SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

Corner Bonaero Drive and Cote D Azur Avenue
Kempton Park 1622, South Africa

P. O. Box 16001, Doornfontein 2028 – South Africa
Tel (011) 223 7000 Fax (011) 334-8898
info@sadpmr.co.za

All correspondence to be addressed: The Chief Executive Officer

Mr. Gwede Mantashe (MP)
Honourable Minister of Mineral Resources
Department of Mineral Resources
Travenna Building
PRETORIA
0122

Dear Honourable Minister

SUBMISSION OF THE SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR (SADPMR) AUDITED ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENTS FOR 2023/2024 FINANCIAL YEAR

We refer to the above-mentioned matter.

The SADPMR hereby submits to the Honourable Minister of Mineral Resources and Energy as per the Public Finance Management Act, (Act No. 1 of 1999), as amended, the following documents:

- Audited Annual Financial Statements of the 2023/2024 Financial Year, ending on the 31st of March 20234.
- Audited Annual Report for the 2023/2024 Financial Year, ending on the 31st of March 2024.

We hope the Honourable Minister finds the above in order.

Yours faithfully

Okhosa

Mr. C Khosa
Chief Executive Officer

30 August 2024
Date

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30 YEARS OF FREEDOM

1924 - 2024
Platinum Centenary
South Africa: Land of Platinum 100Yrs

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SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

SUBMISSION OF 2023/24 AUDITED ANNUAL REPORT AND AUDITED ANNUAL FINANCIAL STATEMENTS





SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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Acronyms

AA	Accounting Authority
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COID	Compensation for Occupational Injuries and Diseases
DMRE	Department of Mineral Resources and Energy
GIDZ	Gauteng Industrial Development Zone
MQA	Mining Qualifications Authority
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
SADPMR	South African Diamond and Precious Metals Regulator
TETA	Transport Education Training Authority
TVET	Technical Vocational Education and Training

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

GENERAL INFORMATION

Controlling Entity	Department of Mineral Resources and Energy
Financial Statements relate to	SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR
Domicile, Legal Form and Jurisdiction	Schedule 3A entity listed in terms of the Public Finance Management Act, No. 29 of 1999 (PFMA) as amended.
Nature of Business and Principal Activities	Regulating control over the possession, purchase, sale, processing and the export of diamonds as well as the implementation, administration and controlling of all matters relating to the acquisition, possession, smelting, refining, fabrication, use and disposal of precious metals.

Members of the Accounting Authority

Mr Abiel Mngomezulu	Chairperson
Mr C Khosa *	Chief Executive Officer
Mr E Blom	Member
Ms N Zikalala-Mvelase	Member
Ms K Macingwane	Member
Mr KG Serokane	Member
Ms M Mosing	Member
Adv N Van Rooyen	Member
Ms L Madiba	Member
M C Nevhutanda	Member
Ms N Munyai	Member
Mr K Menoe $	Member
Mr Z Fihlani	Member
Adv. M Moloto	Member
Mr R Nkambule ##	Member
Brigadier R Makuoane	Member
Mr R Molapo	Member
Ms N Mzamo #	

* Executive Director

$ Terminated at 30 September 2023

Joined 1 October 2023

Alternate member

The Board term ended on 31October 2023

	Business Address	**Postal Address**
	C/o Bonaero Drive and Cote D'Azur Aven	P O Box 16001
	Kempton Park	Jewel City
	1622	Doornfontein
		2028
Website:	http://www.sadpmr.co.za	
Bankers	Nedbank	
	Head Office Address	
	135 Rivonia Road Sandton 2196	
Auditors	Auditor-General of South Africa	
	Head Office Address	**Postal Address**
	4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria, SA	PO Box 446 Pretoria 0001

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), as amended, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period. The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

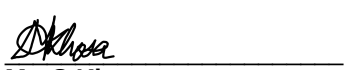
The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The Accounting Authority acknowledges that he is ultimately responsible for the system of internal financial controls established by the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

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the reasonable, and not absolute, assurance against material misstatement.

The Accounting Authority has reviewed the SADPMR's cash flow forecast for the year to 31 March 2025 and in the light of this review and the current financial position, is satisfied that the SADPMR has adequate resources to continue in operational existence for the foreseeable future.

The SADPMR is dependent on government grants, licenses, penalties and service fees for the continued funding of its operations. The annual financial statements are prepared on the basis that the SADPMR is a going concern and that the Accounting Authority is primarily responsible for the financial affairs of the entity. The Regulator is supported by the entity's internal auditors.

The annual financial statements set out on pages 2 to 55, were prepared on the going concern basis, approved by the Accounting Authority on 31 May 2024



Mr. C Khosa
Chief Executive Officer

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2024

	Note	31 March 2024 R	31 March 2023 Restated R
ASSETS			
Current Assets		**75,027,786**	**91,905,457**
Inventories	**1**	921,813	990,793
Prepayments	**2**	1,469,411	1,980,150
Receivables from Exchange Transactions	**3**	331,506	350,466
Statutory Receivables from Exchange Transactions	**4**	736,238	2,089,689
Receivables from Non-exchange Transactions	**5**	292,073	-
Cash and Cash Equivalents	**6**	71,276,745	86,494,359
Non-Current Assets		**23,048,151**	**22,304,003**
Property, Plant and Equipment	**7**	21,311,282	20,530,933
Prepayments	**2**	299,393	150,402
Intangible Assets	**8**	1,062,244	1,247,436
Long-term Receivables	**9**	375,232	375,232
Total Assets		**98,075,937**	**114,209,460**
LIABILITIES			
Current Liabilities		**12,759,754**	**14,382,024**
Provisions	**10**	126,339	2,994,568
Payables from Exchange Transactions	**11**	4,150,384	2,534,179
Employee Benefit Liabilities - Short Term	**12**	3,943,444	4,704,797
Unspent Grant	**12**	36,960	558,720
Operating Lease Liabilities	**13**	4,385,657	3,330,115
Finance Lease Obligations	**14**	116,970	259,645
Non-Current Liabilities		**1,131,587**	**1,243,784**
Finance Lease Obligations	**15**	-	116,970
Employee Benefit Liabilities	**16**	1,131,587	1,126,814
Total Liabilities		**13,891,341**	**15,625,808**
NET ASSETS		**84,184,596**	**98,583,650**
Accumulated Surplus		84,184,596	98,583,650
Total Net Assets and Liabilities		**98,075,937**	**114,209,460**

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2024

	Note	31 March 2024 R	31 March 2023 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Government Grants and Subsidies Received	**18**	63,136,000	62,894,000
Other Grants	**18**	1,232,873	-
Revenue from Exchange Transactions			
Rendering of Services	**19**	40,723,382	56,181,812
Interest Earned	**20**	6,796,793	4,801,578
License Fees and Permits	**21**	4,180,256	3,749,000
Other Revenue	**22**	367,403	784,378
Total Revenue		**116,436,707**	**128,410,768**
EXPENDITURE			
Employee Related Costs	**23**	88,143,911	82,734,343
Depreciation and Amortisation	**24**	3,863,829	1,691,807
Bad Debt Written-off	**25**	56,584	199,819
Impairment Losses	**25**	(55,545)	(75,533)
Finance Costs	**26**	131,708	250,168
Repairs and Maintenance	**27**	654,526	866,469
General Expenses	**28**	36,645,890	26,727,453
Total Expenditure		**129,440,903**	**112,394,527**
OPERATING SURPLUS/(DEFICIT)FOR THE YEAR		**(13,004,196)**	**16,016,241**
OTHER REVENUE / EXPENDITURE INCURRED			
(Losses) / Gains on Other Operations:			
Fair value adjustment on Investments	**5**	-	(12,439)
Gains / (Losses) on Foreign Exchange	**29.**	(35,531)	48,328
Loss on Disposal of Assets	**7**	(1,359,327)	(246,673)
TOTAL OTHER REVENUE / EXPENDITURE INCURRED		**(1,394,858)**	**(210,784)**
SURPLUS/(DEFICIT)FOR THE YEAR		**(14,399,054)**	**15,805,457**

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2024

Description	Accumulated Surplus / (Deficit)	Total
	R	R
Balance at 31 March 2022	82,778,193	82,778,193
Balance at 01 April 2022	**82,778,193**	**82,778,193**
Restated surplus for the year	15,805,457	15,805,457
Previously stated	15,393,244	15,393,244
Correction of prior period error	412,213	412,213
Balance at 31 March 2023	**98,583,650**	**98,583,650**
Surplus for the year	(14,399,054)	(14,399,054)
Balance at 31 March 2024	**84,184,596**	**84,184,596**

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	Note	31 March 2024 R	31 March 2023 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Government Grant and Subsidies		63,555,040	62,894,000
Rendering of Services		42,075,794	56,074,609
Licences		4,180,256	3,749,000
Interest Received		6,893,809	4,842,884
Other Receipts		289,347	1,207,936
		116,994,246	**128,768,429**
Payments			
Employee Related Costs		(91,773,493)	(79,909,444)
Interest Paid		(26,708)	(54,168)
Cash paid to suppliers		(34,169,473)	(29,775,024)
		(125,969,674)	**(109,738,636)**
NET CASH FLOWS FROM OPERATING ACTIVITIES	**32.**	**(8,975,428)**	**19,029,793**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**7.**	(5,855,667)	(2,747,886)
Proceeds on Disposal of Property, Plant and Equipment		37,353	5,330
Non-current Investments		-	37,072,818
Long-term Receivables		-	(375,232)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(5,818,314)**	**33,955,030**
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in Borrowings		(259,645)	(232,411)
Defined Employee Benefits Paid / Settled		(164,227)	(1,907,186)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(423,872)**	**(2,139,600)**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(15,217,614)**	**50,845,223**
Cash and Cash Equivalents at Beginning of Period	**6.**	86,494,359	35,649,136
Cash and Cash Equivalents at End of Period	**6.**	71,276,745	86,494,359

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2024

Description	Original / Final Budget	Actual	Variance	Actual Outcome as % of Final Budget
	R	R	R	R
FINANCIAL PERFORMANCE				
Revenue from Non-exchange Transactions				
Government Grants and Subsidies Received	63,136,000	63,136,000	-	0.00-
Other Grants	-	1,232,873	1,232,873	
Revenue from Exchange Transactions				
Rendering of Services	49,350,750	40,723,382	(8,627,368)	(17)
License Fees	2,364,000	4,180,256	1,816,256	77
Interest Earned	2,310,192	6,796,793	4,486,601	194
Other Revenue	155,000	367,403	212,403	137
Total Revenue	117,315,942	116,436,707	(879,235)	
Expenditure				
Employee Related Costs	85,616,608	88,143,911	(2,527,303)	(3)
Depreciation and Amortisation	1,407,842	3,863,829	(2,455,987)	(174)
Bad Debt Written-off	-	56,584	(56,584)	(100)
Impairment Losses	25,000	(55,545)	80,545	100
Finance Costs	131,291	131,708	(417)	(0)
Repairs and Maintenance	355,620	654,526	(298,906)	(84)
General Expenses	29,764,843	36,645,890	(6,881,047)	(23)
-Administrative Fees	184,585	183,193	1,392	1
-Auditors' remuneration	2,783,457	3,043,863	(260,406)	(9)
-Accounting Authority Costs	1,343,901	1,279,869	64,032	5
-Cleaning	226,667	224,923	1,744	1
-CSR Programmes	15,000	3,463,606	(3,448,606)	(22,991)
-Document Storage	150,932	175,008	(24,076)	(16)
-Domestic Travel	1,098,087	1,073,421	24,666	2
-Hiring and warehousing	75,401	923,220	(847,819)	(1,124)
-Hospitality	73,678	68,927	4,751	6
-Inspection	306,512	143,292	163,220	53
-Insurance	1,340,523	1,779,921	(439,398)	(33)
-International Travel	1,282,090	3,172,587	(1,890,497)	(147)
-Inventory Expense	512,816	653,666	(140,850)	(27)
-Kimberley Process	900,000	1,295,621	(395,621)	(44)
-Legal Expenses	965,000	966,226	(1,226)	(0)
-Medical Expenses - Retired Staff	64,000	64,000	-	(100)
-Motor Vehicle Expenses	324,755	303,438	21,317	7
-Office Lease Expenses	7,643,210	7,628,839	14,371	0
-Organisational Change Management	85,000	84,815	185	0
-Other General Expenses	177,000	176,767	233	0
-Postage And Courier	9,032	8,977	55	1
-Public Relations	1,671,882	1,474,583	197,299	12
-Recruitment And Selection	60,000	59,719	281	0
-Relocation Cost	31,000	75,273	(44,273)	(143)
-Security	1,530,400	1,373,883	156,517	10
-Software Expenses	1,794,000	2,914,452	(1,120,452)	(62)
-Staff Recognition	54,000	51,848	2,152	4
-Staff Welfare	244,000	252,131	(8,131)	(3)
-Subscription And Membership	101,498	100,198	1,300	1
-System Support Fees	437,980	443,065	(5,085)	(1)
-Telecommunication	2,885,137	1,739,750	1,145,387	40
-Training And Development	1,390,934	1,444,944	(54,010)	(4)
-Transformation	2,366	1,530	836	35
Total Expenditure	117,301,204	129,440,903	(12,139,699)	
Surplus/(Deficit)	**14,738**	**(13,004,196)**	**(13,018,934)**	
Gains / (Losses) on Other Operations	-	(35,531)	(35,531)	(100)
Loss on Disposal of Property, Plant and Equipment	-	(1,359,327)	(1,359,327)	(100)
Surplus/(Deficit for the Year	**14,738**	**(14,399,054)**	**(14,413,792)**	

SADPMR obtained approval, from National Treasury, to retain cash surplus of R76m disclosed in the 2022/23 financial statements. The funds were utilised to fund capital expenditure, enterprise development, international brand promotion and other operating expenditure. The amount reflected as over expenditure in the variance column is as result of operating expenditure funded from retained surplus

The budget is for the period 1 April 2023 to 31 March 2024, prepared and presented on accrual basis. The budget is in line with the financial period.

A difference of 10 % or R0.500m between budget and actual amounts is regarded as material and explained in the variance explanation below.

Note
Percentage expenditure variance :
() indicates overspending

Revenue

Rendering of Services (17%)
The SADPMR derives its income from the services that are rendered in terms of regulation 10(2) b of the Diamonds Act. The negative variance results from decline in diamond production and lower demand due to weakening global economy.

Licence fees 77%
The variance is due to the unexpected number of new precious metals refining licences and authorised representative certificates for the period.

Interest Earned 194%
Interest exceeds budget due to higher than anticipated bank balance due to delays in the procurement process for capital projects.

Other Revenue 137%
The increase is due to study fees recoverable from employees who did not meet the bursary contract obligations.

Expenditure

Depreciation and Amortisation (174%)
The increase in depreciation results from the revision of useful lives of assets.

Bad Debt Written-off 100%
The variance relates to bad debts written off which were not budgeted for. Reasonable steps were

Impairment Losses (100%)
The variance relates to impairment provision reversed during the year. The SADPMR does not budget for impairment loss.

Repairs and maintenance (84%)
SADPMR recently moved to the new building in 2021.As a results, the budget for repairs and maintenance of the building was reduced resulting in the budget exceeded.

CSR Programmes (22991%)
The variance relates Enterprise Development Projects (EDP) funded from reserves.

Hiring and warehousing (1124%)
The variance relates the storage cost for furniture that was funded from reserves.

Inspection 53%
SADPMR has a sustainability strategy and austerity measure put in place to reduce costs . Some of the inspections virtually to save costs resulting in expenditure below budget.

Insurance (33%)
The variance results from exchange rates higher than budgeted for and additional assets insured that were procured during the year.

International travel (147%)
The variance results from expenditure on International Brand awareness costs funded from reserves.

Kimberley Process (44%)
The variance results from expenditure on International Brand awareness costs funded from reserves

Software Expenses (62%)
The variance results from software license cost that exceeded budget due to higher exchange rates than budgeted for.

Telecommunication 40%
Savings results from the new internet contract as well as savings in telephone cost due to regular use of Microsoft Teams for calls.

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance and issued by the Accounting Standards Board and guidelines issued by National Treasury.

The Annual Financial Statements have been prepared on an accrual basis (excluding the cash flow) of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

Accrual basis of accounting means effects of transactions and other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

1.1 Presentation currency and functional currency

These annual financial statements are presented in South African Rand, rounded off to the nearest Rand which is the functional currency of the SADPMR.

1.2 Changes in Accounting Policy

Accounting Policies have been consistently applied, except where otherwise indicated below.

1.3 Comparative information

Where the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed in the notes to the financial statements.

1.4 Use of estimates and judgements

Preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenditure. Actual results may differ from estimates.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable. The estimates and underlying assumptions are reviewed on an ongoing basis.

The following are the critical judgements and estimations that management have made in the process of applying the Entity's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.4.1 Impairment of Trade Receivables

The SADPMR assesses its financial assets for impairment at the end of each financial year. In determining whether an impairment loss should be recorded in surplus or deficit, judgements are made as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

These amounts are then transferred to a provision for doubtful debts which is adjusted annually.

1.4.2 Impairment of Other Financial Assets

Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired.

In making the estimation of the impairment, the management considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period.

1.4.3 Defined Benefit Plan Liabilities

SADPMR obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the SADPMR are Post-retirement Health Benefit Obligations. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the applicable Notes to the Annual Financial Statements.

1.4.4 Useful lives of Property, Plant and Equipment and Intangible Assets

Estimates in this regard are based on historical experience and expectations of the manner in which assets are to be used. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible and intangible assets in the future.

Property, Plant & Equipment is depreciated and Intangible Assets amortised over the estimated useful lives of the assets.

Changes in accounting estimates are applied prospectively and details are disclosed in notes to the Annual Financial Statements where applicable

1.5 Going Concern Assumption

Management and the Accounting Authority have made the assessment that SADPMR is a going concern and the financial statements have been prepared on a going concern basis based on the expectation that the entity will continue to operate as a going concern for at least 12 months. The SADPMR is partly dependent on the state for funding.

1.6 Materiality and aggregation

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

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. Users are assumed to have a reasonable knowledge of government, its activities, accounting, and a willingness to study the information with reasonable diligence. Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2. INVENTORIES

Inventories consists of broker's notes, certificates and registers held for resale and consumables held for office use.

