</b>	<b>84 922</b>	<b>511 718</b>	<b>37 596 352</b>

NATIONAL EMPOWERMENT FUND TRUST  
REGISTRATION NUMBER: IT 10145/00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

4 PROPERTY, PLANT AND EQUIPMENT (GROUP)

2023	Land and Buildings	Motor Vehicles	Computer Equipment	Audio Visual Equipment	Plant and Machinery	Office Equipment	Furniture & Fittings	Leasehold Improvements	Paintings	Other assets	Total
	R	R	R	R	R	R	R	R	R	R	R
<b>Opening Balance</b>											
Cost	40 778 500	13 399 228	13 091 252	315 811	6 491 408	1 504 224	1 418 243	2 938 008	149 790	999 899	81 086 363
Accumulated depreciation	(4 509 000)	(8 155 678)	(8 599 475)	(315 811)	(4 182 572)	(1 239 217)	(1 203 684)	(2 297 604)	(59 029)	(426 971)	(30 989 041)
<b>Net Book Value</b>	<b>36 269 500</b>	<b>5 243 550</b>	<b>4 491 777</b>	<b>-</b>	<b>2 308 836</b>	<b>265 007</b>	<b>214 559</b>	<b>640 404</b>	<b>90 761</b>	<b>572 928</b>	<b>50 097 322</b>
<b>Movement for the year</b>											
Additions	-	767 055	1 396 544	-	-	21 850	7 885	24 360	-	-	2 217 694
Net Disposal	(8 170 833)	(90 085)	(25 121)	-	(746 326)	(227)	(14 048)	(14 582)	-	(16 313)	(9 077 535)
Disposals/ Derecognition at cost	(10 600 000)	(2 411 151)	(102 996)	-	(3 101 711)	(293 576)	(69 280)	(82 476)	-	(27 189)	(16 688 379)
Depreciation on disposed/ derecognised assets	2 429 167	2 321 066	77 875	-	2 355 385	293 349	55 232	67 894	-	10 876	7 610 844
Depreciation	-	(1 086 664)	(2 339 154)	-	(467 295)	(80 278)	(35 095)	(22 233)	(2 916)	(35 516)	(4 069 151)
	(8 170 833)	(409 694)	(967 731)	-	(1 213 621)	(58 655)	(41 258)	(12 455)	(2 916)	(51 829)	(10 928 991)
<b>Closing Balance</b>											
Cost	30 178 500	11 755 132	14 384 801	315 811	3 389 697	1 232 498	1 356 848	2 879 892	149 790	972 710	66 615 677
Accumulated depreciation	(2 079 833)	(6 921 276)	(10 860 756)	(315 811)	(2 294 482)	(1 026 144)	(1 183 548)	(2 251 943)	(61 944)	(451 611)	(27 447 349)
<b>Net Book Value</b>	<b>28 098 667</b>	<b>4 833 856</b>	<b>3 524 046</b>	<b>-</b>	<b>1 095 215</b>	<b>206 354</b>	<b>173 300</b>	<b>627 949</b>	<b>87 846</b>	<b>521 099</b>	<b>39 168 329</b>
<b>Gross carrying amount of fully depreciated assets still in use</b>											
	-	1 621 711	8 701 403	315 811	562 375	442 098	822 478	821 002	5 000	-	13 291 879



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
<b>5 INVESTMENT PROPERTY</b>				
Opening balance	5 373 157	12 000 000	-	-
* Revaluation loss	-	(6 626 843)	-	-
<b>Closing balance</b>	<b>5 373 157</b>	<b>5 373 157</b>	<b>-</b>	<b>-</b>

\* The investment property was independently valued by a registered professional valuer as at 31 March 2023. A combination of income capitalisation and direct comparable methods of valuations were considered to be the most appropriate for this property valuation. A capitalisation rate of 13% was used in determining the value of the property in line with the market.

**6 INTANGIBLE ASSETS**

Computer software

**Opening Balance**

Cost	8 990 904	9 412 802	1 379 242	1 379 242
Accumulated amortisation	(5 696 370)	(5 253 076)	(1 379 242)	(1 379 242)
<b>Net Book Value</b>	<b>3 294 534</b>	<b>4 159 726</b>	<b>-</b>	<b>-</b>

**Movement for the year:**

Additions	-	-	-	-
Disposal/Reclassification - cost	-	(421 898)	-	-
Accumulated amortisation on disposed asset	-	421 894	-	-
Amortisation	(856 810)	(865 188)	-	-
	<b>(856 810)</b>	<b>(865 192)</b>	<b>-</b>	<b>-</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
<b>Closing balance</b>				
Cost	8 990 904	8 990 904	1 379 242	1 379 242
Accumulated amortisation	(6 553 180)	(5 696 370)	(1 379 242)	(1 379 242)
<b>Net book value</b>	<b>2 437 724</b>	<b>3 294 534</b>	<b>-</b>	<b>-</b>

The intangible assets for the Trust comprise of computer software and software development customised for use in the operations. The Intangible assets for the Group comprises of computer software, software development and Intellectual Property.

**7 GOODWILL**

**Opening balance**

Cost	58 771 359	60 912 198	-	-
Accumulated amortisation	(55 971 359)	(50 094 224)	-	-
<b>Carrying value</b>	<b>2 800 000</b>	<b>10 817 974</b>	<b>-</b>	<b>-</b>

**Movement for the year:**

Amortisation for the year	(2 800 000)	(5 877 136)	-	-
Loss of control - Golden Dice (Pty) Ltd	-	(2 140 839)	-	-

**Closing balance**

Cost	58 771 359	58 771 359	-	-
Accumulated amortisation	(58 771 359)	(55 971 359)	-	-
<b>Net book value</b>	<b>-</b>	<b>2 800 000</b>	<b>-</b>	<b>-</b>

	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
<b>8 DEFERRED TAX</b>				
Deferred tax liability	(722 520)	(709 755)	-	-
Deferred tax asset	653 391	618 219	-	-
<b>Closing balance</b>	<b>(69 129)</b>	<b>(91 536)</b>	<b>-</b>	<b>-</b>
<b>Deferred tax liability</b>				
Accelerated capital allowances for tax purposes	(722 520)	(709 755)	-	-
	<b>(722 520)</b>	<b>(709 755)</b>	<b>-</b>	<b>-</b>
<b>Deferred tax asset</b>				
Allowance for credit losses	349 156	231 441	-	-
Leave provision	304 235	313 333	-	-
Tax losses available for set off against future taxable income	-	73 445	-	-
<b>Closing balance</b>	<b>653 391</b>	<b>618 219</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of deferred tax asset/(liability)</b>				
At beginning of the year	(91 536)	(197 532)	-	-
Originating/(reversing) temporary difference on tangible fixed assets	988	27 584	-	-
Tax loss available for set off against future taxable income	(87 198)	73 445	-	-
Originating temporary difference on employee benefits	(9 098)	(15 284)	-	-
Originating temporary difference on allowance for credit losses	117 715	17 993	-	-
Originating temporary difference on Workmens compensation	-	2 258	-	-
	<b>(69 129)</b>	<b>(91 536)</b>	<b>-</b>	<b>-</b>

	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
<b>9 INVESTMENTS IN ASSOCIATES</b>				
Investments at cost	<b>259 917 651</b>	<b>259 910 949</b>	<b>259 917 651</b>	<b>259 910 949</b>
- Opening balance	259 910 949	259 910 900	259 910 949	259 910 900
- Additions	6 702	-	6 702	-
- Transfer from investment in subsidiaries	-	49	-	49
	<b>(182 042 797)</b>	<b>(171 912 077)</b>	<b>(182 042 797)</b>	<b>(171 912 077)</b>
Fair value adjustments	<b>(171 912 077)</b>	<b>(177 889 785)</b>	<b>(171 912 077)</b>	<b>(177 889 785)</b>
- Opening balance	(171 912 077)	(177 889 785)	(171 912 077)	(177 889 785)
- Write off	-	-	-	-
- Fair value gain/(loss)	(10 130 720)	5 977 708	(10 130 720)	5 977 708
	<b>77 874 854</b>	<b>87 998 872</b>	<b>77 874 854</b>	<b>87 998 872</b>
<b>Net investment in associates</b>	<b>77 874 854</b>	<b>87 998 872</b>	<b>77 874 854</b>	<b>87 998 872</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

The Trust's associates are all incorporated in the Republic of South Africa and have been listed below:

Name	Principal activity	Voting power			
		2024	2023	2024	2023
		Interest held (%)	Interest held (%)	R	R
<b>Unlisted:</b>					
125 Village Hub (Pty) Ltd/ Muma Investments	Property	20,0%	20,0%	261 356	200
Allimor Footwear (Pty) Ltd	Manufacturing	30,0%	30,0%	725 618	1 704 190
Amazin Hotels (Pty) Ltd	Tourism & Entertainment	20,0%	20,0%	1	1
Argon security (Pty) Ltd	Financial services	49,0%	49,0%	149 432	1
Business Venture Investments (Pty) Ltd	Healthcare	30,0%	30,0%	1	1
Colliery Dust Control (Pty) Ltd	Agro Processing	44,6%	44,6%	19 610 856	13 319 024
Cox Manufacturing (Pty) Ltd	Steel Manufacturing	45,1%	45,1%	1	1
Crowie Holdings (Pty) Ltd	Mining	26,2%	26,2%	12 504 677	25 000 000
Dika Plastic Pipes (Pty) Ltd	Manufacturing	35,0%	0,0%	35	-
False Bay Bricks (Pty) Ltd	Manufacturing	30,0%	30,0%	350	350
Ga Matlala Roof Tiles and Bricks (Pty) Ltd	Construction	30,0%	30,0%	1	300
Golden Dice Foods (Pty) Ltd	Agro Processing	49,0%	49,0%	49	49
Go 2 Market (Pty) Ltd	Construction	38,0%	38,0%	1	8 000 000
Gradoscope (Pty) Ltd	Tourism & Entertainment	26,0%	26,0%	1	26
Graskop Gorge Lift Company (Pty) Ltd	Tourism & Entertainment	26,1%	26,1%	7 023 385	4 741 127
Imbaza Mussel (Pty) Ltd	Agro Processing	25,0%	25,0%	350 623	250
Joy House Academy (Pty) Ltd	Education	45,0%	45,0%	120 022	1
Magoveni Pharmaceuticals (Pty) Ltd	Pharmaceuticals	25,0%	25,0%	1	1
M-Care Management Company (Pty) Ltd	Healthcare	30,0%	30,0%	1	1
M-Care Operating Company (Pty) Ltd	Healthcare	25,1%	25,1%	1	1
M-Care Property Company (Pty) Ltd	Healthcare	22,5%	22,5%	1	1
Mandini Reclaim (Pty) Ltd	Manufacturing	25,1%	0,0%	3 351	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Name	Principal activity	Voting power			
		2024	2023	2024	2023
		Interest held (%)	Interest held (%)	R	R
Mandini Refine (Pty) Ltd	Manufacturing	25,1%	0,0%	3 351	-
Middeldrift Dairy (Pty) Ltd	Agro Processing	40,0%	40,0%	1	1
Mohale Agricultural Co-operative	Agro Processing	45,0%	45,0%	1	1
Mohlalefi Engineering (Pty) Ltd	Manufacturing	49,0%	0,0%	49	-
Okubabayo (Pty) Ltd	Manufacturing	30,0%	30,0%	1	1
Pytratrade (Pty) Ltd	Agro Processing	30,0%	30,0%	1	1
Rapid Purple Waters Trading (Pty) Ltd	Agro Processing	25,0%	25,0%	1	250
Rhino Ridge Lodge (Pty) Ltd	Tourism & Entertainment	33,3%	33,3%	4 079 428	1 884 595
Royal Thonga Safari Lodge (Pty) Ltd	Tourism & Entertainment	36,0%	36,0%	1	36
Sehwai Exploration Drilling (Pty) Ltd	Mining	45,0%	45,0%	1	112
Stutt Brick Company (Pty) Ltd	Construction	49,0%	49,0%	1	1
Super Grand Agric (Pty) Ltd	Agro Processing	30,0%	30,0%	1	45
Tshellaine Holdings	Property	30,0%	30,0%	1	30
Umnotho Maize (Pty) Ltd	Services	40,0%	40,0%	1	400
Unique Engineering (Pty) Ltd	Engineering	39,0%	49,0%	22 509 439	26 072 222
Value Cement (Pty) Ltd	Construction	25,8%	25,8%	1	1
Willowvale (Pty) Ltd	Property	45,0%	45,0%	10 532 811	7 275 651
				<b>77 874 854</b>	<b>87 998 872</b>