Inventory is recognised as an asset if, and only if,

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

(b) the cost of the inventories can be measured reliably.

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

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

Inventories are subsequently measured at the lower of cost and net realisable value, except where they are held for:

(a) distribution through a non-exchange transaction; or

(b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

In that case they are subsequently measured at the lower of cost and current replacement value.

Inventories are 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.

Broker's notes, certificates, registers and consumables are valued using the weighted average cost formula.

3. FINANCIAL INSTRUMENTS

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

3.1 Financial Assets

A financial asset is cash; residual interest of another entity; or contractual right to receive cash or another financial asset.

Financial assets are recognised on the SADPMR Statement of Financial Position when the SADPMR becomes a party to the contractual provisions of the instrument.

All financial assets are initially recognised at fair value, including transaction costs, with the exception of financial assets measured at fair value through surplus or deficit, which are valued at fair value excluding transaction costs.

Trade and other receivables from exchange transactions

Trade receivables comprise of receivables from the sales of good and service in the ordinary course of business. Other receivables consists of deposits relating to the leasing of premises and legal fees.

Trade and other receivables from exchange transactions are subsequently stated amortised cost, which, due to their short term nature, closely approximate their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and deposits held on call. Cash and cash equivalents are subsequently stated at amortised cost, which, due to their short term nature, closely approximate their fair value.

Investment at fair value

Investments at fair value are subsequently measured at fair value and the fair value adjustments are recognised in the surplus or deficit.

Impairment of financial assets

At the end of each reporting period the SADPMR assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The carrying amount of the receivable is reduced through the use of an allowance account. Impaired financial assets are derecognised when they are assessed as irrecoverable.

For amounts due to the entity, significant financial difficulties of the debtor e.g.defaulting on payment terms are all considered indicators of impairment. As the indicators are subject to uncertainty and as such may change in future financial periods. Such changes in estimates may have the effect of decreasing impairment losses recognised.

Offsetting

Financial assets have not been offset in the Statement of Financial Position.

Derecognition

A financial asset (or, where applicable, a part of a financial asset) is derecognised when:

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

(b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset;

3.2 Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities are recognised on the SADPMR Statement of Financial Position when the SADPMR becomes a party to the contractual provisions of the instrument.

All financial liabilities are initially measured at fair value, including transaction costs, with the exception of financial liabilities measured at fair value through surplus or deficit, which are valued at fair value excluding transaction costs.

Trade and other payables from exchange transactions

Trade and other payables from exchange transactions comprise of obligations to make payments for goods delivered and services rendered.

Trade and other payables from exchange transactions are subsequently measured at amortised cost which due to their short term nature, closely approximate their fair value.

Accruals

Accruals relates to payment obligations for services rendered and goods delivered for which invoices have not yet been received. The amount of accrual is the present value of the expenditure required to settle the obligation.

Accruals are recognised as liabilities when the SADPMR has taken receipt of the related goods or services without a corresponding payment.

Offsetting

Financial liabilities have not been offset in the Statement of Financial Position.

Derecognition

A financial liability is derecognised when an obligation under the liability is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability and the sum of the paid for it is included in the surplus or deficit for the period.

4. STATUTORY RECEIVABLES

Statutory receivables are those receivables that arise from legislation, supporting regulations or similar means and require settlement from another entity by cash. Statutory receivables arise from exchange and non exchange transactions.

Statutory receivables represents outstanding balances for charges for diamond valuation service and facilitation of exports for rough and polished diamonds in terms of the Diamond Act (Act No. 56 of 1986) as amended and Diamond Export Levy Act (Act No.15 of 2007).

Statutory receivables are recognised :

(a) when the definition of an asset is met

(b) when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity ; and

(c) When the transaction amount can be measured reliable.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The carrying amount of the receivable is reduced through the use of an impairment allowance account when the recoverable amount is doubtful or lower than the carrying value.

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

(a) interest or other charges that may have accrued on the receivable (where applicable);

(b) impairment losses; and

(c) amounts derecognised.

The SADPMR derecognises a statutory receivable, or a part thereof, when the rights to the cash flows from the receivable are settled, expired or are waived or they are assessed as irrecoverable

4.1 Impairment

Statutory receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables (such as the probability of insolvency or significant financial difficulties of the debtor).

In assessing whether statutory receivables are impaired, the SADPMR assesses whether there are any indications that:

(a) Individually significant receivables are impaired; and/or

(b) Groups of similar, individually insignificant, receivables are impaired.

If there is evidence that the statutory receivable is impaired, the carrying amount of the receivable is reduced through the use of an impairment allowance account when the recoverable amount is doubtful or lower than the carrying value.

5. PREPAID EXPENSE

Prepaid expense mainly consist of contractual payments for software licenses and insurance for diamonds.

Prepaid expense is recognised when SADPMR has a contractual obligation to pay for services before they are received. Prepaid expenses are initial measured at cost and subsequently measured at amortised cost which due to their short term nature closely approximates their fair value.

6. PROPERTY, PLANT AND EQUIPMENT

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

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

(a) it is probable that future economic benefits or service potential associated with the item will flow to the SADPMR; and

(b) the cost or fair value of the item can be measured reliably.

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

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

Property, plant and equipment is initially recognised at cost and subsequently at cost less any subsequent accumulated depreciation and adjusted for any impairments.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line

The useful life indicators are used to review estimated useful lives, residual values and depreciation methods each year, with the effect of any changes in estimate accounted for on a prospective basis.

The depreciation rates are based on the following estimated useful lives:

Asset Class	Years		Asset Class	Years
Owned			**Leased**	
Furniture and Fittings	10 to 15			
Motor Vehicles	7		Office Equipment	Shorter of the lease term or useful life
Office Equipment	15 to 25		Improvements	
Computer Equipment	3 to 15			
Security Equipment	15 to 50			

SADPMR derecognises property, plant and equipment assets when it disposes of the assets or when no economic benefit or service potential is expected from those assets.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and is taken into account in determining the net surplus or deficit for the year.

6.1 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the Entity or, where shorter, the term of the relevant lease if there is no reasonable certainty that the Entity will obtain ownership by the end of the lease term.

6.2 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further

A gain or a loss arising from the derecognition of an item of property, plant and equipment is included in the surplus or

6.3 Impairment of Property Plant and Equipment

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

The SADPMR assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, SADPMR estimates the recoverable service amount of the asset.

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

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss. An impairment loss of the assets is recognised immediately in surplus or deficit in the Statement of Financial Performance.

The SADPMR assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

The reversal of an impairment loss of an asset is recognised immediately in the Statement of Financial Performance.

7. INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance and mainly comprise of software licenses and computer application licenses.

An intangible asset is recognised when:

(a) It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the SADPMR and

(b) The cost or fair value can be measured reliably.

Intangible assets are initially recognised at cost and subsequently at cost less any subsequent accumulated amortisation Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method.

The useful life indicators are used to review estimated useful lives and amortisation method each year, with the effect of

The amortisation rates are based on the following estimated useful lives:

Asset Class	Years		Asset Class	Years
Software developed	15		Software purchased	15

SADPMR derecognises intangible assets when :-
it disposes the assets or
when no economic benefit or service potential is expected from those assets.

The gain or loss on disposal of intangible asset is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining the net surplus or deficit for the year.

7.1 Impairment of Intangible Asset

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

The SADPMR assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, SADPMR estimates the recoverable service amount of the asset.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. The value in use for an asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss. An impairment loss of the assets is recognised immediately in surplus or deficit in the Statement of Financial Performance.

The SADPMR assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

The reversal of an impairment loss of an asset is recognised immediately in the Statement of Financial Performance.

8. LEASES

8.1 Finance Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Finance leases are recognised as assets in the statement of financial position at amounts equal to the lower of fair value of the leased asset and the present value of the minimum lease payments. The corresponding lease commitments are recognised in the statement of financial position as a finance lease obligation.

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

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

8.2 Operating Leases

An operating lease is a lease other than a finance lease.

Operating lease payments are recognised as an expense in the statement of financial performance on a straight line basis over the lease term. The difference between the actual amounts and straight lined amounts is recognised as an operating lease asset or liability in the statement of financial position.

9. PROVISION AND CONTINGENCIES

9.1 Provision

A provision is a liability of uncertain timing or amount.

A provisions is recognised when:

(a) The SADPMR has a present legal or constructive obligation as a result of a past event

(b) It is probable that an outflow of economic benefits or service potential will be required to settle

(c) A reliable estimate can be made of the amount of the obligation

The amount recognised is the best estimate of the expenditure required to settle the present obligation at the reporting date.

All provisions of the SADPMR are short term in nature and thus ignore the effect of discounting.

9.2 Contingent Liability

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

A contingent liability is not recognised but it is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

9.3 Contingent asset

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

A contingent asset is not recognised but it is disclosed where an inflow of economic benefits or service potential is

10. EMPLOYEE BENEFIT

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

10.1 Short-term Employee Benefits

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

Short-term employee benefits include items such as:

(a) Wages, salaries and social security contributions;

(b) Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;

(c) Bonus, incentive, and performance related payments payable within twelve months after the end of the reporting period in which the employees render the

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The SADPMR recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

10.2 Post-employment Benefits

Post-employment benefits are benefits which are payable after the completion of employment. The SADPMR currently provide post medical aid benefit to 3 retired employees, the details are disclosed in the notes to the financial statements.

The defined benefit cost is made up of the following components:

(a) Service Costs, comprising:

- -Current Service Cost
- -Settlements
- -Past Service Cost, comprising:
  - -Plan Amendments
  - -Curtailments

(b) Net Interest Revenue / Expense

(c) Remeasurements, comprising:

- -Actuarial Gains and Losses
- -Return on Plan Assets, excluding amounts included in net interest on the net defined benefit liability
- -Any change in the Effect of the Asset Ceiling, excluding amounts included in the net interest on the defined benefit liability

Statement of financial position

The amount recognised as a defined benefit liability is the present value of the defined benefit obligation at the reporting date as determined by the actuarial valuation.

Statement of financial performance

Recognise the net total of current service costs, interest costs, actuarial gains/losses and effect of the asset ceiling in surplus for deficit.

11. FOREIGN CURRENCY TRANSACTIONS

A foreign currency transaction is a transaction that is denominated or requires settlement in a foreign currency.

Transactions in foreign currencies are translated to the functional currency of SADPMR at exchange rates at the date of the transactions. At each reporting date, foreign currency monetary items are translated using the closing rate.

Foreign currency differences arising from settlement or the translation of monetary items are included in surplus or deficit as a foreign exchange difference.

12. NET ASSETS

12.1 Accumulated Funds

Accumulated Funds comprise of rolled over funds from the current and prior years based on the recorded surplus or deficit for the period.

13. REVENUE RECOGNITION

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

13.1 Revenue from exchange transactions

Revenue from exchange transactions is recognised only when:

(a) It is probable that economic benefits or service potential will flow to the SADPMR; and

(b) The amount can be measured reliably

Revenue from exchange transactions consists of the following:

Service fees

Services fees consist of charges for diamond valuation service and facilitation of exports for rough and polished diamonds in terms of the Diamond Act (Act No. 56 of 1986) as amended and Diamond Export Levy Act (Act No.15 of 2007).

Revenue from service fees is recognised when SADPMR has provided diamond valuation service and facilitated exports of rough and polished diamonds.

Licence Fees

Licence fees consist of charges for various licences issued by SADPMR in terms of the Diamond and Precious Metals Act (Act No. 37 of 2005).

Revenue from licence fees is recognised when SADPMR has received the license application/renewal and payment. Application fee for licences is non-refundable.

Interest income

Interest received is recognised on a time proportionate basis using the effective interest rate method.

Sale of diamond books and registers

Revenue from the sale of diamond books and registers is recognised at the date of sale when an inflow of resources from

13.2 Revenue from non-exchange transactions

Revenue from non-exchange transaction relates to revenue received by the SADPMR without directly giving approximately equal value in exchange

When the SADPMR receives revenue as a result of a non-exchange transaction, it recognises an asset and revenue in the period when it is probable that SADPMR will receive economic benefits or service potential and it can make a reliable estimate of the amount.

Where the revenue transferred to the SADPMR is subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue recognised. The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Revenue from non-exchange transactions consists of the following:

Grant from the Department of Mineral Resources and Energy (DMRE)

Transfer payments from the Department of Mineral Resources and Energy (DMRE) are recognised as income in terms of the allocation letter received from DMRE. Revenue is recognised when an inflow of resources from a non-exchange transaction recognised as an asset and measured at the amount equal to the increase in net assets. This grants is received for immediate financial support with no future related costs. The grant is recognised as income in the period in which it is receivable.

Other Grants Received

Other grants represent conditional grants received and grants that have restrictions on their utilisation.

Conditional grants received are recognised as a liability in the statement of financial position. As the SADPMR satisfies the conditions attached to the transferred asset, the carrying amount of the liability is reduced and revenue is recognised in the statement of financial performance to an amount equal to the reduction in the liability.

Where a grant that has restrictions is received prior to the occurrence of the restricted event, a liability for grant received in advance is recognised in the statement of financial position. Upon satisfaction of the restricted event the liability is reduced and revenue recognised in the statement of financial performance to an amount equal to the reduction in the liability.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset are required to be consumed by the SADPMR as specified or future economic benefits or service potential must be returned to the transfer.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used by the SADPMR but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

14. EXPENDITURE

Expenditures are presented by nature and are recognised in surplus and deficits as incurred. Significant expenses relating to operating activities of the SADPMR are presented in separate lines by their nature in the statement of financial performance.

15. BUDGETS

Budget information in accordance with GRAP 1 and 24. The budget information has been provided in a separate statement of comparison of budget and actual performance. The operational budget is monitored against actual expenditure incurred.

The approved budget is prepared on an accrual basis and it is for the financial period 1 April 2023 to 31 March 2024.

Variances between budget and actual amounts are regarded as material differences when a 10% or R0.500m and more variance exists and are explained in the budget statement section of the Annual Financial Statements.

16. ACCOUNTING PRONOUNCEMENTS

16.1 Standards and interpretations effective and newly adopted in the current year

In the current year, there were no new standards that became effective that are relevant to SADPMR's operations.

16.2 Standards and interpretations issued but not yet effective

At the date of authorization of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the SADPMR and may have an impact on future financial statements.

Standard	Description	Effective date
GRAP 104	Financial Instruments	01 April 2025
iGRAP 7	Limit On Defined Benefits Assets	To be determined
iGRAP 22	Foreign Currency Transactions and Advance Considerations	01 April 2025
iGRAP 21	The Effect Of Past Decisions On Materiality	To be determined

17. MATERIAL LOSSES

In terms of section 55(2)(b)(i) of the Public Finance Management Act, 1999 the financial statements must include particulars of any material losses through criminal conduct.

The SADPMR did not have any losses resulting from criminal or fraudulent conduct.

18. IRREGULAR EXPENDITURE

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

(a) The Public Finance Management Act, or

(b) State Tender Accounting Authority Act, 1968

When confirmed, irregular expenditure is recorded in the notes to the financial statements. The amount recorded in the notes is equal to the value of the irregular expenditure incurred.

GUIDELINE ON IRREGULAR EXPENDITURE

The accounting officer or accounting authority may remove irregular expenditure that was not condoned by the relevant authority.

Removal of irregular expenditure may take place only if the accounting officer or accounting authority is satisfied that the recommendations of the relevant committee (in a case of a determination) and a function that conducted the investigation confirms that –

(a) the matter is free of fraudulent, corrupt or other criminal conduct.

(b) disciplinary action was taken against the responsible employee(s);

(c) the department, constitutional institution or public entity, whichever applicable, did not suffer any loss;

(d) the non-compliance that led to the irregular expenditure has been addressed to ensure that such expenditure does not recur under similar circumstances; and

(e) transactions of a similar nature are regularly reviewed to ensure compliance with the relevant prescripts.

The accounting officer or accounting authority may proceed with the removal of irregular expenditure from the notes to the annual financial statements after confirmation of the processes indicated above.

A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and de-recognised when the receivable is settled or subsequently written off as irrecoverable.

All irregular expenditure is charged against income in the period in which they are incurred.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the period that expenditure is incurred. The expenditure is classified according to the nature of the expense and not as a separate line item on the face of the Statement of Financial Performance. All fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

20. COMMITMENTS

Commitments relates to future expenditure committed to and that will result in the outflow of resources.

Commitments are not recognised in the Statement of Financial Position and Statement of Financial Performance but are included in the disclosure notes of the annual financial statements.

OPERATING COMMITMENTS

Operating commitments relates to non-cancellable contracts or cancellable at significant cost. These include fixed amount contracts and purchase orders that are not delivered by the end of a financial year for goods and service.

CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual amounts committed to the capital expenditure on reporting date that will be incurred in the period subsequent to the specific reporting date.

21. RELATED PARTIES

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

A person as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or has significant influence over the other party in making financial and/ or operating decisions.

Management is regarded as a related party as they have the authority and responsibility for planning, directing and controlling the activities of the entity. Management refers to the Accounting Authority Members, Chief Executive Officer, and all executive managers reporting directly to the Chief Executive Officer.

SADPMR only discloses transactions with related parties not at arm’s length or not in the ordinary course of business.

22. EVENTS AFTER THE REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

22.1 Adjusting Events

These events provide evidence of conditions that existed at the reporting date and these are accounted for in the Annual Financial Statements.

22.2 Non-Adjusting Events

Non-adjusting events after the reporting date are those events that are indicative of conditions that arose after the reporting date. The SADPMR shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date are been disclosed in Notes to the Annual Financial Statements.

23. COMPARATIVE INFORMATION

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

24. PRIOR PERIOD ERRORS

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. The opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Correction of errors is applied retrospectively in the period in which the error has occurred, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change.

25. SEGMENT REPORTING

The operations of SADPMR do not have identifiable segments as required by GRAP 18.05, as a result management has concluded that the segmented information will not be included in the financial statements.

	Year 31 March 2024 R	Year 31 March 2023 Restated R

1. INVENTORIES

Inventory comprises:		
Brokers notes, certificates and registers	198,809	162,039
Office stationery and cartridges	338,718	421,102
Tamper proof stationery	384,286	407,652
Total Inventories	**921,813**	**990,793**

Inventory consists of items on hand as at the end of the reporting year. The cost of the inventory recognised as an expense is included under other operating expenses.

The cost of Inventories recognised as an expense during the period was R653,666 (2023: R434,955).

No write down of inventory to net realisable value was required.

2. PREPAYMENTS

Current Prepayments	1,469,411	1,980,150
Non-Current Prepayments	299,393	150,402
Total Prepayments	**1,768,804**	**2,130,552**

Prepaid expenses represent the prepayments for insurance, licences and other administrative expenses.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances	Provision for Impairment	Net Balances
As at 31 March 2024			
Interest Receivable	87,215	-	87,215
Creditors with Debit Balances	32,323	-	32,323
Staff Debtors	153,620	-	153,620
Other Receivables	58,348	-	58,348
Total Receivables from Exchange Transactions	**331,506**	**-**	**331,506**

As at 31 March 2024 , none of the trade and other receivables were impaired and provided for. Factors taken into account when considering impairment included the age of the debt and the likelihood of recovery.

	Gross Balances	Provision for Impairment	Net Balances
As at 31 March 2023			
Interest Receivable	184,231	-	184,231
Staff Debtors	109,724	-	109,724
Other Receivables	113,095	56,584	56,511
Total Receivables from Exchange Transactions	**407,050**	**56,584**	**350,466**

Interest receivable ceivable refers to the interest due to the SADPMR from its bankers, on interest bearing accounts, by 31

Staff debtors consist of study fees recovery where the bursary contract terms were not met.

Other receivables mainly relates to rental deposit for leased property.

4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2024			
Exchange Statutory Receivables	737,277	1,039	736,238
Total Statutory Receivables from Exchange Transactions	**737,277**	**1,039**	**736,238**

As at 31 March 2024, statutory receivables of R 1 039.00 were impaired and provided for. Factors taken into account when considering impairment included the age of the debt and the likelihood of recovery.

As at 31 March 2024 Receivables of R1 309 were past due but not impaired.

4.1 Ageing of Statutory Receivables from Exchange Transactions

As at 31 March 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Exchange Statutory Receivables:					
Gross Balances	731,281	3,648	45	2,303	737,277
Less: Provision for Impairment	-	-	45	994	1,039
Not impaired	**731,281**	**3,648**	**(0)**	**1,309**	**736,238**

	Gross Balances	Provision for Impairment	Net Balances
As at 31 March 2023			
Exchange Statutory Receivables	2,089,689	-	2,089,689
	-	-	-
Total Statutory Receivables from Exchange Transactions	**2,089,689**	**-**	**2,089,689**

Statutory receivables comprise outstanding balances from clients for service fees

4.2 Ageing of Statutory Receivables from Exchange Transactions

As at 31 March 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Exchange Statutory Receivables:					
Gross Balances	2,061,872	10,451	2,617	14,749	2,089,689
Less: Provision for Impairment	-	-	-	-	-
Not impaired	**2,061,872**	**10,451**	**2,617**	**14,749**	**2,089,689**

	March 2024	March 2023
4.2 Reconciliation of Provision for Impairment		
Balance at beginning of year	-	132,117
Impairment Losses Recognised	1,039	-
Impairment Losses Reversed	-	(132,117)
Balance at end of year	**1,039**	**-**

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2024			
Grant Receivable	292,073	-	292,073
Total Receivables from Non-exchange Transactions	**292,073**	**-**	**292,073**

Grant receivable includes an amount of R86 474 for MQA Workplace Experience training and R205 599 for Management and Executive Development Programme (MEDP). There were no balances for the previous financial year

6. CASH AND CASH EQUIVALENTS

Current Investments	69,928,360	85,356,472
Bank Accounts	1,342,214	1,126,702
Cash-on-Hand	6,171	11,185
Total Bank, Cash and Cash Equivalents	**71,276,745**	**86,494,359**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand and Cash in Banks.

6.1 Current Investment Deposits

Call Deposits	69,928,360	85,356,472
Total Current Investment Deposits	**69,928,360**	**85,356,472**

Call Deposits are investments with a maturity period of less than 3 months, available upon call, and earn interest rates varying from 7.% to 8.25% (2023: 5,00% to 10,00%) per annum.

6.2 Bank Accounts

Cash in Bank	1,342,214	1,126,702
Total Bank Accounts	**1,342,214**	**1,126,702**

6.3 Cash-on-Hand

Cash Floats and Advances	6,171	11,185
Total Cash-on-Hand in Cash Floats, Advances and Equivalents	**6,171**	**11,185**

7. PROPERTY, PLANT AND EQUIPMENT

31 March 2024

Reconciliation of Carrying Value

Description	Computer Equipment	Furniture and Fittings	Security systems, Machinery and Safes	Motor Vehicles	Office Equipment	Leased Equipment	Leasehold Improvements	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 April 2023	**8,767,732**	**2,140,834**	**3,157,739**	**1,968,226**	**3,830,919**	**347,023**	**318,460**	**20,530,933**
Cost	13,570,224	4,330,537	3,840,113	3,334,882	6,104,030	733,168	333,335	32,246,289
Accumulated Depreciation:	(4,802,492)	(2,189,703)	(682,374)	(1,366,656)	(2,273,111)	(386,145)	(14,875)	(11,715,356)
Acquisitions:	**879,700**	**4,624,775**	**29,500**	**-**	**321,692**	**-**	**-**	**5,855,667**
- At Cost	879,700	4,624,775	29,500	-	321,692	-	-	5,855,667
Depreciation:	**(1,870,822)**	**(429,067)**	**(256,296)**	**(561,784)**	**(278,612)**	**(244,252)**	**(37,806)**	**(3,678,638)**
- Standard Depreciation	(1,870,822)	(429,067)	(256,296)	(561,784)	(278,612)	(244,252)	(37,806)	(3,678,638)
Carrying value of Disposals:	**(60,591)**	**(1,204,542)**	**(123,406)**	**-**	**(8,140)**	**-**	**-**	**(1,396,680)**
- Cost	(287,729)	(2,879,100)	(157,506)	-	(27,683)	-	-	(3,352,018)
- Accumulated Depreciation	227,138	1,674,558	34,100	-	19,543	-	-	1,955,338
Carrying values at 31 March 2024	**7,716,019**	**5,132,000**	**2,807,537**	**1,406,442**	**3,865,859**	**102,771**	**280,654**	**21,311,282**
Cost	14,162,195	6,076,212	3,712,107	3,334,882	6,398,039	733,168	333,335	34,749,938
Accumulated Depreciation	(6,446,176)	(944,212)	(904,570)	(1,928,440)	(2,532,180)	(630,397)	(52,681)	(13,438,656)

The SADPMR had capital commitments of R 11,786,999 at year end for acquisition of property and equiptment.

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

31 March 2023
Restated
Reconciliation of Carrying Value

Description	Computer Equipment	Furniture and Fittings	Security systems, Machinery and Safes	Motor Vehicles	Office Equipment	Leased Equipment	Leasehold Improvements	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 April 2022	**8,347,906**	**2,294,189**	**3,226,832**	**2,236,450**	**2,943,076**	**590,607**	**-**	**19,639,060**
Cost	12,978,713	4,489,194	3,708,715	3,334,882	5,217,513	733,168	-	30,462,185
Accumulated Depreciation:	(4,630,807)	(2,195,005)	(481,883)	(1,098,432)	(2,274,437)	(142,561)	-	(10,823,125)
Acquisitions:	1,047,868	49,336	151,608	-	1,165,739	-	333,334	2,747,885
- At Cost	1,047,868	49,336	151,608	-	1,165,739	-	333,334	2,747,885
Depreciation:	(591,847)	(81,332)	(216,423)	(268,224)	(216,693)	(243,584)	(14,875)	(1,632,978)
- Standard Depreciation	(591,847)	(81,332)	(216,423)	(268,224)	(216,693)	(243,584)	(14,875)	(1,632,978)
Carrying value of Disposals:	(36,195)	(121,359)	(4,278)	-	(61,203)	-	-	(223,035)
- Cost	(456,357)	(207,993)	(20,210)	-	(279,222)	-	-	(963,782)
- Accumulated Depreciation	420,162	86,634	15,932	-	218,019	-	-	740,747
Carrying values at 31 March 2023	**8,767,732**	**2,140,834**	**3,157,739**	**1,968,226**	**3,830,919**	**347,023**	**318,460**	**20,530,933**
Cost	13,570,224	4,330,537	3,840,113	3,334,882	6,104,030	733,168	333,335	32,246,289
Accumulated Depreciation	(4,802,492)	(2,189,703)	(682,374)	(1,366,656)	(2,273,111)	(386,145)	(14,875)	(11,715,356)

SADPMR assets were not pledged as security and there are no restriction on them.
The SADPMR had capital commitments of R748 252 at year end for acquisition of property and equiptment.

	31 March 2024	31 March 2023 Restated
	R	R

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

7.1 Expenditure incurred to Repair and Maintain Property, Plant and Equipment

The following specific costs included in the amount of Repairs and Maintenance were incurred by the Entity

Computer Equipment and Accessories	88,138	148,100
Equipment and Furniture	6,539	91,532
Leased Building	331,178	424,800
Pool Cars	50,401	64,343
Other Assets	178,270	137,694
Total Expenditure incurred to Repair and Maintain	**654,526**	**866,469**

Repairs on other assets relates to calibration of scales and maintenance of security equipment.

8. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**1,062,244**	**1,247,436**

The movement in Intangible Assets is reconciled as follows:

Computer Software:

Carrying values at 01 April	**1,247,436**	**1,335,229**
Cost	4,643,225	4,680,225
Accumulated Amortisation	(3,395,789)	(3,344,996)
Amortisation:	(185,191)	(58,825)
- Standard Amortisation	(185,191)	(58,826)
Disposals:	-	(28,968)
At Cost	-	(37,000)
At Accumulated Amortisation	-	8,032
Carrying values at 31 March	**1,062,244**	**1,247,436**
Cost	4,643,224	4,643,225
Accumulated Amortisation	(3,580,980)	(3,395,789)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 24.)

All of the Entity's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the Entity.

9. LONG-TERM RECEIVABLES

Rental deposit	375,232	375,232
	375,232	**375,232**

Long term receivable represents deposits paid to landlord for office accommodation. The amounts are carried at cost and are only recovered when the lease expires.

	31 March 2024	31 March 2023 Restated
	R	R
10. PROVISIONS		
Provision for COID	126,339	138,050
Provision for Staff Bonuses	-	2,856,518
Total Provisions	**126,339**	**2,994,568**
The movement in provisions are reconciled as follows:		
Provision for COID		
Balance at beginning of year	138,050	-
Contributions to provision	126,339	138,050
Expenditure incurred	(138,050)	-
Balance at end of year	**126,339**	**138,050**
Provision for Staff bonuses		
Balance at beginning of year	2,856,518	-
Contributions to provision	331	2,856,518
Expenditure incurred	(2,856,849)	-
Balance at end of year	**-**	**2,856,518**
11. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Creditors	1,790,919	59,321
Accruals	2,111,392	2,124,197
Other Creditors	246,119	326,289
Payroll third party payables	1,954	24,375
Total Payables	**4,150,384**	**2,534,182**

Trade Creditors:

Trade Creditors are in respect of amounts due to suppliers for services rendered and goods supplied.

Accruals:

Accruals relates to known amounts owed for which invoices have not been processed at end of the period.

Other Creditors:

Other creditors relates to balances of clients who paid, voluntarily, upfront deposits for anticipated services.

Payroll third party payables:

Salary Related Payables relates to amounts owing to third parties such as medical aids, provident fund and SARS for PAYE, UIF and SDL at end of the period.

All payables are paid within 30 days and where there are no disputes. Payables are not secured.

The Entity's liquidity risk management processes are disclosed in Note 35.5 to the Annual Financial Statements.

12. UNSPENT GRANTS

Conditional Grant - TETA	36,960	558,720
Total Unspent Grant	**36,960**	**558,720**

The unspent grant relates to the projects where stipulations are not yet fulfilled at year end.

12.1 Reconciliation of Grant received in advance - TETA

Balance unspent at beginning of year	558,720	-
Current year receipts	419,040	558,720
Conditions met - transferred to revenue	(940,800)	-
Balance at the end of year	**36,960**	**558,720**

The unspent grant relates to the balance of the monies received in advance from from TETA and conditions not yet met. In terms of the arrangement TETA will pay SADPMR the grant to fund the training of learners including Stipends.

13. OPERATING LEASE LIABILITIES

Total Operating Lease Liabilities	**4,385,657**	**3,330,115**
	R	**R**

At the reporting date the SADPMR had outstanding commitments under Non-cancellable Operating Leases which fall due as follows:

Head office	**43,766,699**	**47,872,862**
No later than one year	4,707,692	4,106,163
Later than one year and not later than five years	22,365,017	20,901,885
Later than five years	16,693,990	22,864,814

The SADPMR entered into a ten year lease agreement for the head office in Kempton Park. The lease commenced on 01 September 2021 and provides for an escalation of 7% per annum on rental and parking costs and 8.5% annual escalation on operating costs.
Parking costs are treated as contingent expense and excluded from the straight lining.

Kimberly Office	**-**	**856,126**
No later than one year	-	856,126
Later than one year and not later than five years	-	-

The SADPMR entered into a 5 year lease agreement for the rental of the Kimberley office. The lease commenced on 01 April 2019 and ended on 31 March 2024. The lease provided for an escalation of rental of 6% per annum.

Total lease obligations

Not later than one year	4,707,692	4,962,289
Later than one year, less than five years	22,365,017	20,901,885
Later than five years	16,693,990	22,864,814
	43,766,699	**48,728,988**

14. FINANCE LEASE LIABILITY - SHORT TERM

Finance Lease Liabilities	116,970	259,645
Total Long-term Liabilities	**116,970**	**259,645**

15. FINANCE LEASE LIABILITY - LONG TERM

Finance Lease Liabilities	-	116,970
Total	**-**	**116,970**

15.1 Summary of Arrangements

Finance Leases:

SADPMR leases certain items of office equipment and related software under finance lease. The lease is for the photocopiers for a period of three years from September 2021 to 30 August 2024.

The obligations under Finance Leases are as follows:

Amounts payable under finance leases:		
Not later than one year	116,970	259,645
Later than one year and not later than five years	-	116,970
	116,970	**376,615**

Reconciliation minimum lease payments and the present value of lease payments

No later than one year	119,140	285,936
Later than one year and not later than five years	-	119,140
Future finance charges	(2,170)	(28,461)
Present Value of Minimum Lease Obligations	**116,970**	**376,615**

16. Employee Benefit Liabilities

SADPMR has an obligation to provide medical benefits to certain pensioners and dependents. These liabilities have been

The amounts recognised in the statement of financial position arising from the obligation in respect the post-retirement medical plan is as follow:

Defined Benefit Plan

Statement of Financial Position		
Present value of defined benefit obligation	1,131,587	1,126,814
Fair value of plan assets	-	-
Defined medical benefit obligation disclosed in Statement of Financial Position	**1,131,587**	**1,126,814**
Statement of Financial Performance		
Interest	105,000	196,000
Remeasurement	64,000	24,000
	169,000	**220,000**
Reconciliation of opening and closing balances of present value of defined benefit obl		
Present value of obligation on 1 April	1,126,814	2,814,000
Net Interest expense	105,000	196,000
Service costs	(164,227)	(1,907,186)
Remeasurements	64,000	24,000
Present value of obligation on 31 March	**1,131,587**	**1,126,814**
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation as at 1 April	**1,126,814.00**	**2,814,000.00**
Net interest expense		
Interest cost	105,000	196,000
Expected return on plan asset/liability	-	-
	105,000	**196,000**
Service Costs		
Current service cost	-	-
Employer contributions	(164,227)	(209,037)
Settlements	-	(1,698,149)
Past service cost	-	-
	(164,227)	**(1,907,186)**
Remeasurements		
Return on plan asset	-	-
Actuarial losses/(gains)	64,000	24,000
	64,000	**24,000**
Defined benefit obligation plan as at 31 March	**1,131,587**	**1,126,814**

Actuarial assumptions of defined benefit obligation

The following are the significant actuarial assumptions used to calculate the present value of the Entities defined benefit

Discount Rate - Continuation Members	10.80%	10.40%
Medical Inflation - Continuation Members	7.40%	7.30%
Marital status	Actual	Actual
Age of spouse	Actual	Actual

Mortality of continuation members: In accordance with PA90, rated down 1 year. No explicit assumption was made about additional mortality or health care costs due to AIDS for 2024 and 2023 period.

A discount rate of 10.8% per year has been used to place a present value on future benefit payments for Continuation Members. This is consistent with the GRAP 25 requirement that the discount rate used should be the long-term government bond yield applicable to the duration of the liability.

An expected long-term rate of increase to the medical aid subsidy of 7.4% per year has been used to value the liabilities for all continuation members.
The base inflation rate CPI has been set as the difference in the yields on the I2030 and the inflation-linked I2029 bond, adjusted for an inflation risk premium (IRP) of 0.5% per annum.

The medical inflation assumption has been set as follows:

The base inflation rate CPI: (after reduction of 0.5% IRP)	5.60%
Plus medical inflation premium:	1.80%
Equals the medical inflation assumption:	7.40%

Valuation method

The Projected Unit Credit discounted cash flow method was used in calculating the liabilities and projected expenses. The results of the valuation depend on the assumptions used.

The plan accrued liability is taken as the aggregate of the present value of the employer’s obligation required to settle the subsidies towards each member’s medical scheme contributions, using a discounted cash flow approach.

The subsidies are assumed to be paid or payable, in terms of the employer subsidy policy, in respect of all continuation members. The subsidies are projected to grow with annual medical aid inflation increases allowing for expected future lifetimes of members and any adult dependant/spouse, into retirement, allowing for joint-life survival probabilities where applicable.

These projected cash flows for each member are then discounted back to the valuation date using the discount rate, and aggregated to form present value of the benefit, which is the accrued liability.