10 INVESTMENT IN SUBSIDIARIES

Cost at acquisition

Day 1 Loss - Delswa (Pty) Ltd

Liabilities directly associated with non-current assets classified as held for sale

Cost at acquisition

Day 1 Profit - Zastrovect Investments (Pty) Ltd

Delswa (Pty) Ltd

Nefcorp SOC Limited

Surgetek (Pty) Ltd

Investment in subsidiaries

	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
Cost at acquisition				
Day 1 Loss - Delswa (Pty) Ltd	-	-	9 249 151	9 249 151
Liabilities directly associated with non-current assets classified as held for sale	-	-	9 249 151	9 249 151
Cost at acquisition	-	-	251	251
Day 1 Profit - Zastrovect Investments (Pty) Ltd	-	-	6 177 853	6 177 853
Delswa (Pty) Ltd	-	-	1	1
Nefcorp SOC Limited	-	-	100	100
Surgetek (Pty) Ltd	-	-	13 698 349	13 698 349
Investment in subsidiaries	-	-	19 876 554	19 876 554

11 INVESTMENTS AT FAIR VALUE

11.1 Non-associate equity investments (Excluding Strategic Project Fund transactions)

Opening Balance

**Movements**

Transfers to originated loans

Additions

**Total fair value adjustments**

MTN shares - fair value adjustments

Unlisted securities - fair value adjustments and write-offs

Fair value balance as at end of the year

Non- associate investments include:

**Listed securities:**

- Equity securities : RSA (MTN Shares)

	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
Opening Balance	1 527 787 789	2 208 107 843	1 527 787 789	2 208 107 843
<b>Movements</b>	<b>(284 401 023)</b>	<b>(680 320 054)</b>	<b>(284 401 023)</b>	<b>(680 320 054)</b>
Transfers to originated loans	-	-	-	-
Additions	-	-	-	-
<b>Total fair value adjustments</b>	<b>(284 401 023)</b>	<b>(680 320 054)</b>	<b>(284 401 023)</b>	<b>(680 320 054)</b>
MTN shares - fair value adjustments	(341 174 430)	(632 482 571)	(341 174 430)	(632 482 571)
Unlisted securities - fair value adjustments and write-offs	56 773 407	(47 837 483)	56 773 407	(47 837 483)
Fair value balance as at end of the year	1 243 386 766	1 527 787 789	1 243 386 766	1 527 787 789
Non- associate investments include:				
<b>Listed securities:</b>				
- Equity securities : RSA (MTN Shares)	948 167 539	1 289 341 969	948 167 539	1 289 341 969



	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
<b>Unlisted securities:</b>				
Securities not traded on an active market	295 219 227	238 445 820	295 219 227	238 445 820
Beat FM	196	196	196	196
Busamed (Pty) Ltd	198 150 000	220 014 756	198 150 000	220 014 756
Global Wheel (Pty) Ltd	6 018 847	3 555 725	6 018 847	3 555 725
Liciatron (Pty) Ltd	1	1	1	1
Matlosana (Pty) Ltd	75 593 299	8	75 593 299	8
Mayborn Investments (Pty) Ltd	3 099 334	3 311 931	3 099 334	3 311 931
Motseng Investment Holdings (Pty) Ltd	1	1	1	1
MSG Africa Broadcasting (Pty) Ltd	178	178	178	178
Nyonende Investments (Pty) Ltd	1	1	1	1
On Digital Media (Pty) Ltd	1	1	1	1
Ordicode (Pty) Ltd	808 426	493 233	808 426	493 233
Rhythm FM	196	196	196	196
Rikatec (Pty) Ltd	1	1	1	1
Western Breeze Trading 297 (Pty) Ltd	1	51	1	51
Zulimar Trading (Pty) Ltd	11 548 745	11 069 541	11 548 745	11 069 541
	<b>1 243 386 766</b>	<b>1 527 787 789</b>	<b>1 243 386 766</b>	<b>1 527 787 789</b>

	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
<b>11.2 Unincorporated joint ventures and investments (Strategic Project Fund Transactions)</b>				
Unincorporated equity investment fair value through profit and loss	<b>95 942 850</b>	<b>110 887 068</b>	<b>95 942 850</b>	<b>110 887 068</b>
Opening Balance	110 887 068	110 617 670	110 887 068	110 617 670
Additions	961 608	269 398	961 608	269 398
Write-off	(15 905 826)	-	(15 905 826)	-
Fair value movements	<b>(95 928 850)</b>	<b>(110 868 068)</b>	<b>(95 928 850)</b>	<b>(110 868 068)</b>
- Balance brought forward from prior year	(110 868 068)	(110 598 670)	(110 868 068)	(110 598 670)
- Fair value (losses)	(966 608)	(269 398)	(966 608)	(269 398)
- Write-off	15 905 826	-	15 905 826	-
Net investment value through profit & loss financial assets	<b>14 000</b>	<b>19 000</b>	<b>14 000</b>	<b>19 000</b>
<b>Total investments at fair value</b>	<b>1 243 400 766</b>	<b>1 527 806 788</b>	<b>1 243 400 766</b>	<b>1 527 806 788</b>

These investments comprise the following unlisted investments representing the right to subscribe for equivalent equity in the Company at a pre-determined time in the future upon completion of feasibility studies, the cost of which is detailed below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

2024

Investment	Investment at cost	Fair value	Interest in project/joint venture	Effective voting on Joint Steering Committee
	R	R	%	%
Rare Metals Industries (Pty) Ltd*	13 500 000	1 000	30%	30%
African Silica Investments (Pty) Ltd	7 000 000	1 000	50%	50%
Tyre Energy Extraction (Pty) Ltd	11 268 946	1 000	47%	47%
Municipal Waste t/a Lanele Resources (Pty) Ltd	10 000 000	1 000	49%	49%
Modular Industries Building Technologies (Pty) Ltd	15 000 000	1 000	50%	50%
Cape Point Film Studios	2 878 195	1 000	22%	22%
Jalo Enterprise	8 770 360	1 000	50%	50%
Mendi Rail and Engineering (Pty) Ltd	9 762 500	1 000	49%	49%
Nyamane Agro-foods Holdings (Pty) Ltd	8 045 848	1 000	50%	50%
Cape Town Creative studios	891 303	1 000	49%	49%
Cape Town Creative Space	758 497	1 000	49%	49%
Van Der Tlale (Pty) Ltd	428 571	1 000	30%	30%
Lebombo Agricultural Secondary Co-Operative Ltd	6 524 938	1 000	49%	49%
Nkomazi Cotton Development Project	1 113 692	1 000	49%	49%
	<b>95 942 850</b>	<b>14 000</b>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

2023

Investment	Investment at cost	Fair value	Interest in project/joint venture	Effective voting on joint steering committee
	R	R	%	%
Rare Metals Industries (Pty) Ltd*	13 500 000	1 000	30%	30%
Manhize - Coking Coal (Pty) Ltd	10 000 000	1 000	75%	75%
African Silica Investments (Pty) Ltd	7 000 000	1 000	50%	50%
Tyre Energy Extraction (Pty) Ltd	12 918 577	1 000	47%	47%
Milk for Life (Pty) Ltd	2 000 000	1 000	50%	50%
Municipal Waste t/a Lanele Resources (Pty) Ltd	10 000 000	1 000	49%	49%
Modular Industries Building Technologies (Pty) Ltd	15 000 000	1 000	50%	50%
Cape Point Film Studios	2 878 195	1 000	22%	22%
Jalo Enterprise	8 678 360	1 000	50%	50%
Travallo (Pty) Ltd	539 826	1 000	49%	49%
iVac Bio (Pty) Ltd	3 066 000	1 000	45%	45%
Mendi Rail and Engineering (Pty) Ltd	9 762 500	1 000	49%	49%
Techteledata (Pty) Ltd	300 000	1 000	25%	25%
Nyamane Agro-foods Holdings (Pty) Ltd	8 045 848	1 000	50%	50%
Cape Town Creative studios	891 303	1 000	49%	49%
Cape Town Creative Space	99 032	1 000	49%	49%
Van Der Tlale (Pty) Ltd	428 571	1 000	30%	30%
Lebombo Agricultural Secondary Co-Operative Ltd	6 524 938	1 000	49%	49%
Nkomazi Cotton Development Project	903 549	1 000	49%	49%
	<b>112 536 698</b>	<b>19 000</b>		

\*The Trust holds a participation interest in a joint venture that has been formed for the development of the project. This interest shall convert to a shareholding stake, at a conversion rate that will be determined when the project reaches Financial Close.