The discount rate has been determined by reference to market yields at the balance sheet date of South African long-term

General increases to the employer’s medical aid subsidy (“medical inflation”) take into account the estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs. The inflation rate has been determined by reference to market yields at the balance sheet date of long-term bonds. The medical inflation premium has been set based on past experience for the industry

The net defined benefit liability (the present value of the defined benefit obligation net of the fair value of any plan assets) is calculated as the present-day value of the employer's subsidy to current continuation members which is deemed to have accrued up to 31 March 2024.

The changes in the accrued service liability since the previous valuation for GRAP 25 purposes (as at 31 March 2023) can be explained as follows

	R
Projected net defined benefit liability at 31 March 2023	**(1,126,814)**
Net interest expenses on – (April 2023 - March 2024)	(105,000)
Current Service Cost – (April 2023 - March 2024)	-
Actual benefit payments – (April 2023 - March 2024)	164,227
Projected net defined benefit liability at 31.03.2024	**(1,067,587)**
Remeasurement of the net defined benefit liability due to actuarial gains /(losses)	(64,000)
Net defined benefit liability at 31 March 2024	**(1,131,587)**

The actuarial loss of R64 000 arose as follows:

Experience Item	R
Mortality lower than expected	(72,000)
Change in Economic Basis	25,000
Actual Medical Inflation differed than expected	(16,900)
Miscellaneous	(100)
Total actuarial gain/(loss)	**(64,000)**

Mortality lower than expected
There has been no change in membership over the valuation period. The effect of this was an increase in the liability due to survival of all members, of some R72 000

Economic basis
The net discount rate has increased from 2.76% to 3.17%. This has led to a release in the liability of some R25 000.

Actual medical inflation
The actual medical inflation differed than that expected to arise during the year. The total effect of this was a strain of some R17 000, broken down further as follows:

Experience item	R
Actual Medical Inflation BestMed Pace 2, higher than expected	(13,000)
Actual Medical Inflation Bonitas Standard, higher than expected	(4,000)
Actual Medical Inflation Bonitas Primary, lower than expected	100
Total actuarial gain/(loss)	**(16,900)**

The projection of the results from 31 March 2024 to 31 March 2025, assuming that the experience follows the assumptions

	R
Net defined benefit liability as at 31.03.2024	(1,132,000)
Net interest expense – (April 2024 - March 2025)	(112,000)
Current Service Cost – (April 2024 - March 2025)	-
Expected benefit payments – (April 2024 - March 2025)	171,000
Projected net defined benefit liability as at 31.03.2025	**(1,073,000)**

Sensitivity testing

The results are dependent on the assumptions used. The table below shows how the service cost as at 31 March 2024 would be impacted by changes to these assumptions:

Continuation Members	Net defined benefit liability as at 31.03.2024	% Increase
Assumptions as above	(1,132,000)	
Discount rate – increases by 1% p.a.	(1,078,000)	-5%
Discount rate – reduces by 1% p.a.	(1,191,000)	5%
Medical inflation – increases by 1% p.a.	(1,190,000)	5%
Medical inflation – reduces by 1% p.a.	(1,078,000)	-5%

The table below shows how the interest cost for the year to 31 March 2025 would be impacted by changes to the assumptions:

Continuation Members	Net interest expense 1.4.2024 - 31.03.2025 (R)	% Increase
Assumptions as above	(112,000)	
Discount rate – increases by 1% p.a.	(117,000)	4%
Discount rate – reduces by 1% p.a.	(108,000)	-4%
Medical inflation – increases by 1% p.a.	(119,000)	6%
Medical inflation – reduces by 1% p.a.	(107,000)	-5%

The remeasurement amount is included in operating expenses and interest is included in interest expense in the statement of financial performance.

Trend information

	2024	**2023**	**2022**	**2021**	**2020**
Obligation	1,131,587	1,126,814	2,814,000	704,000	678,000
Fair Value of Plan Assets	-	-	-	-	-
Present value in excess of plan asset	**1,131,587**	**1,126,814**	**2,814,000**	**704,000**	**678,000**
Experience adjustments (Actuarial gain and losses before change in assumptions):	64,000	24,000	(2,284,196)	(97,889)	(90,976)
In respect of present value of obligation	-	-	-	-	-
In respect of fair value of plan assets	-	-	-	-	-

Contributions expected to be paid in the new financial year.	176,380	66,993

17. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Accumulated Surplus due to the results of Operations	84,184,596	98,583,650
Total Accumulated Surplus	**84,184,596**	**98,583,650**

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

	31 March 2024 R	31 March 2023 Restated R
18. GOVERNMENT GRANTS AND SUBSIDIES		
National Government - Department of Mineral Resources & Energy	63,136,000	62,894,000
Other Grants	1,232,873	-
Total Government Grants and Subsidies	**64,368,873**	**62,894,000**

Other grants are from TETA and MQA to fund Workplace Experience training for interns and Management and Executive Development Programme (MEDP).

19. RENDERING OF SERVICES		
Diamond Valuation Service fees	34,932,493	49,256,475
Other services	5,790,889	6,925,337
Total Rendering of Services	**40,723,382**	**56,181,812**

Other services include fees charged for imports and exports of polished and unpolished diamonds.

In line with the requirements of GRAP 1 which requires that each material class of similar items shall be presented separately in the financial statements, the SADPMR has disaggregated the revenue from Rendering of service in the notes which was previously presented as a single line item on the face of the statement of financial performance without a corresponding note. The comparative figures have also been disaggregated.

20. INTEREST EARNED		
Total Interest Earned	**6,796,793**	**4,801,578**

The interest is earned from the entity's various bankers for positive balances, particularly on its call deposit accounts at rates between 8.1% and 8.25% per annum.

21. LICENCES AND PERMITS		
Licences	4,034,756	3,592,000
Permits	145,500	157,000
Total Licences and Permits	**4,180,256**	**3,749,000**

In line with the requirements of GRAP 1 which requires that each material class of similar items shall be presented separately in the financial statements, the SADPMR has disaggregated the revenue from Licences and Permits in the notes which was previously presented as a single line item on the face of the statement of financial performance without a corresponding note. The comparative figures have also been disaggregated.

22. OTHER REVENUE		
Sale of diamond books and registers	70,050	78,150
Other income	297,003	677,443
Bad debts recovered	350	1,100
Recovery of expenses	-	27,690
Total Other Revenue	**367,403**	**784,377**

	31 March 2024 R	31 March 2023 Restated R
23. EMPLOYEE RELATED COSTS		
Employees:		
Basic Salaries	76,693,479	69,161,702
Performance and Other Bonuses	331	2,856,518
Allowances	192,000	192,000
Social Contributions (Medical Aid, Pension, UIF, etc)	11,949,198	10,607,445
Leave Accrual	(691,097)	(83,322)
Total Employee Related Costs	**88,143,911**	**82,734,343**
24. DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	3,678,638	1,632,982
Amortisation: Intangible Assets	185,191	58,825
Total Depreciation and Amortisation	**3,863,829**	**1,691,807**
25. IMPAIRMENT LOSSES AND BAD DEBTS		
25.1 Impairment Losses on Financial Assets		
Impairment Losses Recognised:	**1,039**	**56,584**
Receivables From Exchange Transactions	-	56,584
Statutory Receivables from Exchange Transactions	1,039	-
Impairment Losses Reversed:	**(56,584)**	**(132,117)**
Statutory Receivables from Exchange Transactions	-	(132,117)
Receivables From Exchange Transactions	(56,584)	-
Total Impairment Losses	**(55,545)**	**(75,533)**
Bad Debts Written-off:	**56,584**	**199,819**
Bad Debts Written-off against Operating Account	56,584	199,819
26. FINANCE COSTS		
Supplier interest	417	643
Net interest expense/revenue on Defined Benefit Liabilities	105,000	196,000
Finance Leases	26,291	53,526
Total Finance Costs	**131,708**	**250,169**
		1.00

Finance costs relate to interest incurred on leasing of equipments as disclosed in the note 14 to 15 and finance costs in the Post Retirement Benefit Obligation in note 16.

27. REPAIRS AND MAINTENANCE		
Computer Equipment	88,138	148,100
Leased Asset	331,178	424,800
Office Equipment and Furniture	6,539	91,532
Other Assets	178,270	137,694
Motor Vehicles	50,401	64,343
Total Repairs and Maintenance	**654,526**	**866,469**

28. OTHER OPERATING EXPENSES

Included in General Expenses are the following:		
Administrative fees	183,193	231,517
Audit fees	3,043,863	3,126,398
Accounting Authority costs	1,279,869	1,337,608
Cleaning	224,923	293,875
CSR programmes	3,463,606	8,000
Document storage	175,008	250,822
Domestic travel	1,073,421	1,048,509
Hiring	923,220	40,250
Hospitality	68,927	62,639
Inspection	143,292	96,626
Insurance	1,779,921	667,062
International travel	3,172,587	228,463
Inventory expense	653,666	434,955
Kimberley process	1,295,621	141,376
Legal expenses	966,226	1,081,930
Actuarial remeasurements	64,000	24,000
Motor vehicle expenses	303,438	327,078
Office lease expenses	7,628,839	7,323,437
Organisational Change Management	84,815	-
Strategic Planning	176,767	220,462
Postage and courier	8,977	6,341
Public relations	1,474,583	855,326
Recruitment and selection	59,719	52,456
Relocation of Offices	45,143	90,018
Relocation of Staff	30,130	83,900
Security	1,373,883	1,165,448
Software expenses	2,914,452	2,597,256
Staff recognition	51,848	53,082
Staff welfare	252,131	199,631
Subscription and membership	100,198	109,467
System support fees	443,065	316,690
Telecommunication	1,739,750	3,059,016
Training and development	1,444,944	1,061,489
Transformation	1,530	60,634
Venue and facilities	-	71,692
Total General Expenses	**36,645,890**	**26,727,453**

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the Entity and not directly attributable to a specific service or class of expense.

28.1 Audit fees

External audit	2,737,467	2,877,472
IT Audit and Internal audit quality assurance	306,396	248,926
	3,043,863	**3,126,398**

28.2 Accounting Authority

Meeting fees	856,364	946,156
Other fees	224,472	271,453
Accounting Authority evaluation	199,033	119,999
	1,279,869	**1,337,608**

28.3 Office lease

Office lease - space and parking	6,147,932	6,699,588
Office lease - municipal services	939,356	475,705
Operating costs	541,551	148,144
	7,628,839	**7,323,437**

28.4 Telecommunication

Internet, email and data storage	257,617	1,625,519
Telephone rental and usage	862,142	849,773
Cell phones and data	619,991	583,723
	1,739,750	**3,059,016**

29. GAINS AND LOSSES ON OTHER OPERATIONS

Fair value adjustment on Investments	-	(12,439)
Gains / (Losses) on Foreign Exchange	35,531	(48,328)
Net Other Gains and Losses	**35,531**	**(60,767)**

	31 March 2024	31 March 2023 Restated
	R	R

30. PRIOR PERIOD ERRORS

30.1 Operating lease liability

During 2022/23 financial year Operating lease liability and Office lease were overstated as a result of an error in accounting treatment of operating costs and in the application of escalation rate on the lease payments.

The error was corrected retrospectively and comparatives have been restated. The effect of the error on the individual line items in the financial statements is as follow:

	2023		
The Net effect of prior period error(s) relating to the Statement of Financial Performance are as follows:	**before correction**	**Prior period error**	**Restated amount**
Operating lease expense	7,735,651	412,214	7,323,437
The Net effect of prior period error(s) relating to the Statement of			
Decrease in Operating lease liability	3,876,457	(546,342)	3,330,115

30.2 Liquidity Risk

The disclosure for the entity's financial liabilities' maturity for 2022/23 was incomplete as it did not include the Other creditors.

The error was corrected retrospectively and comparatives have been restated. The effect of the error on the individual line items in the notes to the financial statements is as follow:

	Amount before correction	**Prior period error**	**Restated amount**
Accruals	2,683,808	(559,611)	2,124,197
Other creditors	-	326,289	326,289
Grant Received in advance	-	558,720	558,720

30.3 Financial Liabilities at Amortised Cost

The disclosure for financial liabilities under classification of financial instruments for 2022/23 excluded the Conditional Grant and incorrectly included Staff bonus and Leave accrual.

The error was corrected retrospectively and comparatives have been restated. The effect of the error on the individual line items in the notes to the financial statements is as follow:

	Amount before correction	**Prior period error**	**Restated amount**
Conditional Grant	-	558,720	558,720
Staff bonus accrual	484,570	(484,570)	-
Staff leave accrual	4,220,226	(4,220,226)	-

30.4 Operating Lease Commitments

The disclosure for Operating lease was misstated due to the incorrect application of lease escalation rate and incorrect inclusion of operating costs.

The error was corrected retrospectively and comparatives have been restated. The effect of the error on the individual line items in the notes to the financial statements is as follow:

	Amount before correction	Prior period error	Restated amount
No later than one year	4,908,786	(802,623)	4,106,163
Later than one year and no later than five years	23,974,680	(3,072,795)	20,901,885
Later than 5 years	26,469,689	(3,604,875)	22,864,814

30.5 Unspent Grant

During 2022/23 financial year, the SADPMR incorrectly classified the Grant received from TETA as a Principal/Agent arrangement. During the current year, SADPMR reassesed the arrangement and concluded that the grant should be recognised as a Conditional Grant.

The change in classification has no impact on the financial statement as the Grant was correctly recognised as a liability in the financial statements and there were no transactions with TETA for the 2022/23 financial year.

30.6 Employee costs

The leave provision adjustment of R50 975 was incorrectly classified as General expenses during 2022/23 financial year.

The effect of the error on the individual line items in the statement of financial performance is as follows:

	Amount before correction	Prior period error	Restated amount
Employee related costs	82,683,368	50,975	82,734,343

30.7 General expenses

During 2022/23 General expenses incorrectly inculuded leave provision adjustment of R50 975 and straightlining amount of R412 214 relating to lease operating costs.

The effect of the error on the individual line items in the statement of financial performance is as follows:

	Amount before correction	Prior period error	Restated amount
General expenses	27,190,642	(463,189)	26,727,453

30.8 Surplus Funds

During 2022/23 the workings for surplus funds incorrectly excluded R375 232 for Non-Current Receivables and R546 342 resulting from correction of errors.

The effect of the error on the individual line items on the disclosures is as follows:

	Amount before correction	Prior period error	Restated amount
Surplus Funds	76,136,699	921,574	77,058,273

31. CHANGE IN ACCOUNTING ESTIMATES

31.1 Depreciation/Amortisation Expenditure:

The estimated useful lives of assets were reviewed as at 31 March 2024. The revision of the useful lives is based on expected usage of assets, technological development and the assumption that some assets will be replaced within the next two years in line with the entity's the capitalisation plan.

Change in depreciation / amortisation resulting from reassessment of useful lives. The following categories are affected:

	Value derived using the original estimate	Value derived using amended estimate	Value impact of change in estimate
Computer Equipment	672,256	1,870,822	1,198,566
Furniture and Fittings	132,277	429,067	296,790
Security Equipment	222,880	256,296	33,416
Motor Vehicles	261,715	561,784	300,069
Office Equipment	261,871	278,612	16,741
Software	66,348	185,191	118,843
Decrease in Depreciation of PPE and Intangble Assets	**1,617,347**	**3,581,771**	**1,964,424**

32. CASH GENERATED BY OPERATIONS

Surplus / (deficit) for the Year		(14,399,054)	15,805,457
Adjustment for Non-cash Transactions included in Surplus / (Deficit):			
Employee Related Costs	Note 20.1	(564,427)	2,911,246
Depreciation and Amortisation	Note 24	3,863,829	1,691,807
Impairment Losses on Financial Assets	Note 25	(55,545)	(75,533)
Finance Costs	Note 30.1	105,000	196,000
Actuarial remeasurements	Note	64,000	24,000
Fair value adjustment	Note 27.3	-	12,439
Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:			
Loss on Disposal of Capital Assets	Note 26	1,359,327	246,673
Operating surplus before working capital changes		**(9,626,864)**	**20,812,085**
(Increase)/Decrease in Inventories		68,980	(154,110)
(Increase)/Decrease in Receivables from Prepayments made		361,748	(807,545)
(Increase)/Decrease in Receivables from Exchange Transactions		75,544	105,963
(Increase)/Decrease in Statutory Receivables from Exchange Transactions		1,352,412	(107,203)
Decrease/(Increase) in Receivables from Non-exchange Transactions		(292,073)	-
Increase in Payables from Exchange Transactions		1,616,198	(3,106,801)
Increase/(Decrease) in Payables from Non-exchange Transactions		(761,353)	(169,668)
Increase/(Decrease) in Provisions		(2,994,899)	-
(Decrease)/Increase in Conditional Grants and Receipts		(521,760)	558,720
Increase/(Decrease) in Operating Lease Liabilities		1,055,542	1,815,030
Contributions included in Payables from Exchange Transactions (leave provision adjustment)		691,097	83,322
Cash generated by Operations		**(8,975,428)**	**19,029,793**

33. NON-COMPLIANCE WITH PFMA

Irregular Expenditure	233,955	15,386
Fruitless and Wasteful Expenditure	-	-
	233,955	**15,386**

Irregular Expenditure

33.1 Current Year

Irregular expenditure of R233 955 relates to the security services purchase order not approved in terms of the delegation of authority. The matter is currently under assessment by the relevant committee.

33.2 Prior Year

Expenditure Exceeding Purchase Order

Irregular expenditure amounting to R2 366.70 relates to legal expenditure incurred in excess of the purchase order without obtaining approval. No consequence management actions were taken against officials in relation to this matters as this was beyond officials control.

33.1.1 Expenditure not authorised by delegated authority

Irregular expenditure amounting to R13 019.23 relates to the travel expenditure incurred without approved trip authorisation by the delegated authority. Consequence management in relation to this matter were taken.

34. COMMITMENTS FOR EXPENDITURE

34.1 Commitments

Approved and Contracted for:-		
Operational Expenditure	17,935,029	12,883,597
Capital Expenditure	11,786,999	748,352
Total Operational Commitments	**29,722,028**	**13,631,949**

Operational Commitments relates to commitments for operating expenditure approved and contracted for.

Commitments in respect of capital expenditure:		
Computer Equipment	4,149,169	748,352
Furniture and Fittings	1,087,785	-
Security systems, Machinery and Safes	293,250	-
Motor Vehicles	872,522	-
Office Equipment	924,060	-
Softwares	4,460,213	-
	11,786,999	**748,352**

35. FINANCIAL INSTRUMENTS

35.1 Classification

FINANCIAL ASSETS:			
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Interest Receivable	87,215	184,231
Receivables from Exchange Transactions	Staff Debtors	153,620	109,724
Receivables from Exchange Transactions	Other Receivables	58,348	56,511
Cash and Cash Equivalents	Call Deposits	69,928,360	85,356,472
Cash and Cash Equivalents	Bank Balances	1,342,214	1,126,702
Cash and Cash Equivalents	Cash Floats and Advances	6,171	11,185
		71,575,928	86,844,825
Total Financial Assets		**71,575,928**	**86,844,825**

FINANCIAL LIABILITIES:

Financial Liabilities at Amortised Cost:			
Payables from Exchange Transactions	Trade Creditors	1,790,919	59,321
Payables from Exchange Transactions	Accruals	2,111,392	2,124,196
Payables from Exchange Transactions	Other Creditors	246,119	326,289
Payables from Exchange Transactions	Salary Control	1,954	24,375
Long-term Liabilities	Finance Leases	-	116,970
Current Portion of Long-term Liabilities	Finance Leases	116,970	259,645
Total Financial Liabilities		**4,267,354**	**2,910,796**

35.2 Financial Risk Management Objectives

The SADPMR's overall risk management program seeks to minimise potential adverse effects on the entity's financial performance. Risk management is carried out by management under policies approved by the Accounting Authority. The SADPMR has a risk management policy which considers financial risk management in the organisation.

35.3 Significant Risks

It is the policy of the SADPMR to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the Entity is exposed to on the reporting date.

The SADPMR has exposure to the following risks from its operations in Financial

(a) Market Risk.

(b) Liquidity Risk;

(c) Credit Risk; and

(d) Foreign Currency Risk

Risks and exposures are disclosed as follows:

35.4 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in commodity prices, interest rates and equity prices.

A significant part of the market risk encountered arises from financial instruments that are managed by other financial institutions.

35.4.1 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

The SADPMR is exposed to foreign currency risk through transaction that are denominated in foreign currencies. The exposure is limited to Microsoft software license, Rapaport subscription and international insurance contract.

It is not policy for the SADPMR to hedge outstanding foreign currency transactions due to the fact that these transactions take

The SADPMR had no exposure to foreign currency risk at 31 March 2024 as all foreign currency transactions were settled during the financial year.

35.4.2 Interest Rate Risk

The SADPMR is exposed to interest rate risk as a result of interest bearing bank accounts. These accounts include deposits and call accounts that attract interest rate which vary from prime.

The SADPMR's policy is to manage interest rate risk by investing in a range of balanced portfolios so that fluctuations in variable rates do not have a material impact on the surplus or deficit.

The material change to SADPMR's exposure to interest rate risk from the previous year to the current year is due to the transfer of the Stanlib investment to the SA Reserve Bank.

The maximum exposure to interest rate risk is as follows:

	31 March 2024	
	Amount	**interest rate**
Nedbank Ltd - Call account	10,161,544	8.10%
Investec Ltd - Call account	4,392,632	8.10%
SA Reserve Bank - Call account	55,374,184	8.25%
	69,928,360	

	31 March 2023	
	Amount	**interest rate**
Nedbank Ltd - Call account	30,270,869	7.10%
Investec Ltd - Call account	4,054,101	4.10%
SA Reserve Bank - Call account	51,031,502	7.42%
	85,356,472	

35.5 Liquidity Risk

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

The SADPMR is exposed to liquidity risks as a result of outstanding obligations to make payments to trade creditors for goods delivered and services rendered as well as future commitments.

The SADPMR manages its exposure to liquidity risk through ongoing review of future commitments, proper management of working capital and capital expenditure. Adequate reserves and liquid resources are also maintained.

There were no material changes to SADPMR's exposure to liquidity risk from the previous year to the current year except for the movement in accruals.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2024

	Total	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Accruals	2,111,392	-	2,111,392	-	-
Finance lease	119,140	-	-	119,140	-
Other creditors	246,119	-	-	246,119	-
Trade payables	1,527,165	1,527,165	-	-	-
	4,003,816	**1,527,165**	**2,111,392**	**365,259**	**-**

31 March 2023

	Total	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Accruals	2,124,197	-	-	2,124,197	-
Finance lease	405,076	-	-	285,936	119,140
Other creditors	326,289	-	-	326,289	-
Trade payables	59,321	59,321	-	-	-
	2,914,883	**59,321**	**-**	**2,736,422**	**119,140**

35.6 Credit Risk

Credit risk is the risk of financial loss to the SADPMR if a customer or other counterparty (including government and financial institutions) to a financial instrument fails to meet its contractual obligations.

The SADPMR is exposed to credit risk through holding call deposits, cash equivalents and trade receivables. Credit risk includes counterparty risk and delivery or settlement risk. Counterparty risk is the risk that a counterparty is unable to meet its financial and/or contractual obligations during the year of a transaction.

To manage the credit risk that the SADPMR is exposed to as a result of holding these classes of financial assets the following steps are generally taken:

Call deposits, cash and cash equivalents

The SADPMR limits its counterparty exposures from its call deposits and cash equivalents by only depositing cash with major banks and SA Reserve Bank with high quality credit standing and limits exposure to any one counterparty.

Trade and other receivables

Management evaluates credit risk relating to customers on an ongoing basis. In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts through the debt management policy and restriction of services. Trade receivables are presented net of doubtful debts.

There were no material changes to SADPMR' exposure to credit risk from the previous year to the current year.

35.6.1 Credit quality

Credit quality is a measurement of an individual's or company's creditworthiness, or the ability to repay its debt due to the SADPMR.

Cash and cash equivalent

The credit quality of cash and cash equivalents are sound as SADPMR only make deposits at the well-established financial institutions.

Trade and other receivables

The credit quality of trade and other receivables are determined and monitored with reference to historical payment trends. Based on the evaluation of the historical payment trends, customers are categorised into the following:

High credit quality - Customers included in this category have evidenced no defaults or breaches in the contractual repayments.

Medium credit quality - Customers included in this category are prone to late payments, but seldomly default on the entire balance owing.

Low credit quality - Customers included in this balance includes customers that frequently default on their outstanding balances and breach contract.

		31 March 2024	31 March 2023
The maximum exposure to credit risk is as follows:			
Receivables from Exchange Transactions		331,506	407,050
Bank, Cash and Cash Equivalents		71,276,745	86,494,359
Maximum Credit Risk Exposure		**72,275,556**	**87,276,641**
Bank and Cash Balances			
Nedbank Ltd	Current	1,337,972	1,126,267
Nedbank Ltd	Call	10,161,544	30,270,869
Nedbank Ltd	Call - Salary savings	4,242	435
SA Reserve Bank	Call	55,374,184	51,031,502
Investec Ltd	Call	4,392,632	4,054,101
Cash on hand	Cash	6,171	11,185
Total Bank and Cash Balances		**71,276,745**	**86,494,359**

36. CHANGES IN CLASSIFICATION

Statement of Financial Position

Accounts Payable

During 2022/23 financial year Staff Bonus Accrual and Staff Leave Accrual were included under Payables from from Exchange Transactions, these transactions have been reclassified as Employee Benefit Liability during the 2023/24 financial year.

The effect of the reclassification on the individual line items in the statement of financial position is as follows:

Payables from Exchange Transactions

	After change	Before change
Staff Bonus Accrual	-	484,570
Staff Leave Accrual	-	4,220,226

Employee Benefit Liabilities - Short Term

Staff Bonus Accrual	484,570	-
Staff Leave Accrual	4,220,226	-

37. RELATED PARTY TRANSACTIONS

37.1 Controlling Entity

The Department of Mineral Resources and Energy is the controlling party.

	31 March 2024	31 March 2023
Total transactions	63,136,000	62,894,000
Amounts owed by	-	-
Amounts owed to	-	-

The transactions relate to the transfer payment (grant) from the Department of Mineral Resources and Energy and recorded as revenue from non exchange transaction in the statement of financial performance.

The department also provide office space at no costs to the SADPMR's Cape Town and Durban office officials. Both these offices have two official from SADPMR.There is no reliable estimates to recognise services in kind at year end .

There were no balances owed by or due to DMRE at the end of the year under review nor commitments.

37.2 National government

The SADPMR is classified as a Schedule 3A Public Entity in accordance with The Public Finance Management Act No. 1 of 1999 (PFMA) (Act No.1

The transactions relates to purchases with other government entities and were concluded at arm’s length.

37.3 Other public entities

Mining Qualification Authority (MQA)

The SADPMR entered into an arrangement with MQA to provide Workplace Experience training to Interns appointed by MQA for a period of 12 months. In terms of the arrangement MQA will pay SADPMR the grant to fund training of the Interns.

The SADPMR also receives a grant from MQA which is subject to the submission of entity's Annual Training Report (ATR) as per the Work Skills

	31 March 2024	31 March 2023
Total transactions	292,073	115,652
Amount owed by	-	-
Amounts owed to	-	-

37.4 Members of Management of the entity

There were transaction with management as discussed below:

Executive Management Remuneration

	31 March 2024					
	Basic Salary	Acting Allowance	Disability cover	Performance bonus	UIF, SDL, Medical and Pension fund	Total
NC Khosa - Chief Executive Officer	2,436,601	-	43,838	101,763	292,743	2,874,945
Y Lusibane - Chief Financial Officer	1,841,738	-	32,267	61,035	164,001	2,099,041
Services	1,819,355	-	32,907	76,260	226,233	2,154,755
C Mlondo - GM: Diamond Trade	1,748,557	-	32,969	76,406	301,224	2,159,156
T Motloung - GM: Regulatory Compliance	1,742,054	-	32,267	74,768	263,835	2,112,924
P Motsepe - GM: Governance	1,807,512	-	32,267	74,768	198,363	2,112,910
Totals	**11,395,817**	**-**	**206,515**	**465,000**	**1,446,399**	**13,513,731**

	31 March 2023					
	Basic Salary	Acting Allowance	Disability cover	payment	Medical and	Total
NC Khosa - Chief Executive Officer	2,357,470	-	37,687	-	265,357	2,660,514
Y Lusibane - Chief Financial Officer	1,327,516	-	12,658	-	117,031	1,457,205
L Nkhumishe - GM: Corporate Services	1,752,072	-	28,291	-	213,691	1,994,054
C Mlondo - GM: Diamond Trade	1,694,507	-	28,345	-	275,299	1,998,151
T Motloung - GM Regulatory Compliance	1,671,624	-	27,741	-	256,004	1,955,369
P Motsepe - GM: Governance	1,744,906	-	27,741	-	182,705	1,955,352
P Motsepe - GM: Governance	270,856	114,088	3,995	-	37,729	426,668
Totals	**10,818,951**	**114,088**	**166,458**	**-**	**1,347,816**	**12,447,313**

Non- executive members of the Accounting Authority and Other Committees

	31 March 2024		
	Meeting fees	Otheractivities	Total
Mr MA Mngomezulu	98,180	32,232	130,412
Mr E Blom	69,644	8,010	77,654
Ms N Zikalala-Mvelase	113,372	28,035	141,407
Mr G Serokane	64,248	24,030	88,278
Ms M Mosing	65,130	-	65,130
Adv N Van Rooyen	56,238	20,025	76,263
Mr S Mokoena	40,218	8,010	48,228
Ms K Macingwane	77,822	28,035	105,857
Ms N Dikwayo $	26,980	16,020	43,000
Ms N Munyai	137,284	32,040	169,324
Mr Z Fihlani	85,832	8,010	93,842
Mr R Molapo (Appointed on (01/07/2023))	21,416	20,025	41,441
TOTAL NON-EXECUTIVE REMUNERATION	**856,364**	**224,472**	**1,080,836**

$ Independent member of the Finance , Audit and Risk Committee

The Board term ended on 31 October 2023.

	31 March 2023		
	Meeting fees	Otheractivities	Total
Mr MA Mngomezulu	128,560	75,208	203,768
Mr E Blom	83,050	28,035	111,085
Ms N Zikalala-Mvelase	116,886	28,035	144,921
Mr G Serokane	77,654	28,035	105,689
Ms M Mosing	73,649	8,010	81,659
Adv N Van Rooyen	69,644	24,030	93,674
Mr S Mokoena	83,050	-	83,050
Ms K Macingwane	96,625	20,025	116,650
Ms N Dikwayo $	44,764	12,015	56,779
Ms N Munyai	82,200	20,025	102,225
Z Fihlani: Appointed (22/10/2022)	21,416	8,010	29,426
Mr V Magan: Resigned on (31/08/2023)	68,658	20,025	88,683
TOTAL NON-EXECUTIVE REMUNERATION	**946,156**	**271,453**	**1,217,609**

$ Independent member of the Finance , Audit and Risk Committee

38. CONTINGENT LIABILITIES

38.1 Surplus funds

The public entities will identify the surpluses as at the reporting date as defined in this National Treasury Instruction and will either recognise a provision or contingent liability (as defined in GRAP 19 on Provisions, Contingent Liabilities and Contingent Asset.

The surplus is calculated in terms of National Treasury Instruction No. 12 of 2020/2021.

Contingent liability subject to approval by National Treasury.	**62,020,844**	**77,058,274**

39. CONTINGENCIES

39.1 High Court ruling in favor of SADPMR

In a matter between SADPMR and former managers, after an abitration award, they referred the matter to an incorrect court for reiew and later withdrew their application. The SADPMR applied for costs and were granted in our favour, however, there is no reliable estimates of the costs at reporting date.

39.2 Dispute between SADPMR and three former employees (managers)

The former managers have since referred their case to the Labour Court for review of the abitration award. They did not adhere to the court rules and the SADPMR applied for dismissal of the with costs. The probability of the former employees' review application being successful is very low according to the employer’s legal representatives. The estimated legal costs for the institution are R40,000.00.

40. GOING CONCERN ASSESSMENT

The Accounting Authority has reviewed the entity's cash flow statement for the year ending 31 March 2024 and is satisfied that with the current financial position and the forecast, that the entity has adequate resources to operate in the foreseeable future. Although SADPMR has an approved budget deficit for the following financial year, The deficit was approved by National treasury and it will be funded from reserves.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

1924 - 2024

Platinum Centenary

South Africa: Land of Platinum 100Yrs





ANNUAL REPORT

2023/2024

SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR





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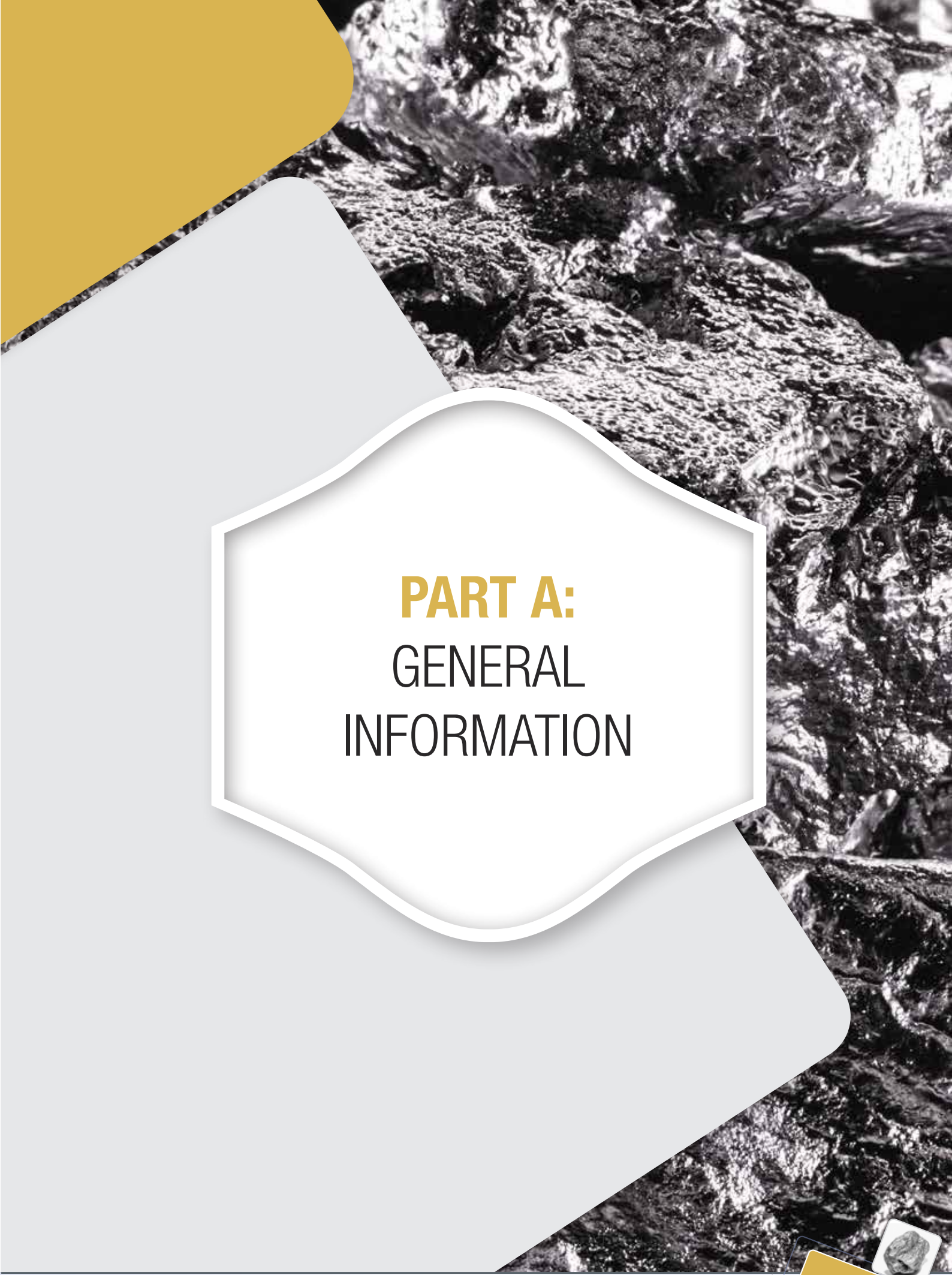
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PART A:
GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

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** The office address was used until end of March 2024.*

Banker's Information	Nedbank Ltd, Sivewright Road, Johannesburg, 2001
Company Secretary/GM: Governance	Advocate Paul Motsepe

2. LIST OF ABBREVIATIONS/ACRONYMS

AA	Accounting Authority
AGSA	Auditor-General of South Africa
ADPA	African Diamond Producers Association
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
B-BSEEC	Broad-Based Socio-Economic Empowerment Charter
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COID	Compensation for Occupational Injuries and Diseases
DEEC	Diamond Exchange and Export Centre
DMRE	Department of Mineral Resources and Energy
DV	Diamond Valuator
EU	European Union
FY	Financial Year
GIDZ	Gauteng Industrial Development Zone
HDP	Historically Disadvantaged Persons
HR	Human Resources
ICT	Information and Communication Technology
KP	Kimberley Process
KPCS	Kimberley Process Certification Scheme
KPC	Kimberley Process Certificate
LGD	Lab Grown Diamonds
MISS	Minimum Information Security Standards
MoU	Memorandum of Understanding
MPSS	Minimum Physical Security Standards
MQA	Mining Qualification Authority
MSP	Master Systems Plan
NACH	National Anti-Corruption Hotline
NVS	National Vetting Strategy
OHSA	Occupational Health and Safety Act
PFMA	Public Finance Management Act
PMDS	Performance Management and Development System
PPC	Parliamentary Portfolio Committee
PPPFA	Preferential Procurement Policy Framework Act
SADPMR	South African Diamond and Precious Metals Regulator
SEZ	Special Economic Zone
SDT	State Diamond Trader
SMMEs	Small, Medium and Micro Enterprises
TETA	Transport Education Training Authority
TVET	Technical and Vocational Education and Training
WSP	Workplace Skills Plan
$	US Dollar (unless otherwise specified)
UAE	United Arab Emirates
USA	United States of America
ZAR	South African Rand





3. CHIEF EXECUTIVE OFFICER'S OVERVIEW

As we move into the seventh administration and celebrate South Africa's 30 years of democracy, it gives me great pleasure to present the 2023/24 Annual Report for the South African Diamond and Precious Metals Regulator (SADPMR).