GROUP		TRUST	
2024	* Restated 2023	2024	* Restated 2023
R	R	R	R

## 12 ORIGINATED LOANS

Opening balance	2 227 125 089	2 241 425 320	2 393 405 783	2 434 700 099
Net movement for the year	184 509 138	(14 300 231)	179 835 177	(41 294 316)
Loans disbursed	617 643 397	442 718 228	617 643 397	442 718 228
Interest charged	212 284 858	169 595 255	217 503 021	177 265 339
Loan repayments	(397 685 070)	(483 398 643)	(407 602 192)	(493 026 384)
Write-offs	(217 318 751)	(110 296 949)	(217 293 753)	(135 333 377)
Deferred conversion grant expense	-	(30 777 073)	-	(30 777 073)
Social benefit	(36 374 170)	(39 030 043)	(36 374 170)	(39 030 043)
Realisation of deferred grant expense	-	35 608 509	-	35 608 509
Capital raising fees	5 958 874	1 280 485	5 958 874	1 280 485
Closing balance	2 411 634 227	2 227 125 089	2 573 240 960	2 393 405 783
Provision for impairment	(809 875 995)	(761 102 373)	(904 810 087)	(858 953 237)
- Opening balance	(761 102 373)	(651 155 478)	(858 953 237)	(749 229 178)
- Impairments for the year	(260 019 945)	(245 280 272)	(257 103 173)	(245 057 436)
- Write-offs	211 246 323	135 333 377	211 246 323	135 333 377
	1 601 758 232	1 466 022 716	1 668 430 873	1 534 452 546
Net originated loan balance	1 601 758 232	1 466 022 716	1 668 430 873	1 534 452 546
Current portion	397 366 786	337 675 240	412 631 738	348 561 670
Long term portion	1 204 391 446	1 128 347 476	1 255 799 135	1 185 890 876

GROUP		TRUST	
2024	* Restated 2023	2024	* Restated 2023
R	R	R	R

## 13 FINANCE LEASE RECEIVABLES

Opening balance	299 346 138	313 974 694	299 346 138	313 974 694
Net movement for the year	133 489 997	(14 628 556)	133 489 997	(14 628 556)
Additions	180 870 479	62 203 708	180 870 479	62 203 708
Social benefit	(5 397 767)	(8 715 035)	(5 397 767)	(8 715 035)
Deferred conversion grant expense	-	(3 094 519)	-	(3 094 519)
Realisation of deferred grant expense	-	3 094 519	-	3 094 519
Interest charged	29 543 580	21 277 647	29 543 580	21 277 647
Repayments	(57 707 561)	(66 836 718)	(57 707 561)	(66 836 718)
Capital raising fee	836 469	118 796	836 469	118 796
Write-offs	(14 655 204)	(22 676 954)	(14 655 204)	(22 676 954)
Closing balance	432 836 135	299 346 138	432 836 135	299 346 138
Provision for Impairment	(91 554 471)	(82 383 133)	(91 554 471)	(82 383 133)
- Opening balance	(82 383 133)	(86 031 849)	(82 383 133)	(86 031 849)
- Impairments for the year	(23 826 541)	(19 028 238)	(23 826 541)	(19 028 238)
- Write-offs	14 655 204	22 676 954	14 655 204	22 676 954
Net Finance Lease Receivable balance	341 281 664	216 963 005	341 281 664	216 963 005

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

	GROUP		TRUST	
	2024	* Restated 2023	2024	* Restated 2023
	R	R	R	R
Gross investment in leases due	<b>545 701 568</b>	<b>328 855 243</b>	<b>545 701 568</b>	<b>328 855 243</b>
- within one year	76 448 433	129 871 985	76 448 433	129 871 985
- in second to fifth year inclusive	447 628 223	192 103 104	447 628 223	192 103 104
- after 5 years	21 624 912	6 880 154	21 624 912	6 880 154
Less: unearned finance income	112 865 433	(29 509 105)	112 865 433	(29 509 105)
Present value of minimum lease payments	<b>432 836 135</b>	<b>299 346 138</b>	<b>432 836 135</b>	<b>299 346 138</b>
Less: allowance for uncollectable minimum lease payments	(91 554 471)	(82 383 133)	(91 554 471)	(82 383 133)
Gross value	<b>341 281 664</b>	<b>216 963 005</b>	<b>341 281 664</b>	<b>216 963 005</b>
Present value of minimum lease payments due				
- within one year	52 678 367	115 482 308	52 678 367	115 482 308
- in second to fifth year inclusive	367 156 942	177 269 200	367 156 942	177 269 200
- after 5 years	13 000 826	6 594 630	13 000 826	6 594 630
Less: Allowance for uncollectable minimum lease payments	(91 554 471)	(82 383 133)	(91 554 471)	(82 383 133)
Carrying amount of minimum lease payments	<b>341 281 664</b>	<b>216 963 005</b>	<b>341 281 664</b>	<b>216 963 005</b>
Net finance lease receivable balance	<b>341 281 664</b>	<b>216 963 005</b>	<b>341 281 664</b>	<b>216 963 005</b>
Current portion	102 232 646	95 721 901	102 232 646	95 721 901
Long term portion	239 049 018	121 241 104	239 049 018	121 241 104

The average lease term is 5 years (2023:5 years) and the average effective lending rate is 8.17% (2023: 8.84%).

\* Please refer to note 40 for more details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

14 INVESTMENTS HELD FOR TRADE

Fair value balance at beginning of year  
Fair value gains  
Fair value balance at end of year  
  
Investments held for trade  
Listed securities  
Southern Sun

	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
Fair value balance at beginning of year	21 947 209	17 251 527	21 947 209	17 251 527
Fair value gains	3 828 001	4 695 682	3 828 001	4 695 682
Fair value balance at end of year	<b>25 775 210</b>	<b>21 947 209</b>	<b>25 775 210</b>	<b>21 947 209</b>
Investments held for trade				
Listed securities				
Southern Sun	25 775 210	21 947 209	25 775 210	21 947 209
	<b>25 775 210</b>	<b>21 947 209</b>	<b>25 775 210</b>	<b>21 947 209</b>

Investments held for trade include the investment of the NEF in the Southern Sun Hotels Ltd shares totalling 5 104 002 (2023: 5 104 002).

15 CURRENT ASSET HELD FOR SALE

Opening balance  
Additions  
Disposal at cost  
Closing balance

Opening balance	-	600 000	-	600 000
Additions	-	-	-	-
Disposal at cost	-	(600 000)	-	(600 000)
Closing balance	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The current asset held for sale balance is made up of the vehicles received from third-party funders which were allocated to clients at the NEF's discretion.



	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
<b>16 INVENTORIES</b>				
Finished goods	13 996 646	13 125 734	-	-
Pallets, trolleys and bins	-	629 060	-	-
Lightning and surge protection goods	2 288 296	1 972 668	-	-
	<b>16 284 942</b>	<b>15 727 462</b>	<b>-</b>	<b>-</b>
<b>17 TRADE AND OTHER RECEIVABLES</b>				
Trade receivables	7 880 681	15 665 488	-	-
Deposits	1 905 554	1 905 554	1 879 070	1 879 070
VAT	397 074	123 781	-	-
Other receivables	14 865 389	15 087 389	14 449 318	13 563 014
<b>Total</b>	<b>25 048 698</b>	<b>32 782 212</b>	<b>16 328 388</b>	<b>15 442 084</b>

18 FINANCIAL ASSETS

- Loans and receivables**
- \* - Originated loans
  - \* - Finance leases
  - Trade and other receivables

- Investments held at fair value**
- Unlisted non-associate equity investments
  - Listed non-associate equity investments
  - Unincorporated equity investments

**Investment in associates**

- Investments held for trade**
- Listed equity
- Total**

	GROUP			
	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair Value
	R	R	R	R
	<b>1 968 088 594</b>	<b>1 968 088 594</b>	<b>1 746 929 354</b>	<b>1 746 929 354</b>
	1 601 758 232	1 601 758 232	1 466 022 716	1 466 022 716
	341 281 664	341 281 664	248 124 426	248 124 426
	25 048 698	25 048 698	32 782 212	32 782 212
	<b>1 243 400 766</b>	<b>1 243 400 766</b>	<b>1 527 806 789</b>	<b>1 527 806 789</b>
	295 219 227	295 219 227	238 445 820	238 445 820
	948 167 539	948 167 539	1 289 341 969	1 289 341 969
	14 000	14 000	19 000	19 000
	<b>77 874 854</b>	<b>77 874 854</b>	<b>87 998 872</b>	<b>87 998 872</b>
	<b>25 775 210</b>	<b>25 775 210</b>	<b>21 947 209</b>	<b>21 947 209</b>
	25 775 210	25 775 210	21 947 209	21 947 209
<b>Total</b>	<b>3 315 139 424</b>	<b>3 315 139 424</b>	<b>3 384 682 224</b>	<b>3 384 682 224</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

	TRUST			
	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair Value
	R	R	R	R
<b>Loans and receivables</b>	<b>2 026 040 925</b>	<b>2 026 040 925</b>	<b>1 766 857 635</b>	<b>1 766 857 635</b>
* - Originated loans (Refer to note 12)	1 668 430 873	1 668 430 873	1 534 452 546	1 534 452 546
* - Finance leases (Refer to note 13)	341 281 664	341 281 664	216 963 005	216 963 005
- Trade and other receivables (Refer to note 17)	16 328 388	16 328 388	15 442 084	15 442 084
<b>Investments held at fair value</b>	<b>1 243 400 766</b>	<b>1 243 400 766</b>	<b>1 527 806 789</b>	<b>1 527 806 789</b>
- Unlisted non-associate equity investments (Refer to note 11.1)	295 219 227	295 219 227	238 445 820	238 445 820
- Listed non-associate equity investments (Refer to note 11.1)	948 167 539	948 167 539	1 289 341 969	1 289 341 969
- Unincorporated equity investments (Refer to note 11.2)	14 000	14 000	19 000	19 000
<b>Investment in associates (Refer to note 9)</b>	<b>77 874 854</b>	<b>77 874 854</b>	<b>87 998 872</b>	<b>87 998 872</b>
<b>Investments held for trade</b>	<b>25 775 210</b>	<b>25 775 210</b>	<b>21 947 209</b>	<b>21 947 209</b>
- Listed equity (Refer to note 14)	25 775 210	25 775 210	21 947 209	21 947 209
<b>Total</b>	<b>3 373 091 755</b>	<b>3 373 091 755</b>	<b>3 404 610 505</b>	<b>3 404 610 505</b>