While the year was not without its challenges, the focus remained steadfast on celebrating the achievements and progress made throughout the fiscal year while building on the successes of previous years. This overview encapsulates the essence of our journey, emphasising key milestones, financial health, strategic initiatives, and our commitment to our stakeholders.

One such challenge that the entity faced this year was the economic downturn that greatly affected the financial position of the SADPMR, with lower levels of revenue generation from services rendered by the SADPMR. In the year under review, the entity reported revenue of R116.4 million, of which R63.1 relates to the grant from the Department and R52 million is revenue generated internally. The revenue relating to the rendering of services is R8.6 million (17%) lower than estimated; conversely, the revenue from licence fees exceeded estimates by 77% at R1.8 million. The expenditure as of 31 March 2024 is R129.4 million, resulting in a R14.4 million deficit due to the entity's plans for capital expenditure, enterprise development and international brand promotion.

There has been a significant decline in the revenue relating to service fees due to the depressed diamond industry resulting from low production and low diamond values. The diamond industry is anticipated to improve slightly in the next 12 months, and the entity has implemented austerity measures to prevent reporting further deficits. In addition, a proposal for revision of the relevant regulations has been presented to the Department of Mineral and Petroleum Resources to revise fees for services rendered, licences and permits issued. This is aimed at improving the revenue generated by the entity.

In the calendar year 2023, South Africa's diamond industry encountered substantial challenges, reflected in a marked decline in production. The total diamond output was recorded at 5.89 million carats, valued at $794 million. This represents a significant reduction from the 9.66 million carats, valued at $1.5 billion, produced in 2022. South Africa's global standing also diminished, ranking 6th in both carat production and value, underscoring the severe difficulties faced by the industry amidst a depressed global market.

The beneficiation of diamonds within South Africa mirrored this downturn, experiencing a 44% decrease compared to the previous year. In 2023, a total of 130 795 carats were beneficiated, down from 234 109 carats in 2022. This sharp contraction is primarily attributable to the adverse conditions in the global diamond market, which significantly impacted both production and downstream processing activities.Despite the broader challenges confronting the mining sector, South Africa's gold production increased slightly in 2023. The total gold output rose to 96.7 tons, up from 92.7 tons in 2022, according to the Department of Mineral Resources and Energy (DMRE) 2024 report. Nonetheless, South Africa ranked 13th globally, contributing 2.7% to the world's total gold production of 3 645 tons. This increase, while modest, is a positive development, primarily driven by record-high gold prices.

However, the fabrication of gold, particularly in jewellery, did not follow this upward trajectory. The total quantity of gold jewellery fabricated within the country declined to 1 030 kilograms in 2023, compared to 1 482 kilograms in the previous year. This decrease is mainly attributable to the unprecedented rise in gold prices in Rand terms, which dampened domestic demand for gold jewellery. The gold fabrication sector in South Africa remains focused on minting coins and manufacturing minted bars, which consumed approximately 8 tons of gold in 2023.

Despite facing deteriorating market conditions, South Africa sustained its global leadership in the production of platinum and rhodium in 2023. The country produced 123 tons of platinum, accounting for 71% of the world's total output, and 17 tons of rhodium, representing 82% of global production. Additionally, South Africa's palladium output remained significant at 72 tons, making up 35.6% of the global total, closely following the Russian Federation.

Operational excellence remains a cornerstone of our success; therefore, we improved our turnaround times for paying invoices and finalising bids to an average of fifteen (15) days and thirty-four (34) days, respectively. All bids in the approved procurement were finalised for the 2023/24 financial year. This underscores the entity's continuous efforts to streamline processes, enhance efficiency, and uphold the highest standards of quality and service delivery.

In embracing the Fourth Industrial Revolution (4IR), the entity successfully migrated its payroll system to Microsoft Cloud to give the SADPMR direct access to the self-service human resources portal. The Information and Communication Technology (ICT) division developed two applications, namely MY SADPMR and SADMPR Online, to cater for internal staff and external clients. SADPMR Online will enable clients to submit precious metals registers online. The future holds boundless possibilities through online services for our clients to access the SADPMR services. Our commitment to continuous improvement will allow the organisation to migrate to a completely online system and paperless environment.

The entity's core divisions are indispensable to ensure that the regulatory regime is implemented to foster growth and inclusiveness. In line with the industry decline in production, especially from De Beers and Petra, the Diamond Exchange and Export Centre (DEEC) saw a decline in the issuance of Kimberly Process (KP) certificates along with the number of clients accessing the centre. The number of carats valued has also declined over the financial year under review. However, this has not deterred the division from supporting the industry through fair market practices while offering skills to new diamond licence holders. Despite the market changes, the entity remains optimistic that the industry will recover and has seen this positive shift in the facilitating tenders amounting to around 4.5 million carats. As an organisation, we need to work hard to create more awareness of South African natural diamonds, as our diamond price per carat remains lower than most diamond-producing nations of the world.

Lab-grown diamonds (LDGs) have significantly impacted the South African natural diamond industry. They claim to offer a more sustainable, ethical, and affordable alternative, leading to increased competition with natural diamonds. This has driven natural diamond producers to emphasise their products' uniqueness and heritage- like in the case of De Beers over the past year. However, the rise of LDGs also poses challenges, potentially reducing the demand for natural diamonds and affecting local mining communities and economies dependent on this traditional industry. The SADPMR continues to support the natural diamond industry by encouraging debate from within to continue promoting our natural resources. This stance has been reinforced by market analyses that suggest the deterioration of LGD prices internationally, ushering in the renewed love for the natural diamond.

At the heart of our organisation lies the regulatory compliance regime that remains a cornerstone of our success. The report underscores our continuous efforts to streamline processes, enhance efficiency, and uphold the highest quality standards across all the programmes. The SADPMR has managed to maintain its annual



target of issuing 100% of all diamond and precious metals licence applications, particularly beneficiation licences, within the legislated period of sixty (60) days. Speedy finalisation of licence applications creates an enabling environment for businesses to accelerate the implementation of their business plans and thus contribute towards addressing the country's socio-economic challenges.

The SADPMR has maintained its efficiency as a regulatory authority within the diamond and precious metals industries. The entity does this through routine inspections and by maintaining strategic partnerships with law enforcement authorities as a key driver in ensuring industry compliance. Cementing these relationships, along with our ongoing compliance regime, has made sure the SADPMR does not negate its responsibility to the industry regarding the illicit trade in diamonds and precious metals. As a result, the SADPMR approved a strategy to be implemented in the new financial year in its continued efforts to combat this scourge which has a social and economic impact.

Lack of funding and access to markets remains a significant and constant challenge for new and aspirant enterprises born out of our licencing regime. These exclusionary elements remain a pivotal barrier to ensuring the SADPMR continues delivering its mandate of promoting enterprises and the development of our resources. Three trips were embarked on to support a total of 20 Small, Medium and Micro Enterprises (SMMEs) from around South Africa (SA), two to Hong Kong to promote SA-manufactured jewellery to the Asian markets and the local Mining Indaba that saw the launch and promotion of the Platinum Centenary.

The SADPMR has made significant strides in youth development, including on-the-job training of our youth in collaboration with the Mining Qualifications Authority (MQA) and the Transport Education Training Authority (TETA). Our efforts to support our officials through salary increases, bonuses to deserving employees, and bursaries underscore our role as a responsible corporate entity.

Beyond financial metrics, the report underscores the entity's commitment to our staff and the industry stakeholders by embarking on a climate survey that provided valuable insights into the industry trends and its sturdiness. The report provides insights into our entity's positioning locally, regionally and globally through our ongoing brand awareness activities. In light of the industry challenges, we have fortified our position by constantly evolving our standards of service through a customer satisfaction survey. Looking ahead, we remain cautiously optimistic, navigating uncertainties while capitalising on emerging opportunities in the landscape.

Through all these challenges, it is with the utmost delight that the SADPMR has sustained a clean audit opinion from the Auditor General of South Africa (AGSA). This is attributable to measures taken by the entity to ensure compliance with relevant prescripts, credible reporting and implementation of principles for good governance throughout the entity. This was only possible due to the hard work our management team and employees have put into ensuring that all governance systems are in place and governance prescripts are adhered to. The oversight role of the former Board and the subsequent Interim Finance Audit and Risk Committee is much-admired as they held us by the hand towards achieving our annual performance targets.

I would like to conclude by expressing my overall sincere gratitude to the Honourable Minister of Mineral and Petroleum Resources, Honourable Gwede Mantashe for his sterling leadership and guidance towards setting the strategic goals for the entity and providing his unwavering support throughout.

Thank you.



Mr Cecil Khosa
Chief Executive Officer

Date: 29 August 2024

The SADPMR 2023/24 Annual Report Summary:

Platinum Centenary Commemoration

In a landmark initiative unprecedented globally, the South African Diamond and Precious Metals Regulator (SADPMR) launched the Platinum Centenary Commemoration on 4 February 2024 at the Zeitz Museum of Contemporary African Art (Zeitz MOCAA) in Cape Town. This event marked the first-ever national-scale celebration of the centenary of a mineral deposit discovery, commemorating the 100th anniversary of the discovery of platinum in the Bushveld Igneous Complex by geologist Hans Merensky in 1924. This commemoration underscores South Africa's preeminent role as the steward of over 80% of the world's platinum reserves and its production of more than 70% of the global supply of platinum-group metals (PGMs).

The launch, coinciding with the 30th Investing in African Mining Indaba and South Africa's 30th year of democracy, featured the unveiling of the Platinum Centenary logo, the presentation of a commemorative platinum coin, and the display of innovative platinum jewellery and crafts. The Platinum Centenary Coin was presented to the Minister of Mineral Resources and Energy, symbolising the intertwined legacy of South Africa's mineral wealth and national identity. A highlight of the event was the unveiling of the Merensky Reef Souvenir, crafted by The Platinum Incubator and gifted to 40 distinguished guests, celebrating the geological and cultural journey of South Africa's platinum heritage.

The Platinum Centenary Commemoration, which continued with events in Rustenburg, the "City of Platinum," and Johannesburg, is a national celebration and a global acknowledgement of South Africa's unparalleled contribution to the platinum industry. The images from the launch—featuring the Platinum Centenary logo, the Merensky Reef Souvenir, and the Platinum Centenary Coin—are featured prominently on the front cover of the SADPMR 2023/24 Annual Report. This year-long celebration, extending until October 2024, cements South Africa's status as the "Land of Platinum" and showcases the country's world-class geological heritage, fostering a renewed appreciation of platinum's role in shaping South Africa's industrial, economic, and cultural landscape. Most importantly, it affirms South Africa's unrivalled status as the world's foremost producer and host of precious metals, setting an unmatched benchmark in history.





4. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2024

To the best of our knowledge and belief, we confirm that:

- All information and amounts disclosed throughout the annual report are consistent.
- The annual report is complete, accurate, and free from any omissions.
- The annual report has been prepared in accordance with the guidelines for the annual report as issued by the National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the relevant frameworks and guidelines issued by the National Treasury.

The CEO is responsible for the preparation of the public entity's performance information and for the judgements made on this information.

The CEO is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In our opinion, the performance information fairly reflects the operations of the public entity for the financial year ended 31 March 2024.

Yours faithfully

Ms Yalekile Lusibane
Chief Financial Officer

Date: 29 August 2024

Mr Cecil Khosa
Chief Executive Officer

Date: 29 August 2024

5. STRATEGIC OVERVIEW



5.1 VISION

To make diamonds and precious metals synonymous with South Africa.

5.2 MISSION

To regulate and promote the diamonds and precious metals industries in the best interests of the people of South Africa by:

- Transforming the downstream diamond and precious metals industries;
- Ensuring equitable access to diamonds and precious metals resources;
- Promoting local beneficiation of diamonds and precious metals;
- Collaborating with the industry and other stakeholders;
- Identifying initiatives that will develop and support black industrialists;
- Enforcing compliance with legislation;
- Advancing Intra-Africa trade;
- Promoting business development support and growth;
- Supporting skills development in the diamond and precious metals industries;
- Promoting and marketing diamonds and precious metals; and
- Conducting research.

5.3 VALUES

- Ethical culture;
- Service culture;
- Transparency;
- Teamwork;
- Respect;
- Integrity and
- Consistency

6. LEGISLATIVE MANDATE OF THE SADPMR

The SADPMR is an organ of the state deriving its constitutional mandate from Section 239 of the Constitution of the Republic of South Africa, 1996, in terms of which it is defined as an institution performing public functions in terms of the legislation.

The SADPMR is classified as a Schedule 3A Public Entity in accordance with the Public Finance Management Act No. 1 of 1999 (PFMA) (Act No.1 of 1999), as amended. The entity was established in terms of Section 3 of the Diamonds Act No. 56 of 1986 (Diamonds Act), as amended.

The SADPMR's mandate is to implement and enforce the provisions of the Diamonds Act and Precious Metals Act (Act No. 37 of 2005), the Diamond Export Levy (Administration) Act (Act No.14 of 2007) and the Diamond Export Levy Act (Act No.15 of 2007). The abovementioned pieces of legislation are implemented in conjunction with other legal frameworks that directly and indirectly affect the role and mandate of the organisation.



EXECUTIVE MANAGEMENT



Mr Cecil Khosa
Chief Executive Officer



Ms Yalekile Lusibane
Chief Financial Officer



Mr Tebogo Motloung
General Manager: Regulatory Compliance



Mr Mzikayise Mlondo
General Manager: Trade

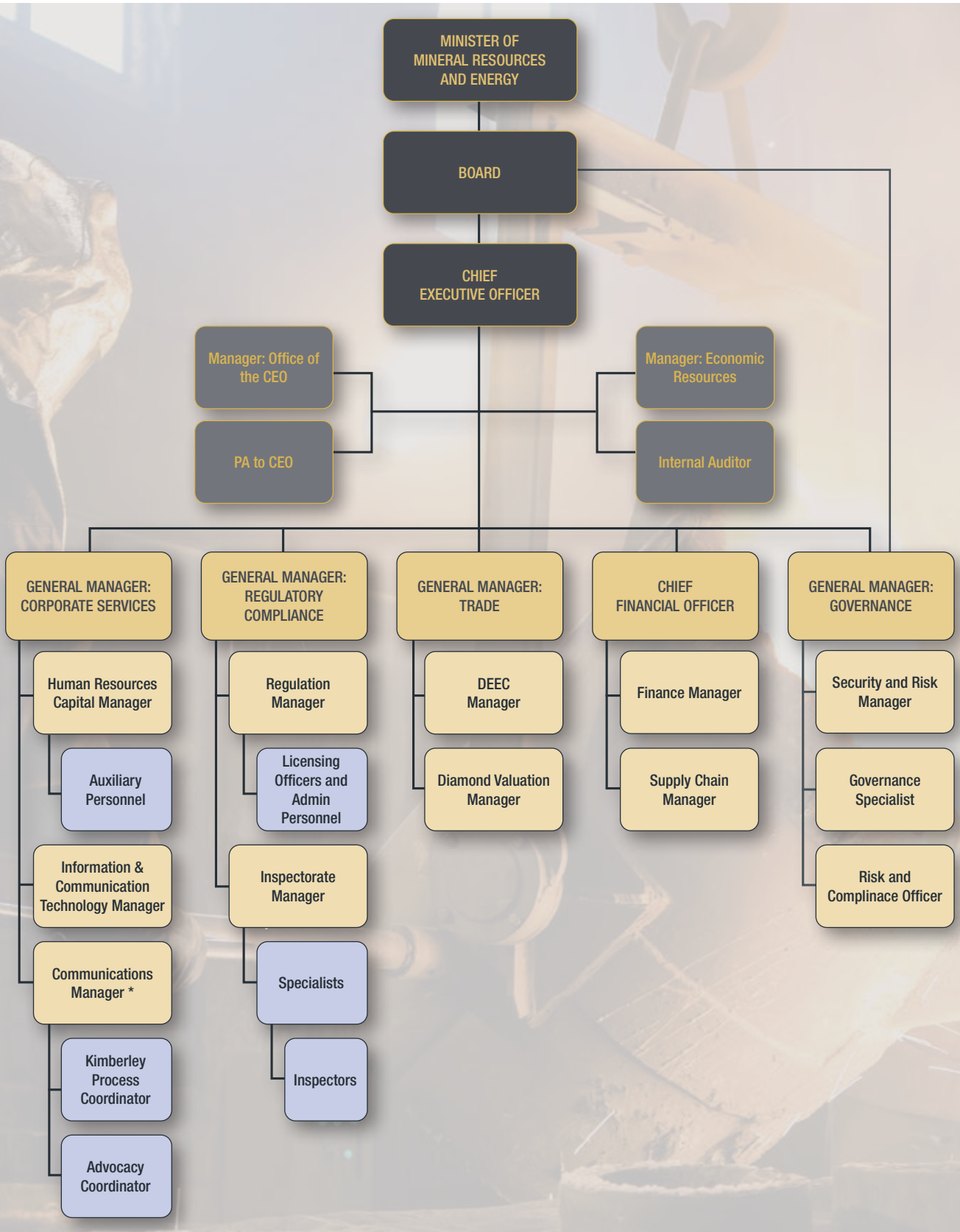


Ms Linda Nkhumishe
General Manager: Corporate Services

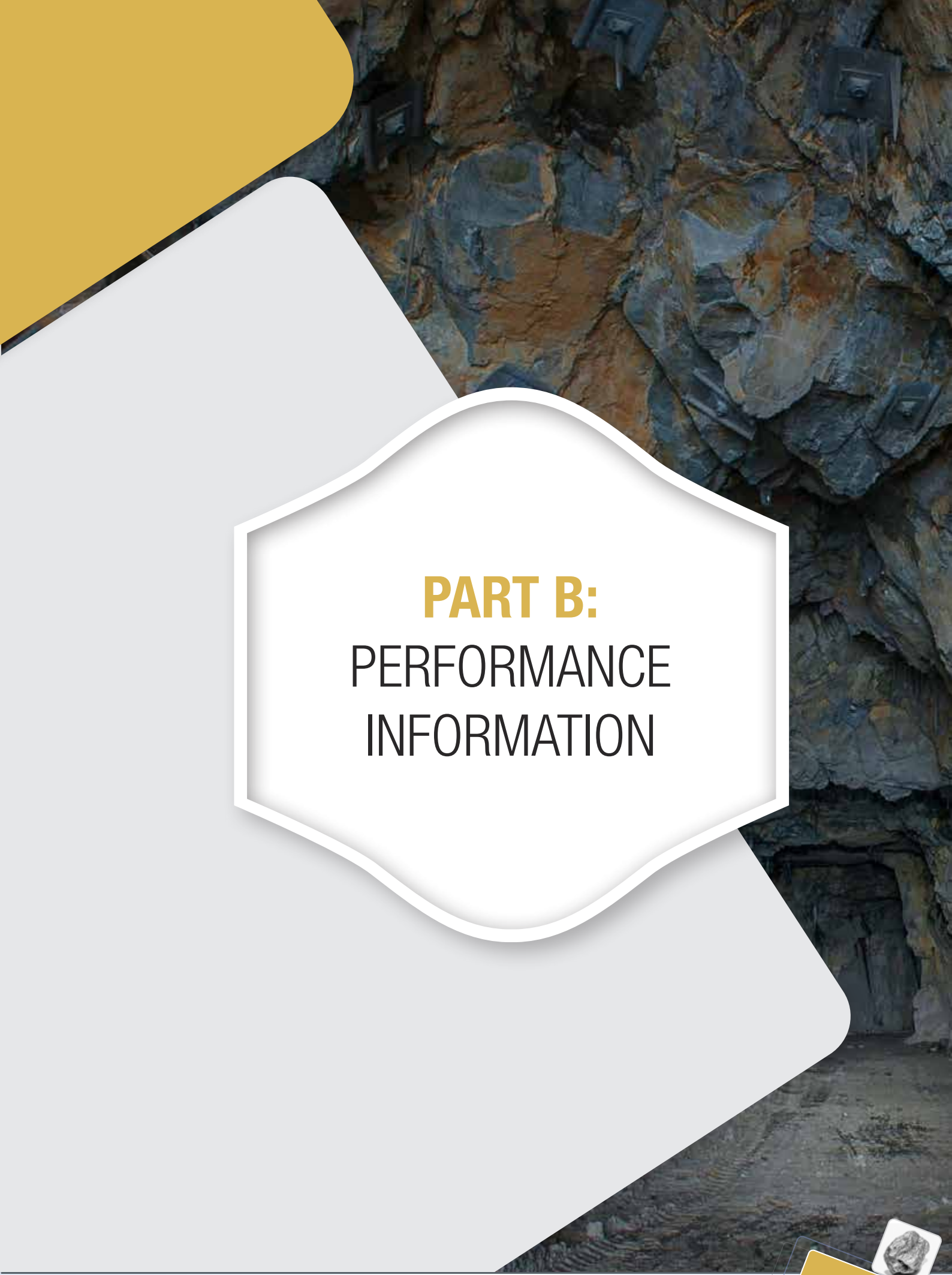


Adv. Paul Motsepe
General Manager: Governance

7. ORGANISATIONAL STRUCTURE



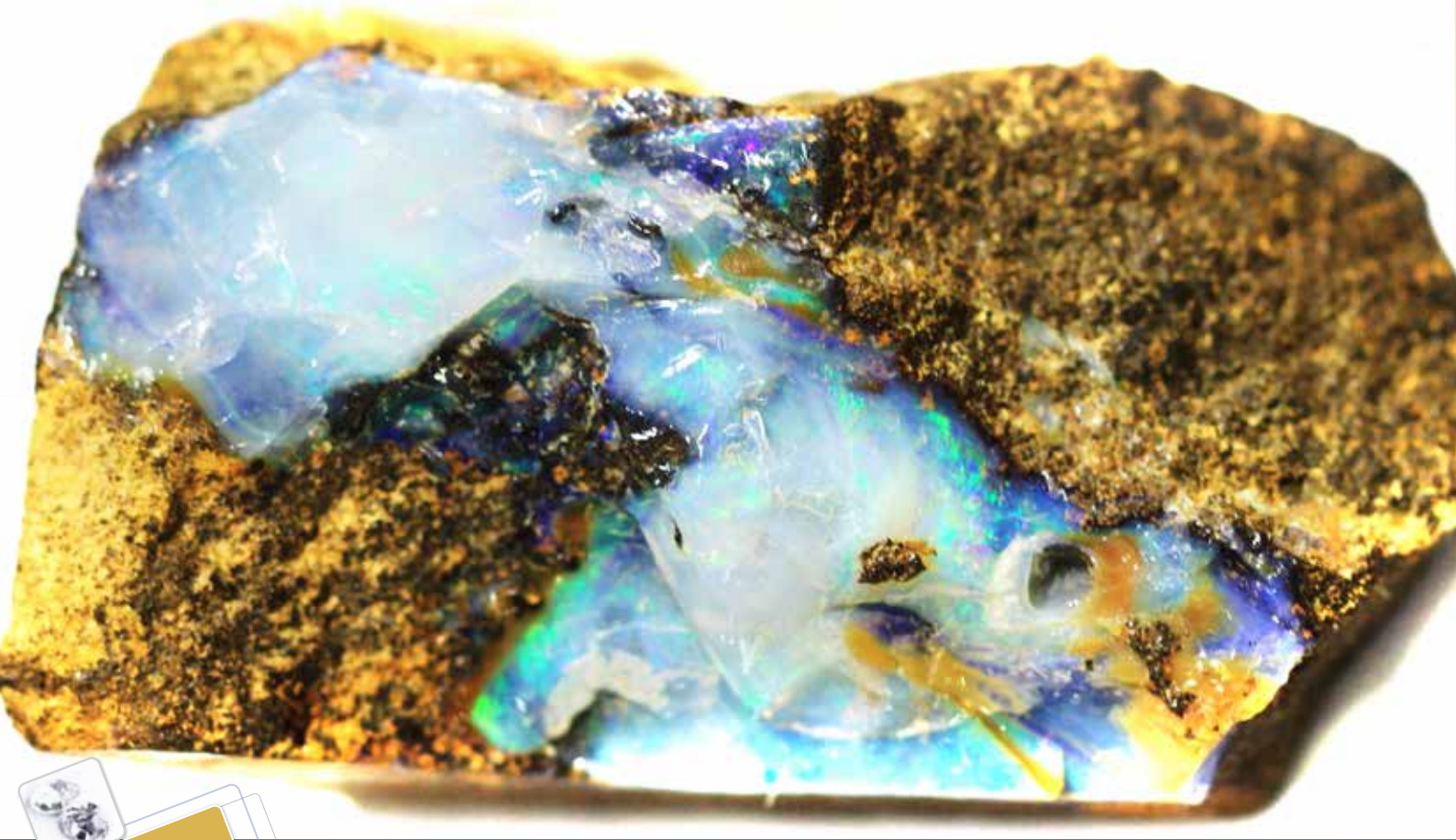
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PART B:
PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PRE-DETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on performance information to report material findings on the usefulness and reliability of the reported performance information against predetermined objectives presented in the annual performance report. The audit conclusion on the performance against pre-determined objectives is included in the report to management on other legal and regulatory requirements section of the auditor's report.



2. OVERVIEW OF PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

At the heart of an effective and efficient licensing dispensation is the imperative to maintain quick licensing turnaround times. The SADPMR has managed to maintain its annual target of issuing 100% of all diamond and precious metals license applications, particularly beneficiation licenses, within the legislated period of sixty (60) days. Speedy finalisation of license applications creates an enabling environment for businesses to accelerate the implementation of their business plans and thus contribute towards addressing socio-economic challenges facing the country.

The efficiency of a regulatory authority is, amongst others, measured through its ability to ensure that the provisions of legislation are adhered to by license holders. Most critically, in the context of the diamond and precious metals industry, strategic partnership by the SADPMR with law enforcement authorities as well as the South African Revenue Services (SARS) is key to ensuring a compliant industry. To this end, during the year under review, the SADPMR conducted thirty-five (35) unannounced precious metal joint inspections and twenty-six (26) diamond joint inspections with law enforcement agencies and SARS. Such unannounced inspections of licensed premises are aimed at primarily stemming the tide against the contravention of legislation through criminal activities involving syndicates and curbing illicit diamond and precious metal trading.

The illicit trade in diamonds and precious metals continued to be on the radar of the SADPMR, particularly because of its social and economic impact. It is a common cause that illicit trade deprives governments of taxable revenue that could be deployed towards addressing pressing social and economic challenges facing the country. After consultation with other stakeholders from industry and law enforcement authorities, the SADPMR finalised a strategy to combat the illicit trade in diamonds and precious metals. It is envisaged that the implementation of the strategy in question in the 2024/25 financial year will signify heightened and coordinated efforts to combat illicit trade. The SADPMR continues to maintain its relationship with law enforcement authorities through structured stakeholder engagements.

The lack of access to funding and markets remains a significant challenge to existing and aspirant entrepreneurs, particularly those from historically disadvantaged backgrounds. Not only does this represent a significant barrier to entry, but it also hinders the SADPMR from promoting its legislative mandate of promoting the orderly development of diamond and precious metals enterprises. Despite budget constraints, the SADPMR was able to provide financial support for thirteen (13) enterprises from its enterprise development project so they could participate in the Hong Kong International Jewellery Show which is where they marketed their products.

Local and international exhibitions are a perfect avenue through which SMMEs have an opportunity to establish a market for their goods and bolster the chances of their businesses being financially sustainable and contributing to creating jobs.

The SADPMR, as a focal point of the Kimberley Process Certification Scheme (KPCS), has ensured that South Africa remains compliant with the minimum requirements of the KPCS through the processing of exports, imports of unpolished diamonds, and submission of compliance reports. In fulfilling the KP mandate, RSA participated in nine multilateral and five bilateral meetings.

The South African diamond market remains a critical player in global trade. The DV ensures all diamond trades in the DEEC are verified to ensure fair market value. Furthermore, the DV maintains its continuous support for the South African Police Service (SAPS) and by providing expert opinion on objects presented after confiscation.

In the calendar year under review, diamond production declined from 9.6 to 5.8 million carats. The DV valued 6.1 million carats during this financial year as compared to 8.9 million carats in the previous year.

The DEEC is the sole export centre for diamonds in the RSA and has continued to provide equitable access to diamonds in the country. As the consequence of a decline in production, during the year 2023/24, the KP certificate issued by the DEEC declined significantly from one thousand four hundred and thirty-three (1433) in 2022 to nine hundred and sixty-three (963) in 2023. Furthermore, the clients accessing DEEC services also declined from two thousand seven hundred and eighty-four (2784) to two thousand three hundred and fifty-one (2351) in 2023/24 due to low production and the depressed diamond market.

Two years have passed since the conflict in Ukraine, which resulted in the sanctioning of Russian-produced diamonds by the G7. It is important to note that Russia is the largest producer of rough diamonds by volume and that the USA is the majority consumer of polished diamond jewellery. As such, the diamond industry is still



struggling to make complete sense with regards to these sanctions, especially after the G7 officially implemented the ban as of March 1, 2024. Consequently, the trade is concerned with the lack of G7-standardised validation processes.

The USA has opted for self-certification with a specific format and wording indicating that the diamonds are of non-Russian origin, which, unfortunately, the trade believes is not a strong validation method. Meanwhile, the European Union is requesting importers to provide information on the origin of all plus 1 carat diamonds and also to supply a KP certificate for them. Less 1 carrats diamonds are currently not included in the restriction guidelines. However, in future they may be included.

Furthermore, the United Kingdom's verification process seems to be mixing both the USA and the EU requirements, utilising both self-certification and relaying on the KP certificate for verification. As such, the industry is extremely concerned with this non-uniformity in the process of proving that the traded diamonds are of non-Russian origin and wishes for a similar tool to be used across the board.

Furthermore, there is an additional challenge faced by the producers of rough diamonds expressed through the African Diamond Producers Association: that these verification processes will result in extra costs on supply chain stages from mining to retail. The producers are also worried that these new processes will have a negative impact on their turnaround time. It is therefore the association's belief that the verification process will position small-scale miners at a disadvantage, given the fact that larger producers such as De Beers have declared their compliance readiness due to verification mechanisms at their disposal.

Jewellers are also expressing their frustration, alluding to the G7's failure to indicate how the trade should treat Russian diamonds that were acquired pre-sanctioning. Furthermore, the trade is not pleased with the decision that Antwerp should be used as a cataloguing centre for the validation of the diamonds. The G7's sanctioning of Russian diamonds continues to be a challenge, and it is monitored by the general industry. According to the statements of these countries, further sanctioning will be implemented as of September 1, 2024, in which robust traceability-based verification and certification will be established.

It should be noted that South Africa still maintains its resolution not to agree with the G7's sanctioning decision on Russian diamonds, primarily because the decision is not of the United Nations.

It is of no doubt that lab-grown diamonds (LGDs) are a component of the global diamond market and continue to gain recognition within the trade, particularly at the consumer level. It is therefore a fact that its affordability has secured this industry position, resulting in it being a mainstream product and perpetuating rapidly as a direct competitor of natural diamonds. However, the industry continues to be exposed to increased debates by experts on the existence, behaviour, and trade of LGDs. Sentiments in the market are mixed in terms of LGD market longevity.

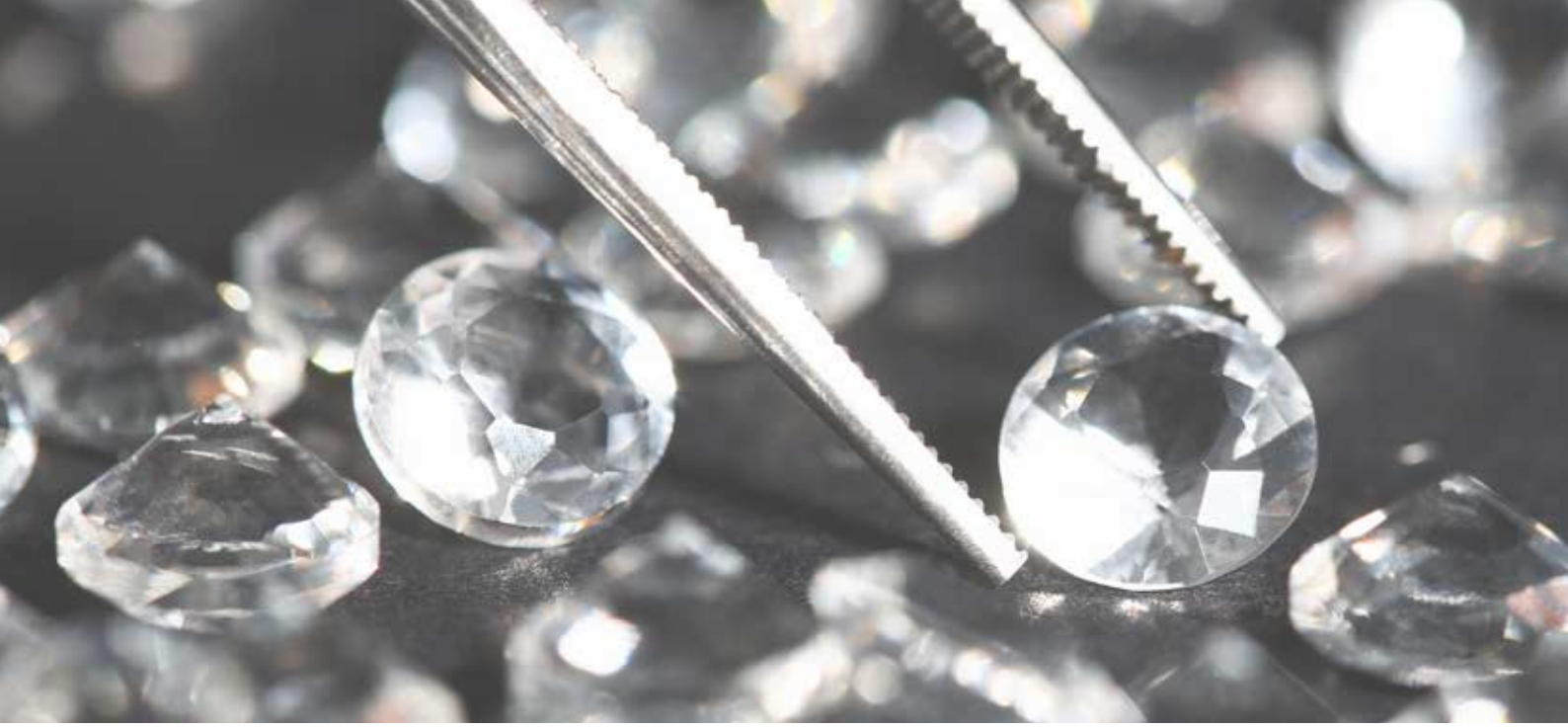
Market analysts are continuously reporting on the deterioration of LGD price trends, expressing that the product is now selling at close to 90% below the natural diamond price. This is a huge drop compared to the 2015, analysis in which LGDs were trading at almost 10% below the price of natural diamonds.