\* Originated loans and finance leases investment balances are discounted using the market related interest rates which is prime linked. Hence the carrying amounts will be the same as fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Fair value hierarchy

The following table details the fair value hierarchy as defined in GRAP 104 for the investments carried at fair value in the financial statements:

	2024			
	Level 1	Level 2	Level 3	Total
	R	R	R	R
<b>Financial assets at fair value through profit and loss</b>	<b>25 775 210</b>	<b>-</b>	<b>77 888 854</b>	<b>103 664 064</b>
Associates	-	-	77 874 854	77 874 854
Unincorporated equity investments	-	-	14 000	14 000
Investments held for trade	25 775 210	-	-	25 775 210
<b>Non-associate equity investments</b>	<b>948 167 539</b>	<b>-</b>	<b>295 219 227</b>	<b>1 243 386 766</b>
Listed equities	948 167 539	-	-	948 167 539
Unlisted equities	-	-	295 219 227	295 219 227
<b>Total</b>	<b>973 942 749</b>	<b>-</b>	<b>373 108 081</b>	<b>1 347 050 830</b>

	2023			
	Level 1	Level 2	Level 3	Total
	R	R	R	R
<b>Financial assets at fair value through profit and loss</b>	<b>21 947 209</b>	<b>-</b>	<b>88 017 872</b>	<b>109 965 081</b>
Associates	-	-	87 998 872	87 998 872
Unincorporated equity investments	-	-	19 000	19 000
Investments held for trade	21 947 209	-	-	21 947 209
<b>Non-associate equity investments</b>	<b>1 289 341 969</b>	<b>-</b>	<b>238 445 820</b>	<b>1 527 787 789</b>
Listed equities	1 289 341 969	-	-	1 289 341 969
Unlisted equities	-	-	238 445 820	238 445 820
<b>Total</b>	<b>1 311 289 178</b>	<b>-</b>	<b>326 463 692</b>	<b>1 637 752 870</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Reconciliation of financial assets held at fair value

	2024			
	Level 1	Level 2	Level 3	Total
	R	R	R	R
Opening balance for the year	1 311 289 178	-	326 463 692	1 637 752 870
Additions - Cost	-	-	968 310	968 310
Sales/Transfers	-	-	-	-
Fair value adjustments recognised in profit and loss	(337 346 428)	-	45 676 078	(291 670 350)
<b>Closing balance</b>	<b>973 942 750</b>	<b>-</b>	<b>373 108 080</b>	<b>1 347 050 830</b>

Reconciliation of financial assets held at fair value

	2023			
	Level 1	Level 2	Level 3	Total
	R	R	R	R
Opening balance for the year	1 939 076 067	-	368 323 418	2 307 399 485
Additions - Cost	-	-	269 398	269 398
Sales/Transfers	-	-	49	49
Fair value adjustments recognised in profit and loss	(627 786 889)	-	(42 129 173)	(669 916 062)
<b>Closing balance</b>	<b>1 311 289 178</b>	<b>-</b>	<b>326 463 692</b>	<b>1 637 752 870</b>

Valuations based on observable inputs

Valuations based on observable inputs include:

**Level 1**

Financial instruments valued with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis.

This category comprises active listed equities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

**Level 2**

Financial instruments valued using inputs other than quoted prices as described above for Level 1 but which are observable for the asset or liability, either directly or indirectly, such as:

- quoted price for similar assets or liabilities in an active market;
- quoted price for identical or similar assets or liabilities in inactive markets;
- valuation model using observable inputs; and
- valuation model using inputs derived from/corroborated by observable market data.

The portfolio of the fund does not comprise any financial assets that are valued on the basis mentioned above.

**Level 3**

Financial instruments valued using inputs that are not based on observable market data (unobservable data) such as an entity's own assumptions about assumptions of market participants in pricing the asset or liability.

This category includes certain private equity investments, equity derivatives and loans and advances in the form of shareholder loans that have been classified as equity.

In determining the value of Level 3 financial instruments, the following are the principal inputs that can require judgement:

**(i) Future earnings and marketability discounts**

Future earnings and marketability discounts are key inputs in the valuation of certain private equity investments. Forecast earnings and marketability discounts are unobservable for some investments. The earnings were forecasted using an average of 13,60% - 16,50% growth rate.

**(ii) Comparative multiples**

Comparator multiples and point of difference applied to chosen multiples are key inputs in the valuation of certain private equity investments. Price earnings multiples and point of difference applied to chosen multiples are unobservable for some investments.

**(iii) Discount rates**

Discount rates are key inputs in the valuation of certain private equity investments. Discount rates are unobservable for some investments. The range of discount rate used was 10,70% - 26,00%. These rates were obtained using the nominal weighted average cost of capital per each investment.

Unobservable inputs are determined on the basis of the best information available and may include reference to similar instruments, similar maturities, appropriate proxies or other analytical techniques.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Sensitivity Analysis

Level 3 Contributors	2024		
	Carrying Amount	Effect of 1% Sensitivity adjustment of Carrying Amount	Effect of 10% Sensitivity adjustment of Carrying Amount
	R	R	R
Associates	77 874 854	778 749	7 787 485
Unincorporated equity investments	14 000	140	1 400
Unlisted equities	295 219 227	2 952 192	29 521 923
	<b>373 108 081</b>	<b>3 731 081</b>	<b>37 310 808</b>

Level 3 Contributors	2023		
	Carrying Amount	Effect of 1% Sensitivity adjustment of Carrying Amount	Effect of 10% Sensitivity adjustment of Carrying Amount
	R	R	R
Associates	87 998 872	879 989	8 799 887
Unincorporated equity investments	19 000	190	1 900
Unlisted equities	238 445 820	2 384 458	23 844 582
	<b>326 463 692</b>	<b>3 264 637</b>	<b>32 646 369</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Notes	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R

19 CASH AND CASH EQUIVALENTS

In relation to the cash flow statement, cash and cash equivalents comprise the following:

Bank balances	2024	2023	2024	2023
	R	R	R	R
- Current accounts	164 044 975	125 776 603	155 721 196	124 292 585
- Short-term bank deposits	2 080 546 944	2 463 972 282	2 078 443 984	2 462 379 415
- Cash on hand	143 212	108 284	248	248
<b>Total</b>	<b>2 244 735 131</b>	<b>2 589 857 169</b>	<b>2 234 165 428</b>	<b>2 586 672 248</b>

The effective interest rate on short term deposits was 7.71% (2023 - 6.1%). Cash reserves includes commitments and third party contributions as per below table. Unencumbered cash is the uncommitted cash available.

UNENCUMBERED CASH - TRUST

- Cash as per bank balance		2 234 165 428	2 586 672 248
- Less Commitments	31.2	(515 245 286)	(768 680 467)
- Less external contributions	31.4	(1 315 760 995)	(1 419 227 933)
<b>Total</b>		<b>403 159 147</b>	<b>398 763 847</b>

20 TRUST CAPITAL

Investment in listed shares				
- At cost	171 000 000	171 000 000	171 000 000	171 000 000
Cash funds received from the dtic:				
- Opening Balance	2 297 431 472	2 297 431 472	2 297 431 472	2 297 431 472
<b>Closing balance</b>	<b>2 468 431 472</b>	<b>2 468 431 472</b>	<b>2 468 431 472</b>	<b>2 468 431 472</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
<b>21 INSTALMENT SALE AGREEMENT</b>				
Wesbank	82 895	766 072	-	-
Zastrovect Investments (Pty) Ltd purchased certain vehicles under instalment sale agreement. The average terms of these agreements are 5 years.				
<b>Non-current liabilities</b>				
At amortised cost	-	519 303	-	-
Current liabilities				
At amortised cost	82 895	246 768	-	-
<b>22 TRADE AND OTHER PAYABLES</b>				
Trade payables	37 105 017	33 361 499	8 440 134	8 443 874
Lease accrual	23 602	61 481	23 602	61 481
Income tax due	17 738	-	-	-
Supplier accruals	3 294 877	2 833 689	578 665	723 624
VAT Payable	50 360	466 398	-	-
<b>Provisions</b>	<b>67 071 017</b>	<b>68 877 990</b>	<b>65 646 093</b>	<b>67 559 311</b>
- Performance awards	52 720 915	56 590 054	52 720 915	56 590 054
- Leave pay	14 350 102	12 287 936	12 925 178	10 969 257
<b>Total</b>	<b>107 562 611</b>	<b>105 601 057</b>	<b>74 688 494</b>	<b>76 788 290</b>

The carrying amount of trade payables approximates fair value and is payable within 30 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

**PROVISIONS (TRUST)**

Reconciliation of provisions 2024	Opening balance	Raised during the year	Utilised during the year	Total
	R	R	R	R
Performance rewards	56 590 055	42 156 392	(46 025 532)	52 720 915
Leave pay	10 969 257	6 081 440	(4 125 519)	12 925 178
	<b>67 559 312</b>	<b>48 237 832</b>	<b>(50 151 051)</b>	<b>65 646 093</b>

**PROVISIONS (TRUST)**

Reconciliation of provisions 2023	Opening balance	Raised during the year	Utilised during the year	Total
	R	R	R	R
Performance rewards	56 711 932	39 869 661	(39 991 538)	56 590 055
Leave pay	12 140 255	6 764 851	(7 935 849)	10 969 257
	<b>68 852 187</b>	<b>46 634 512</b>	<b>(47 927 387)</b>	<b>67 559 312</b>

**PROVISIONS (GROUP)**

Reconciliation of provisions 2024	Opening balance	Raised during the year	Utilised during the year	Total
	R	R	R	R
Performance rewards	56 590 055	42 156 392	(46 025 532)	52 720 915
Leave pay	12 287 936	6 187 685	(4 125 519)	14 350 102
	<b>68 877 991</b>	<b>48 344 077</b>	<b>(50 151 051)</b>	<b>67 071 017</b>

**PROVISIONS (GROUP)**

Reconciliation of provisions 2023	Opening balance	Raised during the year	Utilised during the year	Total
	R	R	R	R
Performance rewards	56 711 932	39 869 661	(39 991 538)	56 590 055
Leave pay	13 518 994	6 764 851	(7 995 909)	12 287 936
	<b>70 230 926</b>	<b>46 634 512</b>	<b>(47 987 447)</b>	<b>68 877 991</b>

23 ENTERPRISE DEVELOPMENT FUNDS

External contributions

	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
- Opening balance	1 389 580 896	2 082 443 955	1 389 580 896	2 082 443 955
- Interest capitalised	7 264 548	5 188 826	7 264 548	5 188 826
- Funds received	126 788 040	119 675 000	126 788 040	119 675 000
- Disbursement	(180 573 342)	(814 516 885)	(180 573 342)	(814 516 885)
- Administration fee	(1 150 000)	(2 290 000)	(1 150 000)	(2 290 000)
- Reclassification of funds received to settle client loans	-	(920 000)	-	(920 000)
- Balance of funds returned to ED partner	(50 153 288)	-	(50 153 288)	-
- Transferred to sundry debtors	2 932 047	-	2 932 047	-
- Closing balance	<b>1 294 688 900</b>	<b>1 389 580 896</b>	<b>1 294 688 900</b>	<b>1 389 580 896</b>

Deferred Income

- Opening balance	29 647 037	42 831 802	29 647 037	42 831 802
- Balance of funds returned to ED partner	(2 980 982)	-	(2 980 982)	-
- Addition	8 000 000	-	8 000 000	-
- Amount utilised for non-financial support	(1 055 983)	-	(1 055 983)	-
- Unconditional ESD to be recognised as sundry (other) income	-	(13 184 765)	-	(13 184 765)
	<b>33 610 072</b>	<b>29 647 037</b>	<b>33 610 072</b>	<b>29 647 037</b>

**Total** 31.4 **1 328 298 972** **1 419 227 933** **1 328 298 972** **1 419 227 933**

Enterprise development funds emanates from ESD partnerships and related party which are mainly Government entities.

24 RELATED PARTY TRANSACTIONS

The NEF has been established by the Department of Trade Industry and Competition in terms of the NEF Act. The NEF is related to all entities within the common control of the Department of Trade Industry and Competition in terms of GRAP.

Entities

Department of Trade Industry and Competition

Group and Trust	
Undisbursed balances	
393 383 721	392 690 366
<b>393 383 721</b>	<b>392 690 366</b>
Trust	
Dividends received	
1 928 000	2 784 000
<b>1 928 000</b>	<b>2 784 000</b>

Colliery Dust Control (Pty) Ltd

Zastrovect Investments (Pty) Ltd (Subsidiary)

Management Fee	
950 000	900 000
<b>950 000</b>	<b>900 000</b>

Industrial Development Corporation of SA

Travel related expenses	
5 265 587	7 194 047
<b>5 265 587</b>	<b>7 194 047</b>

Other related parties

Board of Trustees (refer Note 32)

Investments in associates and subsidiaries as per below:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Related party balances in respect of Investments in Associates and Subsidiaries

	2024 % Holding	Loans receivable before impairment		Investments at cost	
		2024	2023	2024	2023
125 Village Hub (Pty) Ltd/ Muma Investments	20,0%	63 470 198	59 568 386	200	200
Allimor Footwear (Pty) Ltd	30,0%	(1 146)	171 748	30	30
Amazin Hotels (Pty) Ltd	20,0%	62 349 280	59 602 265	12 350 000	12 350 000
Argon Security	49,0%	156 939	957 052	5 000 000	5 000 000
Business Venture Investments (Pty) Ltd	30,0%	19 631 760	19 631 760	30	30
Colliery Dust Control (Pty) Ltd	44,6%	-	-	401	401
Crowie Holdings (Pty) Ltd	26,2%	-	-	25 000 000	25 000 000
Delswa (Pty) Ltd (Subsidiary)	100,0%	-	-	1	1
Dika Plastic Pipes (Pty) Ltd	35,0%	11 486 597	-	35	-
False Bay Bricks (Pty) Ltd	30,0%	-	-	350	350
Ga Matlala Roof Tiles and Bricks (Pty) Ltd	30,0%	-	-	300	300
Go 2 Market (Pty) Ltd	38,0%	10 379 515	9 146 827	8 000 000	8 000 000
Golden Dice Foods (Pty) Ltd	49,0%	(25 359)	-	49	49
Gradoscope (Pty) Ltd	26,0%	19 304 918	17 561 408	26	26
Graskop Gorge Lift Company (Pty) Ltd	26,1%	22 376 576	26 356 157	2 321 739	2 321 739
Imbaza Mussel (Pty) Ltd	25,0%	1 451 786	2 482 858	250	250
Joy House Academy (Pty) Ltd	45,0%	7 572 164	7 750 324	2 000 000	2 000 000
Magoveni Pharmaceuticals (Pty) Ltd	25,0%	-	-	1	-
M-Care Operating Company (Pty) Ltd	25,1%	30 681 212	30 681 212	2 250	2 250
M-Care Property Company (Pty) Ltd	22,5%	-	-	2 250	2 250
M-Care Management Company (Pty) Ltd	30,0%	-	-	300	300
Mandini Reclaim (Pty) Ltd	25,1%	10 547 617	-	3 351	-
Mandini Refine (Pty) Ltd	25,1%	20 055 938	-	3 351	-
Middeldrift Dairy (Pty) Ltd	40,0%	1 700 000	1 900 000	4 500 040	4 500 040
Mohale Agricultural Co-operative	45,0%	5 668 999	5 738 999	450	450

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

	2024 % Holding	Loans receivable before impairment		Investments at cost	
		2024	2023	2024	2023
Mohlalefi Engineering (Pty) Ltd	49,0%	61 548 842	-	49	-
National Empowerment Fund Corporation SOC Ltd (Subsidiary)	100,0%	26 551 087	25 105 819	100	100
Okubabayo (Pty) Ltd	30,0%	11 900 959	10 450 524	2 817 878	2 817 878
Pyrrade (Pty) Ltd	30,0%	18 010 026	18 010 026	30	30
Rapid Purple Waters Trading (Pty) Ltd	25,0%	39 630 572	34 512 983	450	450
Rhino Ridge Lodge (Pty) Ltd	33,3%	7 131	8 210 492	333	333
Royal Thonga Safari Lodge (Pty) Ltd	36,0%	13 002 170	11 774 583	36	36
Sehwai Exploration Drilling (Pty) Ltd	45,0%	3 388 411	2 973 042	112	112
Stutt Brick Company (Pty) Ltd	49,0%	18 833 208	17 229 948	30 499 181	30 499 181
Super Grand Agric (Pty) Ltd	30,0%	7 985 889	12 077 429	45	45
Surgetek (Pty) Ltd (Subsidiary)	100,0%	22 961 914	21 987 963	13 698 349	13 698 349
Tshellaine Holdings	30,0%	55 210 366	51 600 791	30	30
Unique Engineering (Pty) Ltd	39,0%	-	-	490	490
Umnotho Maize (Pty) Ltd	40,0%	10 600 617	9 976 413	400	400
Value Cement (Pty) Ltd	25,8%	-	-	31	31
Willowvale (Pty) Ltd	45,0%	3 664 576	6 415 026	450	450
Zastrovect Investments (Pty) Ltd (Subsidiary)	100,0%	55 699 843	62 793 274	7 799 104	7 799 104
<b>Total</b>		<b>635 802 606</b>	<b>534 667 309</b>	<b>114 002 471</b>	<b>113 995 684</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

	GROUP		TRUST	
	2024	2023	2024	2023
Notes	R	R	R	R
<b>25 INTEREST AND DIVIDEND INCOME</b>				
Interest - cash	196 201 634	150 497 250	195 951 529	150 459 836
Interest - originated loans	212 284 858	169 595 255	217 503 021	177 265 339
Interest -finance leases	29 543 580	21 277 647	29 543 580	21 277 647
Interest - other	6 279 663	1 597 353	6 279 663	1 597 353
Dividends	65 307 058	81 163 058	65 307 058	81 163 058
	<b>509 616 793</b>	<b>424 130 563</b>	<b>514 584 851</b>	<b>431 763 233</b>
<b>26 NET SUNDRY INCOME</b>				
Sales	478 362 915	417 055 827	-	-
Cost of sales	(387 734 995)	(338 090 894)	-	-
Bad debts recovered	4 006 932	5 354 076	4 006 932	5 354 076
Capital raising fee	7 437 732	1 842 140	7 437 732	1 842 140
Enterprise development admin fees	1 150 000	15 066 302	1 150 000	15 066 302
Other income	4 167 932	7 685 532	4 429 139	8 154 754
Income from enterprise development funds	126 690 827	247 406 613	126 690 827	247 406 613
	<b>234 081 343</b>	<b>356 319 596</b>	<b>143 714 630</b>	<b>277 823 885</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

	TRUST	
	2024	2023
Notes	R	R
<b>27 ADMINISTRATION EXPENSES (TRUST)</b>		
Net operating income is arrived at after taking into account:		
<b>Auditors' remuneration</b>	<b>2 776 705</b>	<b>2 206 982</b>
- For external audit fees	2 776 705	2 206 982
<b>Professional fees</b>	<b>13 355 607</b>	<b>14 142 560</b>
- Human resources	137 655	-
- Information technology	1 133 454	1 120 939
- Legal fees	7 366 065	8 088 043
- Internal audit - outsourced fees	745 154	1 287 529
- Finance	1 126 920	550 202
- Risk management	837 078	729 442
- Investments	2 009 281	2 366 405
<b>Depreciation</b>	<b>2 139 678</b>	<b>2 466 159</b>
- Motor vehicles	61 652	233 661
- Computer equipment	2 044 657	2 188 925
- Office equipment	3 647	4 253
- Furniture and fittings	26 798	29 952
- Paintings	2 924	2 916
- Leasehold improvements	-	6 452
	<b>4</b>	

	Notes	TRUST	
		2024 R	2023 R
Amortisation of intangible assets	6	-	-
Repairs and maintenance		1 062 701	1 158 321
Operating lease rentals		12 887 002	13 160 437
- Property rental		12 747 253	12 383 292
- Equipment rental		139 749	777 145
<b>Total staff costs</b>		<b>221 522 542</b>	<b>212 738 263</b>
- Salaries and other benefits		205 612 490	197 449 845
- Provident fund contributions		15 910 052	15 288 418
Other operating expenses		75 532 130	46 712 095
		<b>329 276 365</b>	<b>292 584 817</b>
Trustees and senior management emoluments	32	26 636 520	21 704 814
Headcount at year end		182	185

	Notes	GROUP	
		2024 R	2023 R
<b>28 LOSS ON DERECOGNISED SUBSIDIARY</b>			
The NEF Trust lost subsidiary control to Golden Dice (Pty) Ltd as at 30 June 2022. The below carrying amounts of assets and liabilities will be derecognised due to loss of control;			
<b>Assets derecognised</b>			
<b>Non-current assets</b>			
Property, plant and equipment		-	(8 929 512)
Goodwill		-	(2 140 839)
		-	<b>(11 070 351)</b>
<b>Current assets</b>			
Inventories		-	(480 241)
Trade receivables		-	(681 539)
Cash and cash equivalent		-	(26 110)
		-	<b>(1 187 890)</b>
<b>Total Assets</b>		-	<b>(12 258 241)</b>
<b>Liabilities derecognised</b>			
<b>Current liabilities</b>			
Trade payables		-	1 612 952
<b>Total liabilities</b>		-	<b>1 612 952</b>
Non-controlling interest		-	13 565 428
		-	<b>13 565 428</b>
<b>Loss on subsidiary control</b>		-	<b>(2 920 139)</b>



	2024	2023	2024	2023
	R	R	R	R
<b>29 TAXATION</b>				
Current year	(2 510 480)	97 774	-	-
<b>Reconciliation of the tax expense</b>				
Reconciliation between accounting profit and tax expense				
Accounting profit/(loss)	5 099 203	(4 947 656)	-	-
Tax at the applicable tax rate of 28%	1 376 785	(1 385 344)	-	-
<b>Tax effect of adjustment of taxable income</b>				
Disallowed expenditure	1 482 378	1 418 237	-	-
Tax allowances	(398 699)	(130 667)	-	-
Donation tax	26 240	-	-	-
Prior period (over)/under provision in deferred tax	21 574	-	-	-
Prior period (over)/under provision in normal tax	2 202	-	-	-
	<b>2 510 480</b>	<b>(97 774)</b>		

Taxation income or expense that arose from Zastrovect Investments (Pty) Ltd operations.