2.2 ORGANISATIONAL ENVIRONMENT

During the year under review, the SADPMR continued to operate in a fairly stable environment where key executive and management positions were filled. As such, the employees and management excellently executed targets set within its annual performance plan for the 2023/2024 financial year. Furthermore, the entity implemented various technological systems, such as online booking for diamond tenders, licensing, and online registers for diamonds and precious metals to be used by the licensees.

Although the entity had some degree of stability during the financial year, the term of the board of the entity ended on October 31, 2023, resulting in the decrease in line of oversight in the Regulator.

The economic downturn has affected the financial position of the SADPMR, resulting in lower levels of revenue generated during the year under review. These developments meant that some activities needed to be curtailed to accommodate the limited financial resources. Despite these challenges, the SADPMR achieved most of its set targets through innovative use of technology, collaboration, partnerships, and streamlining of activities.



2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

2.3.1 KEY POLICY DEVELOPMENTS

The SADPMR has, through its Board of Directors, reviewed most of its existing policies thereby ensuring that they remain up-to-date and relevant for its internal stakeholders.

2.3.2 LEGISLATIVE CHANGES

The SADPMR has worked closely with its shareholder, the Department of Minerals Resources and Energy (DMRE), in reviewing its key legislation, the Diamond Act 56 of 1986 (as amended) and the Precious Metals Act 37 of 2005, by compiling proposed various legislative amendments in both Acts, which proposed amendments were submitted to the DMRE.

2.3.3 HIGH-VALUE GOODS DEALERS AND REGULATORY REPORTING IN TERMS OF SCHEDULE 1 OF THE FINANCIAL INTELLIGENCE CENTER ACT

Recent amendments to Schedule 1 of the FIC Act have brought dealers of precious metals and stones, who fall under the definition of high-value goods dealers, within the full scope of the Act. The FIC Act requires accountable institutions to meet regulatory obligations, including registering with and reporting to the Financial Intelligence Centre (FIC). The introduction of these amendments to the FIC Act has necessitated a collaborative relationship between the SADPMR and other regulatory bodies that regulate high-value goods and the Financial Intelligence Centre, the purpose of which is for the regulatory bodies to assist FIC in ensuring compliance with the FC Act by the industries they regulate.

2.4 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES FOR FIVE YEARS

In the past five (5) years, the SADPMR has issued a total of three thousand seven hundred and eighty-nine (3789) licenses, of which two thousand three hundred and sixty (2360) were diamond and one thousand four hundred and twenty-nine (1429) were precious metal licenses, permits, and certificates.

The SADPMR coordinates and monitors projects to ensure the sustainability of SMME development in the downstream beneficiation of diamonds and precious metals. This is done through carefully structured agreements with relevant industry role-players and stakeholders. In the 2023/24 financial year, the enterprise development programme assisted SMME's within the programme to gain access to local and international markets through special jewellery exhibitions.

The entity awarded thirty (30) contracts to B-BBEE-compliant companies to the value of R55.3 million during the period under review in line with the priority of economic transformation. Two clean audits and three unqualified audit opinions were attained by the entity, which reflects good governance and ethical conduct.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1 PROGRAMME 1: ADMINISTRATION



Purpose: To provide efficient administrative support by ensuring that human resources management, communication, and information and communications technology services are effectively operational and always maintained, while being responsive to the needs and aspirations of the SADPMR's stakeholders.

SUB-PROGRAMMES: FINANCE AND SUPPLY CHAIN MANAGEMENT, HUMAN RESOURCES, COMMUNICATION, INFORMATION COMMUNICATION AND TECHNOLOGY, LEGAL SERVICES, SECURITY RISK MANAGEMENT CORPORATE GOVERNANCE AND CEO'S OFFICE

3.1.1 SUB-PROGRAMME: FINANCE

Purpose: To provide effective financial management and supply chain management support services.

Highlights: The focus of the sub-programme was to enhance its controls and presentation of financial statements; a clean audit opinion for 2022/23 FY was obtained as a result. 100% of the APP target in the financial year was recorded. The turnaround times for payment of invoices and finalisation of bids were at an average of fifteen (15) days and thirty-four (34) days, respectively. All bids in the approved Procurement Plan were finalised for the financial year 2023/2024.

The sub-programme also implemented procurement processes in line with the new Preferential Procurement Regulations after policy development in line with the revised National Treasury prescripts.

3.1.2 SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT

Purpose: To maximise the productivity of the entity by optimising the effectiveness of its employees.

Highlights: During the year under review, the human resources division conducted the climate survey. The implementation part of the recommended outcomes commenced in Q4 of the 2023/24 financial year. In terms of youth development, thirty-three (33) youths were given the on-the-job training opportunity by the SADPMR in collaboration with the Mining Qualification Authority (MQA) and Transport Education Training Authority (TETA) for an internship programme and work-integrated learning programme. There are twelve (12) interns funded by the SADPMR, five (5) interns funded by the MQA, and sixteen (16) learners funded by TETA.

This is part of the skills development initiative, which involves increasing the number of interns and learners on an annual basis.

Furthermore, the SADPMR implemented a 5.5% cost of living adjustment for all employees below management, 4% for employees at the management level, and incentive bonuses for all qualifying employees. This is part of staff welfare to ensure that employees are taken care of during the difficult economic climate. The SADPMR continues to promote a culture of learning and has awarded thirteen (13) bursaries to staff members in the year under review. This is an additional number to the bursaries awarded to twenty-two (22) employees in the 2022/23 financial year. At the same time as the SADPMR was celebrating achievements, it was also dealing with bereavements after the passing of two (2) staff members in Q1 and Q2.

3.1.3 SUB-PROGRAMME: COMMUNICATION

Purpose: To provide brand awareness, promote stakeholder engagement, support the mandate of the SADPMR, and promote public awareness of the SADPMR's activities and initiatives.

Highlights: During the year under review, the communication division conducted twenty-four (24) brand awareness activities in the following provinces: Gauteng, Eastern Cape, Western Cape, North West, Mpumalanga, and Limpopo. SADPMR also participated in international brand promotions in Canada and two (2) in Hong Kong to promote the mandate of the SADPMR. SADPMR is moving towards digital radio marketing with the aim of promoting brand awareness. SADPMR collaborated with five community radio stations in the form of interviews to reach large audiences. SADPMR managed to publish five (5) articles, which were used as communication channels to promote SADPMR services and educate South Africans about the mandate of the regulator. To maintain our stakeholder relations, SADPMR conducted three customer satisfaction surveys to improve the quality of service delivery by the SADPMR towards the Diamond and Precious Metals Regulator.

Under the review of the 2023/24 financial year, South Africa continued to play critical roles and lead KP activities. South Africa was appointed as the Chair of the Working Group on Monitoring and Deputy Chair of the WGDE. South Africa also participated in the review visit and mission to India to support the KP activities. During the year under review, South Africa participated in the KP Plenary and international meeting, which was held in Zimbabwe. South Africa continued to show leadership within KP serving as the Vice Chair of the Adhoc Committee on Review and Reform and Sub Team Lead for Technical Assistance and Development of Diamond Communities.

South Africa is one (1) of the member states within African Diamond Producers Association (ADPA) which consist of fifteen (15) member states and five (5) observers. ADPA is an inter-governmental organisation that seeks to strengthen the level of influence African diamond-producing countries have on the world diamond market.

Within ADPA there is a Committee of Experts which is consultation body, and it is divided into two working groups, which are Technical Advisors and Internal Audit. South Africa is participating in both expert groups.

During the financial year, the working groups were established, and the internal audit group had its first meetings in March 2024 to discuss the planning followed by the execution of the audit.

3.1.4 SUB-PROGRAMME: INFORMATION COMMUNICATION AND TECHNOLOGY

Purpose: To align the ICT strategy and automation of business processes with the business strategy.

Highlights: During the year under review, SADPMR successfully migrated its payroll system to Microsoft Cloud to enable SADPMR to have direct access to the self-service human resources portal. Furthermore, the SADPMR continued to implement ICT security measures. Also, the SADPMR implemented an ICT governance framework. As part of ensuring improved service delivery within the SADPMR, the ICT division developed two applications, namely MY SADPMR and SADMPR Online, to cater for internal staff and external clients. SADPMR Online will enable clients to submit precious metals registers online.

3.1.5 SUB-PROGRAMME: LEGAL SERVICES

Purpose: To provide efficient and effective general legal support by ensuring compliance with legislation, identifying and mitigating legal risks, and providing well-informed legal advice.

Highlights: The SADPMR has done exceptionally well in managing and defending a number of litigation cases, and also managed to reduce and successfully defend a significant number of cases that were instituted against it by various external stakeholders. The SADPMR is left with two (2) ongoing litigation cases currently being adjudicated in the South Gauteng High Court and the Labour Court, respectively, of which the case in the latter forum is at the advanced stage of being finalised. One of the SADPMR's future priorities is to become a litigation-free entity, as experience has shown that an entity with an overwhelming number of litigation cases tends to divert more of its focus on defending court cases and spending much of its time in court than focusing on its legislative mandate.

3.1.6 SUB-PROGRAMME: SECURITY RISK MANAGEMENT

Purpose: To implement the Minimum Information Security Standards (MISS), Minimum Physical Security Standards (MPSS), National Vetting Strategy (NVS), and relevant pieces of legislation.

Highlights: The Security Risk Management Division continued to implement the provisions of the National Vetting Strategy (NVS), Minimum Information Security Standard (MISS), and Minimum Physical Security Standards (MPSS).

The National Vetting Strategy was implemented, and continuous vetting of the employees is in place. For the period under review, sixteen (16) vetting forms were submitted, and three (3) security clearances were received from the State Security Agency (SSA). This was achieved in collaboration with the requirements of the State Security Agency in terms of the NVS.

3.1.7 SUB-PROGRAMME: CORPORATE GOVERNANCE

Purpose: To provide advice to the Board on compliance with the application of relevant legislation, training and development, and administrative support.

Highlights: The SADPMR board approved the budget, strategic plan, and annual performance plan and submitted all required quarterly reports to the shareholder (DMRE). The board also submitted the 2022/2023 annual report as stipulated in Section 55 of the PFMA. The board also conducted the external assessment and drafted the action plan based on the recommendations in the report. All meetings that were scheduled on the calendar were well attended by members.

3.1.8 CEO'S OFFICE

Purpose: To enable service delivery programmes and the use of statistics in the diamond and precious metals sectors, as well as to conduct economic, policy, and market research on matters pertaining to diamonds and precious metals and their products.

Highlights: The inaugural publications of the two annual reviews, the World Diamond Annual Review 2022, and the World Precious Metal Annual Review 2022 were well received by internal and external stakeholders.



SUB-PROGRAMMES AND INSTITUTIONAL OUTCOMES

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

SUB-PROGRAMMES	OUTCOMES
Finance Management	An effective, efficient, developmental, and innovative-oriented regulator.
Human Resource Management	
Communication	
Information and Communications Technology	
Security and Risk Management	
Legal Services	
Internal Audit	
Corporate Governance	
CEO'S Office	

SUB-PROGRAMMES: FINANCE, HUMAN RESOURCE MANAGEMENT, INFORMATION COMMUNICATION AND TECHNOLOGY, COMMUNICATIONS, GOVERNANCE, ANNUAL PERFORMANCE PLAN

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: AN EFFECTIVE, EFFICIENT AND DEVELOPMENT ORIENTATED REGULATOR							
Increased participation of B-BBEE suppliers	% total contracts awarded to B-BBEE Suppliers	N/A	100	80	100	-	Exceeded because all contracts awarded in 2023/24 FY were compliant to B-BBEE i.e. 11 out of 11.
Ensured Financial Sustainability of the SADPMR	% of FInancial Sustainability Strategy KPI's implemented	N/A	Implement	100	100	-	Achieved as Planned.

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: AN EFFECTIVE, EFFICIENT AND DEVELOPMENT ORIENTATED REGULATOR							
Developed Human Resources	No. of new bursaries awarded to staff	5	8	9	15	6	Exceeded, due to more applications received for bursaries.
	No. of graduates recruited into Internship Programme	8	12	12	17	5	Exceeded due to appointment of five additional interns funded through Mining Qualification Authority.
	No. of leadership development programmes implemented	1	2	2	2	0	Achieved as Planned.
	% of women in the organisation	N/A	60	62	60	2	Not achieved due to termination of service by three (3) female employees.
	% of youth in the organisation	N/A	13	15	28	13	Exceeded due to the increased number of interns and learners appointed
	% of employee with disabilities	N/A	2	2	2	-	Achieved as Planned.
Ensured compliance of Performance Management and Development System	% of Performance contracts concluded	100	100	100	100	-	
Ensured organisational development	Number of organisational change management interventions implemented	1	2	2	2	-	
Ensured promotion of gender equality	Number of gender mainstreaming awareness coordinated (all employees)	N/A	N/A	2	5	3	Exceeded due to additional wellness interventions implemented.
	Number of gender mainstreaming projects coordinated (both women and men)	N/A	N/A	1	1	-	Achieved as Planned.

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: AN EFFECTIVE, EFFICIENT AND DEVELOPMENT ORIENTATED REGULATOR							
Promoted SADPMR brand	Number of engagements with stakeholders conducted	7	18	20	24	4	Exceeded due to more stakeholders engaged through the promotion of Enterprise Development programmes.
	Number of articles on the diamond and precious metals industries published	N/A	4	6	7	1	Exceeded due to effective use of digital platforms.
	Number of collaborations with community radio stations	N/A	N/A	4	5	1	Exceeded due to a need from communities to promote SADPMR services.
	Number of customer satisfaction surveys conducted	N/A	N/A	1	3	2	Exceeded due to an additional customer satisfaction surveys conducted by SADPMR officials.
Ensured business continuity	No. of disaster recovery tests implemented	2	4	4	4	-	Achieved as Planned.
Developed business applications	No. of online Applications developed	N/A	1	1 Diamond and Precious Metals registers application	1 Diamond & Precious Metals Registers application completed	-	
Secured ICT environment	Number of ICT security measures implemented	4	4	4	4	-	
Ensured security of assets of the SADPMR and that of diamonds traded at DEEC	No. of Security Risk Mitigation Measures implemented	N/A	5	5	5	-	Achieved as planned.
Ensured security of assets of the Regulator to ensure that the work environment is safe and secure in line with health and safety requirements	Number of Security Breaches	N/A	0	0	0	-	Achieved as planned.
	Number of occupational health and safety initiatives implemented	N/A	6	6	6	-	

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: AN EFFECTIVE, EFFICIENT AND DEVELOPMENT ORIENTATED REGULATOR							
Provided effective and efficient legal support to the SADPMR	Percentage of referred matters addressed within 15 days	100	100	100	100	-	Achieved as planned.
	% of written contracts or Service level Agreements addressed within 15 days	100	100	100	100	-	
	Audit outcomes	N/A	N/A	Unqualified	Unqualified	Unqualified	
	Number of repeat Audit findings	N/A	Nil	Nil	1	1	All repeat findings were addressed.
Ensured sound Corporate Governance	Number of Board Assessments Conducted	N/A	2	2	1	1	Not Achieved because DMRE issued a directive in October 2023 which cancelled submission of Board internal assessment for 2023/24 Financial Year.
	Number of Annual Report submitted to the Shareholder	N/A	1	1	1	-	Achieved as planned.
	Reviewed and updated Board Charter and Committees Terms of Reference	N/A	4	4	4	-	
Contributed to legislative development	Proposed legislative amendments approved by the Board and shared with the Department	N/A	N/A	Approved Board document submitted to the Department	Board-approved Proposed Amendments to the Diamonds Act and Diamond Regulations submitted to the DMRE		Achieved as planned.

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
OUTCOME: AN EFFECTIVE, EFFICIENT AND DEVELOPMENT ORIENTATED REGULATOR							
Research and analysis reports with recommendations on feasibility of regulating metals and responsible sourcing provenance of precious metals	Number of research and analysis reports with recommendations on feasibility of regulating metals and responsible sourcing provenance of precious metals	N/A	N/A	N/A	2	2	Achieved as planned.
Annual Review of the performance of the diamond and precious metals industries	Number of Industries Annual Reviews	N/A	N/A	N/A	2	2	
Global diamond and precious metal regulator service and Licence Fees Benchmarking report	Number of research reports with recommendations on benchmarking global Diamond Trade Centers	N/A	N/A	N/A	1	1	

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Consequence management was held to address areas of non-compliance with the PFMA, and the National Treasury provided extensive training on irregular expenditure, fruitless and wasteful expenditure as requested.

LINKING PERFORMANCE WITH BUDGETS

The programme reflects overspending of R5.584 million in expenditure. The overspend results from operating expenditures funded by reserves. These include spending on international brand promotion, Kimberley process certification, and the Working Group on Monitoring (WGM), as well as salary increases partially funded from reserves.

Table 1. *Linking performance with budgets.*

PROGRAMME/ ACTIVITY/ OBJECTIVE	FY 2023-2024			FY 2022-2023		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000
Programme 1: Administration	71 431	77 829	(6 398)	71 355	70 157	1 198

The reason for over expenditure is due