The South African Revenue Service (SARS) confirmed that the application for exemption from income tax for National Empowerment Fund Corporation SOC Limited has been approved. Income Tax Exemption has been granted in terms of section 10(1)(cA)(ii) of the Act. The exemption approval is subject to review on an annual basis by the Tax Exemption Unit upon receipt of the annual tax returns.

	GROUP		TRUST	
	2024	* Restated 2023	2024	*Restated 2023
	R	R	R	R
<b>30 IMPAIRMENTS AND WRITE-OFFS</b>				
<b>Net impairments</b>				
Originated loans	48 773 621	109 946 895	45 856 849	109 724 059
Finance leases	9 171 338	(3 648 716)	9 171 338	(3 648 716)
Net impairment for the year	<b>57 944 959</b>	<b>106 298 179</b>	<b>55 028 187</b>	<b>106 075 343</b>
<b>Write-offs</b>				
Originated loans	217 293 753	135 333 377	217 293 753	135 333 377
Finance leases	14 655 204	22 676 954	14 655 204	22 676 954
Write-offs for the year	<b>231 948 957</b>	<b>158 010 331</b>	<b>231 948 957</b>	<b>158 010 331</b>
<b>Net impairment and write-offs</b>	<b>289 893 916</b>	<b>264 308 510</b>	<b>286 977 144</b>	<b>264 085 674</b>

Refer to notes 12 and 13 as a reference per investment instrument. The increase in impairment can be attributed to several factors, including the prevailing economic conditions in the country that have placed our clients in an arduous position.

\* Please refer to note 40 for more details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

31 COMMITMENTS – TRUST

31.1 Operating lease commitments – property rentals

The future minimum lease payments on office premises rentals under operating leases are as follows:

	TRUST	
	2024	2023
	R	R
Not later than 1 year	7 664 020	8 959 374
Later than 1 year but not later than 5 years	2 954 050	5 041 105
	<b>10 618 070</b>	<b>14 000 479</b>

Operating lease payments represent rentals payable by the Trust for office properties. Leases are negotiated for an average term of between 2 to 5 years, with an average escalation of 9% per annum.

31.2 Undrawn loans and investments

	TRUST	
	2024	2023
	R	R
Not later than 1 year	<b>515 245 286</b>	<b>768 680 467</b>

Payment will be made out of cash reserves.

31.3 Loans and investments approved and committed, but not yet contracted

	TRUST	
	2024	2023
	R	R
Not later than 1 year	<b>248 944 449</b>	<b>460 551 596</b>

Payment will be made out of cash reserves.

TRUST	
2024	2023
R	R

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

31.4 External Contributions

Unconditional contributions (recognised in sundry income)

Undisbursed opening balance (contribution available for investment)

Current year

- Funds disbursed

- Available for investment

TRUST	
2024	2023
R	R

-	9 927 086
-	(9 927 086)
-	(9 927 086)
-	-

Conditional Funding

Conditional contributions (recognised in current liabilities)

Opening Balance

- Contributions received

- Interest capitalised

- Funds disbursed

- Administration fee

- Balance of funds returned to ED partner

- Transferred to sundry debtors

- Reclassification of funds received to settle client loans

1 419 227 933	2 125 275 757
134 788 040	119 675 000
7 264 548	5 188 826
(181 629 325)	(814 925 348)
(1 150 000)	(15 066 302)
(53 134 270)	-
2 932 047	-
-	(920 000)
<b>1 328 298 973</b>	<b>1 419 227 933</b>

Total Liability :(Note 23)

**Total contributions available for future disbursements**

1 328 298 973	1 419 227 933
<b>1 328 298 973</b>	<b>1 419 227 933</b>

The external contributions represent cash received from third parties for disbursement to qualifying beneficiaries, as determined in the terms and conditions of the Memorandum of Agreement with the respective third parties.

32 TRUSTEES AND SENIOR MANAGEMENT EMOLUMENTS

	Basic	Bonuses & performance payments	Acting allowance	Long-term bonus payments	Provident fund contributions	Other contributions Other contributions	Fees to Non-Executive Trustees Other	Total
	R	R	R	R	R	R	R	R
<b>Year ended 31 March 2024</b>								
<b>Executive trustee:</b>								
* Ms Philisiwe Mthethwa (CEO)	3 141 713	1 871 552	-	-	592 193	181 844	-	5 787 302
** Mr Mziwabantu Dayimani (ACEO)	2 604 956	1 212 068	234 945	-	390 743	217 518	-	4 660 230
	<b>5 746 669</b>	<b>3 083 620</b>	<b>234 945</b>	<b>-</b>	<b>982 936</b>	<b>399 362</b>	<b>-</b>	<b>10 447 532</b>
<b>Senior Management:</b>								
^ Mr Phumudzo Siphuma (CFO)	2 088 150	697 535	39 488	-	358 003	58 904	-	3 242 080
^^ Ms Zama Khanyile (Divisional Executive)	2 097 551	917 176	-	-	251 706	153 313	-	3 419 746
\$ Mr Matshezandile Stemela (Divisional Executive)	1 501 280	618 799	202 724	-	180 154	154 134	-	2 657 091
Mr Nhlanhla Nyembe (Divisional Executive)	2 282 525	989 511	-	-	309 979	204 989	-	3 787 004
	<b>7 969 506</b>	<b>3 223 021</b>	<b>242 212</b>	<b>-</b>	<b>1 099 842</b>	<b>571 340</b>	<b>-</b>	<b>13 105 921</b>

\* Ms Mthethwa retired on 31 December 2023.

\*\* Mr Dayimani appointed as Acting CEO effective 01 January 2024.

^ Mr Siphuma appointed effective 16 May 2023.

^^ Ms Khanyile resigned effective 29 February 2024.

\$ Mr Stemela appointed effective 06 February 2024.

	Basic	Bonuses & performance payments	Acting allowance	Long-term bonus payments	Provident fund contributions	Other contributions Other contributions	Fees to Non-Executive Trustees Other	Total
	R	R	R	R	R	R	R	R
<b>Non-executive trustees:</b>								
Dr Nthabiseng Moleko (Chairperson)	-	-	-	-	-	-	877 956	877 956
Dr Monde Tom	-	-	-	-	-	-	336 564	336 564
Ms Rethabile Nkosi	-	-	-	-	-	-	583 367	583 367
Ms Lucretia Khumalo	-	-	-	-	-	-	-	-
* Mr Roy Harichunder	-	-	-	-	-	-	314 697	314 697
Ms Philile Mbokazi	-	-	-	-	-	-	486 510	486 510
Ms Thinavhuyo Mpye	-	-	-	-	-	-	483 973	483 973
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 083 067</b>	<b>3 083 067</b>
<b>TOTAL</b>	<b>13 716 175</b>	<b>6 306 641</b>	<b>477 157</b>	<b>-</b>	<b>2 082 778</b>	<b>970 702</b>	<b>3 083 067</b>	<b>26 636 520</b>

\* Mr Harichunder's term ended 05 January 2024.

The fees to non-executive trustees increased in the current year primarily due to additional time and effort required by the NOMCO to conduct special meetings and oversee the appointment of the new CEO.

**Year ended 31 March 2023**

**Executive trustees:**

Ms Philisiwe Mthethwa (CEO)	3 959 145	1 868 944	-	-	743 629	199 007	-	6 770 725
	<b>3 959 145</b>	<b>1 868 944</b>	<b>-</b>	<b>-</b>	<b>743 629</b>	<b>199 007</b>	<b>-</b>	<b>6 770 725</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

	Basic	Bonuses & performance payments	Acting allowance	Long-term bonus payments	Provident fund contributions	Other contributions Other contributions	Fees to Non-Executive Trustees Other	Total
	R	R	R	R	R	R	R	R
<b>Senior Management:</b>								
Mr Mziwabantu Dayimani (General Counsel)	2 440 148	1 146 682	-	-	366 022	194 792	-	4 147 644
* Mr Setlakalane Molepo (Divisional Executive)	368 736	-	-	-	-	14 104	-	382 840
Ms Zama Khanyile (Divisional Executive)	1 907 333	712 699	-	-	228 880	134 576	-	2 983 488
Mr Nhlanhla Nyembe (Divisional Executive)	2 123 058	902 305	-	-	286 059	180 627	-	3 492 048
# Ms Boitumelo Gasealahwe (CFO)	1 447 954	-	-	-	215 168	99 149	-	1 762 271
	<b>8 287 229</b>	<b>2 761 686</b>	<b>-</b>	<b>-</b>	<b>1 096 129</b>	<b>623 248</b>	<b>-</b>	<b>12 768 292</b>
* Mr Setlakalane Molepo retired effective 31 March 2022, however entered into a 3 month contract with the NEF for a smooth handover process.								
# Ms Boitumelo resigned effective 31 December 2022.								
<b>Non-executive trustees:</b>								
Dr Nthabiseng Moleko (Chairperson)	-	-	-	-	-	-	440 239	440 239
Dr Monde Tom	-	-	-	-	-	-	302 540	302 540
Ms Rethabile Nkosi	-	-	-	-	-	-	395 589	395 589
Ms Lucretia Khumalo	-	-	-	-	-	-	-	-
Mr Roy Harichunder	-	-	-	-	-	-	338 934	338 934
Ms Philile Mbokazi	-	-	-	-	-	-	314 391	314 391
Ms Thinavhuyo Mpye	-	-	-	-	-	-	374 104	374 104
	-	-	-	-	-	-	2 165 797	2 165 797
<b>TOTAL</b>	<b>12 246 374</b>	<b>4 630 630</b>	<b>-</b>	<b>-</b>	<b>1 839 758</b>	<b>822 255</b>	<b>2 165 797</b>	<b>21 704 814</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

	GROUP		TRUST	
	2024	* Restated 2023	2024	*Restated 2023
	R	R	R	R
<b>33 NOTES TO THE CASH FLOW STATEMENT</b>				
Reconciliation of net (deficit)/surplus to cash flows from operating activities:				
<b>Deficit for the year</b>	<b>(298 501 732)</b>	<b>(585 339 867)</b>	<b>(291 396 315)</b>	<b>(564 744 513)</b>
<b>Adjustment for:</b>	<b>279 636 536</b>	<b>560 610 775</b>	<b>256 690 636</b>	<b>534 432 740</b>
Depreciation & amortisation	7 297 244	10 811 478	2 139 678	2 466 159
Interest accrued on investments	(241 828 439)	(190 872 902)	(247 046 603)	(198 542 986)
Loss/(Profit) on disposal of fixed assets	(72 224)	2 954 137	-	25 107
Other non-cash items	781 086	1 081 697	-	600 000
Capital raising fee	(6 795 343)	(1 421 281)	(6 795 343)	(1 421 281)
Social benefit	41 771 937	47 745 078	41 771 937	47 745 078
Provision for bad debts	21 098 357	-	14 664 301	-
Dividends received	-	(3 034 460)	-	(3 034 460)
Net Impairment and write-offs	289 893 916	264 308 510	286 977 144	264 085 674
Fair value adjustments	291 670 350	676 542 905	291 670 350	669 916 062
Income from enterprise development funds	(126 690 827)	(247 406 613)	(126 690 827)	(247 406 613)
Taxation	2 510 480	(97 774)	-	-
<b>Operating deficit before working capital changes</b>	<b>(18 865 196)</b>	<b>(24 729 092)</b>	<b>(34 705 679)</b>	<b>(30 311 773)</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

	GROUP		TRUST	
	2024	* Restated 2023	2024	*Restated 2023
	R	R	R	R
<b>Working capital changes</b>	<b>19 049 224</b>	<b>(459 309 742)</b>	<b>18 111 463</b>	<b>(462 063 611)</b>
(Increase)/Decrease in inventories	(557 480)	1 444 491	-	-
(Increase)/Decrease in trade and other receivables	295 601	6 019 325	(886 304)	2 893 776
Proceeds from enterprise development funders	134 788 040	119 675 000	134 788 040	119 675 000
Decrease in trade and other payables	(115 476 936)	(586 448 558)	(115 790 273)	(584 632 387)
Other operating activities	(344 089 554)	45 044 027	(334 172 433)	54 671 768
Investment disbursements	(799 482 186)	(505 191 334)	(799 482 186)	(505 191 334)
Interest received on originated loans and finance leases	189 130 636	146 875 984	194 348 799	154 546 067
Repayments on originated loans and leases	266 261 995	403 359 378	270 960 954	405 317 035
<b>Net cash outflows from operating activities</b>	<b>(343 905 526)</b>	<b>(438 994 807)</b>	<b>(350 766 648)</b>	<b>(437 703 616)</b>

\* Please refer to note 40 for more details.

**34 INVESTMENT DISBURSEMENTS**

Originated loans	617 643 397	442 718 228	617 643 397	442 718 228
Investments in associates	6 702	-	6 702	-
Unincorporated equity investments	961 608	269 398	961 608	269 398
Finance leases	180 870 479	62 203 708	180 870 479	62 203 708
<b>Total disbursements</b>	<b>799 482 186</b>	<b>505 191 334</b>	<b>799 482 186</b>	<b>505 191 334</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

	GROUP		TRUST	
	2024	* Restated 2023	2024	*Restated 2023
	R	R	R	R
<b>35 REPAYMENTS ON ORIGINATED LOANS AND LEASES</b>				
<b>35.1</b>				
Originated loans	231 036 247	352 795 187	235 735 206	354 752 844
Finance leases	35 225 748	50 564 191	35 225 748	50 564 191
	<b>266 261 995</b>	<b>403 359 378</b>	<b>270 960 954</b>	<b>405 317 035</b>
<b>35.2 INTEREST RECEIVED</b>				
Interest received on originated loans and finance leases	189 130 636	146 875 984	194 348 799	154 546 067
Interest received - cash	202 481 297	152 094 603	202 231 192	152 057 189
	<b>391 611 933</b>	<b>298 970 587</b>	<b>396 579 991</b>	<b>306 603 256</b>

**36 RECONCILIATION OF STATEMENT OF FINANCIAL PERFORMANCE TO BUDGET**

**36.1 Revenue**

Interest received from cash surplus and interest from investments were higher than budget as the prime interest rate remained at 11.75% since May 2023. More than R2.3 billion cash surplus was invested in the South African Reserve Bank CPD account which yield an average return of 8.25% compared to other call accounts (7.6%).

**36.2 Sundry income (revenue from non-exchange transactions)**

The revenue from non-exchange transactions as at 31 March 2024 was R144 million against the budget of R69 million. This resulted in a positive variance which was mainly contributed by income recognised against enterprise development fund disbursements in terms of GRAP 23 - revenue from non-exchange of R127 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

**36.3 Total expenses**

Total expenses include social benefit expense incurred in terms of GRAP 104 as a result of concessionary loans disbursed at a rate less than the prime interest rate.

Excluding the above accounting expenses, total savings for the current year are due to funded positions that are not yet filled and admin related costs as a result of cost containment measures.

**36.4 Impairments and write-offs**

For the current year, the impairment ratio is at 33%. Throughout the year, the NEF dutifully fulfilled its obligation to manage impairments and ensure loan book quality is maintained. Unfortunately, certain unfavourable contingencies such as minimal economic expansion and energy deficiencies adversely affected clients' capacity for repayment during the year, resulting in significant increase in arrears.

**36.5 Fair value losses**

Fair value losses were significantly affected by a decline in MTN share price from R127,47 as at 31 March 2023 to R93,74 as at 31 March 2024.

**37 IRREGULAR EXPENDITURE & FRUITLESS AND WASTEFUL EXPENDITURE (GROUP)**

As a Schedule 3A public entity the NEF is required to comply with the requirements of the PFMA and the Preferential Procurement Policy Framework Act (PPPFA), (Act No. 5 of 2000). This requirement extends to the subsidiaries of such public entities. The NEF's statutory mandate is to provide development finance to fund the establishment of Black owned business in order to promote economic development in the previously disadvantaged communities. In the course of these business interventions, it sometimes happens that where the NEF has taken an equity stake in an emerging business, that business temporarily becomes a subsidiary of the NEF – in terms of the accounting definition of a subsidiary company. Such subsidiaries will be subject to the PFMA, unless the Minister Finance exempts such compliances in terms of section 3 of the PFMA. In prior years the NEF had submitted and obtained the required exemption in order to enable its subsidiaries to operate as private sector business undertakings subject to the Companies Act, as applicable. However, for the past 3 years the NEF subsidiaries have not obtained the PFMA exemptions. The impact of not receiving the exemption by the financial year end renders the expenditure incurred by the subsidiaries during the year as not compliant with legislation and consequently, irregular. The amount of the expenditure for the current financial year was R261 657 734. No fruitless and wasteful expenditure occurred in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

	GROUP		TRUST	
	2024	2023	2024	2023
	R	R	R	R
<b>Irregular Expenditure and Fruitless and wasteful expenditure</b>				
Irregular expenditure	261 657 734	221 436 193	-	-
Fruitless and wasteful expenditure	-	-	-	-
<b>Total</b>	<b>261 657 734</b>	<b>221 436 193</b>	<b>-</b>	<b>-</b>
<b>Amounts of material losses through criminal conduct</b>				
Incident description				
	-	-	-	-
<b>Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure</b>				
Cases completed and officials disciplined				
	-	-	-	-

**38 INCOME TAX EXEMPTION**

The Trust is exempt from income tax in terms of Sections 10 (1)(cA) of the Income Tax Act.

**39 NATIONAL EMPOWERMENT FUND CORPORATION (SOC) LTD**

The Trust established the entity, in which it has a 100% interest, in 2002, as provided for in the NEF Act. The company holds a strategic investment property from which it earns rental income. The Trust obtained permission from the National Treasury under Section 54 of the PFMA that the Trust may utilise this entity in any of its future Investment activities. The company has a tax exemption effective as 25 April 2017 subject to review on an annual basis by the Tax Exemption Unit upon receipt of the annual income tax return.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

40 PRIOR PERIOD ADJUSTMENT – ERROR

During the preparation of the current year impairment calculation management reviewed and refined the age analysis inputs, mainly the capitalisation of arrears. The prior year calculations have been affected as a way of correcting the error. To enhance the accuracy of our comparative calculations for the previous period, we have made some necessary adjustments.

This has resulted in the restatement of the impairment calculation of finance lease receivables and originated loans and has necessitated a restatement of the related financial statement line items determined in terms of GRAP 104 Financial Instruments.

Impact on the Statement of Financial Position

Statement of Financial Position (extract)

Non-current assets

	2023 – GROUP		
	As previously reported	Adjustment	Restated
	R	R	R
Originated loans	1 337 528 470	(209 180 995)	1 128 347 476
Finance lease receivables	152 402 525	(31 161 421)	121 241 104
<b>Net change in total assets</b>	<b>1 489 930 995</b>	<b>(240 342 416)</b>	<b>1 249 588 580</b>

Accumulated surplus	2 285 923 183	(240 342 416)	2 045 580 767
<b>Net change in net assets</b>	<b>2 285 923 183</b>	<b>(240 342 416)</b>	<b>2 045 580 767</b>

Impact on the Statement of Financial Performance

Impairment charge	(23 966 094)	(240 342 416)	(264 308 510)
<b>Net change in deficit for the year</b>	<b>(23 966 094)</b>	<b>(240 342 416)</b>	<b>(264 308 510)</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Statement of Financial Position (extract)

Non-current assets

	2023 – TRUST		
	As previously reported	Adjustment	Restated
	R	R	R
Originated loans	1 395 071 870	(209 180 995)	1 185 890 876
Finance lease receivables	152 402 525	(31 161 421)	121 241 104
<b>Net change in total assets</b>	<b>1 547 474 395</b>	<b>(240 342 416)</b>	<b>1 307 131 980</b>

Accumulated surplus	2 314 252 341	(240 342 416)	2 073 909 925
<b>Net change in net assets</b>	<b>2 314 252 341</b>	<b>(240 342 416)</b>	<b>2 073 909 925</b>

Impact on the Statement of Financial Performance

Impairment charge	(23 743 258)	(240 342 416)	(264 085 674)
<b>Net change in deficit for the year</b>	<b>(23 743 258)</b>	<b>(240 342 416)</b>	<b>(264 085 674)</b>

41 CONTINGENT LIABILITIES

As at 31 March 2024, the NEF had contingent liabilities amounting to R475.7 million. The NEF is currently defending these matters. No provisions have been raised in the books of the NEF.

42 SEGMENT REPORTING

The NEF has offices throughout the nine provinces in the country, so as to increase its accessibility and coverage. Each of the satellite offices operates independently in carrying out the mandate of the NEF. Funding activities and decisions takes place at Head Office (Gauteng). In accordance with GRAP 18 – Segment Reporting, the Trust is required to report on performance aspects of its segments. Below is a segmental report indicating the operating costs and fixed asset outlay per segment. There is no transfer pricing between the various regional operations presented below, meaning that there are significant costs borne by head office, but attributable to the regions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2024

Operating expenditure per segment

Category	Gauteng	Free State	Limpopo	Eastern Cape	Mpumalanga	KZN	North West	Western Cape	Northern Cape	Total
Employee costs	197 418 741	1 940 182	2 918 308	2 445 466	4 961 491	5 154 808	892 007	3 055 002	2 736 538	221 522 543
Other operating expenses	102 632 749	284 510	419 954	703 341	545 930	1 165 342	494 315	666 992	840 691	107 753 824
<b>Total base costs</b>	<b>300 051 490</b>	<b>2 224 692</b>	<b>3 338 262</b>	<b>3 148 807</b>	<b>5 507 421</b>	<b>6 320 150</b>	<b>1 386 322</b>	<b>3 721 994</b>	<b>3 577 229</b>	<b>329 276 367</b>

Non-current assets per region

Category	Gauteng	Free State	Limpopo	Eastern Cape	Mpumalanga	KZN	North West	Western Cape	Northern Cape	Total
Property and equipment at cost	18 572 354	60 683	60 930	57 870	53 277	35 811	31 159	36 858	475 473	19 384 415
Accumulated depreciation	(15 903 448)	(60 683)	(60 930)	(57 870)	(53 277)	(35 811)	(31 159)	(36 858)	(475 473)	(16 715 509)
<b>Net carrying amount</b>	<b>2 668 906</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 668 906</b>

43 EVENTS AFTER REPORTING DATE

Management is not aware of any adjusting or non-adjusting post balance events which occurred after the reporting date.

44 GOING CONCERN

Management performed detailed scenarios to demonstrate that it is fully within the Board's discretion to preserve the capital of the NEF by giving a directive on the level of approvals to be made in any given year until a longer term funding solution is secured for the organisation. In conclusion Management is of the view that the NEF remains a going concern and the application of this principle in the preparation of its financial statements as at 31 March 2024 is appropriate.

ADMINISTRATION  
31 March 2024

TRUSTEES

- Dr Nthabiseng Moleko (Chairperson)
  - \* Ms Philisiwe Mthethwa (CEO)
  - \*\* Mr Mziwabantu Dayimani (ACEO)
  - Dr Monde Tom
  - Ms Rethabile Nkosi
  - Ms Lucretia Khumalo
  - ^ Mr Roy Harichunder
  - Ms Philile Mbokazi
  - Ms Thinavhuyo Mpye
- \* Ms Mthethwa retired on 31 December 2023.  
\*\* Mr Dayimani appointed as Acting CEO effective 01 January 2024.  
^ Mr Harichunder's term ended 05 January 2024.

BANKERS

- Standard Bank Limited
- First National Bank Limited
- Rand Merchant Bank
- South African Reserve Bank

AUDITORS

SKX Audit Services Incorporated

BUSINESS ADDRESS

West Block  
187 Rivonia Road  
Morningside  
2057

POSTAL ADDRESS

P.O. Box 31  
Melrose Arch  
Melrose North  
2076

REGISTERED ADDRESS

West Block  
187 Rivonia Road  
Morningside  
2057







# CONTACT INFORMATION



## Gauteng Province

### Head Office

Head Office West Block, 187 Rivonia Road, Morningside 2057, PO Box 31, Melrose Arch, Melrose North, 2076  
Tel: +27 (11) 305 8000 | Call Centre: 0861 843 633 0861 (THE NEF) | Fax: +27 (11) 305 8001  
applications@nefcorp.co.za (Funding) | info@nefcorp.co.za (General Enquiries)

## Eastern Cape Province

6 - 8 Donald Road, Vincent, East London  
Tel: (043) 783 4200 | 0861 NEF ECP (0861 633 327) | Fax: 0861 ECP NEF (0861 327 633) | easterncape@nefcorp.co.za

## Free State Province

Shop 75, Bloem Plaza, Cnr Charlotte, Maxeke and East Burger Street, Bloemfontein  
Tel: (051) 407 6360 | 0861 NEF FSP (0861 633 377) | Fax: 0861 FSP NEF (0861 377 633) | freestate@nefcorp.co.za

## KwaZulu-Natal Province

4th Floor (South Side), Grindrod Bank Building (Old KPMG Building),  
5 Arundel Close, Kingsmead Office Park, Durban | Tel: (031) 301 1960 0861  
NEF KZN (0861 633 596) | Fax: 0861 KZN NEF (0861 596 633) | kzn@nefcorp.co.za

## Limpopo Province

Suite 8, Biccard Park, 43 Biccard Street, Polokwane 0699  
Tel: (015) 294 9200 | 0861 NEF LIM (0861 633 546)  
Fax: 0861 LIM NEF (0861 546 633) | limpopo@nefcorp.co.za

## Mpumalanga Province

13 Ferreira Street, Maxsa Building, 2nd Floor, Nelspruit  
Tel: (013) 754 9860 | 0861 NEF MPU (0861 633 678)  
Fax: 0861 MPU NEF (0861 678 633) | mpumalanga@nefcorp.co.za

## Northern Cape

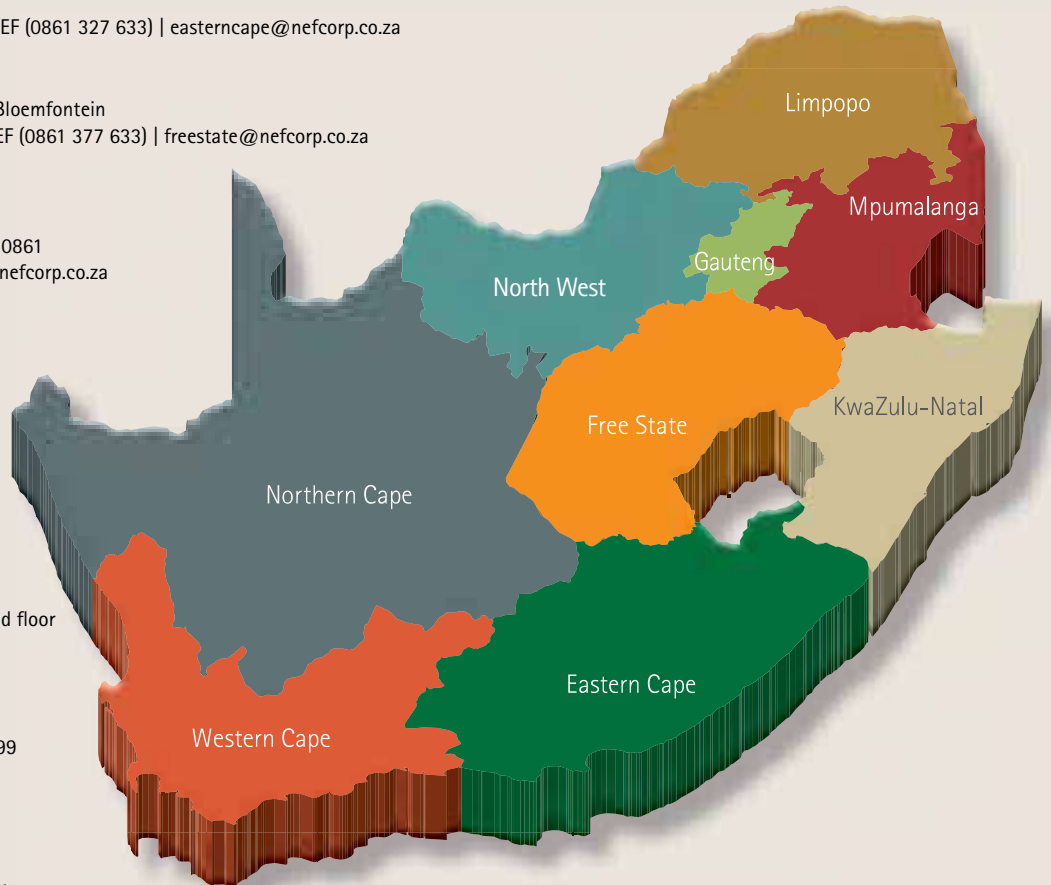
Monridge Office Park, Kekewich Drive, Kimberley, 8301, Block 3, Ground floor  
Tel: (053 831 1757) | 0861 NEF NCP (0861 633 627)  
Fax: 0861 NCP NEF (0861 627 633) | northerncape@nefcorp.co.za

## North West Province

32B Heystek Street, Sunetco Office Park, Ground Floor, Rustenburg 0299  
Tel: (014) 523 9220 | 0861 NEF NWP (0861 633 697)  
Fax: 0861 NWP NEF (0861 697 633) | northwest@nefcorp.co.za

## Western Cape Province

Suite 2404, 24th Floor, ABSA Centre, 2 Riebeeck Street, Cape Town 8001  
Tel: (021) 431 4760 | 0861 NEF WCP (0861 633 927) | Fax: 0861 WCP NEF (0861 927 633)  
westerncape@nefcorp.co.za



## Follow us on:

Twitter: @nefcorp

Facebook / YouTube: National Empowerment Fund

Instagram: @theNEF

[www.nefcorp.co.za](http://www.nefcorp.co.za)

ISBN: 978-1-77997-161-6 | RP224/2024



trade, industry  
& competition

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA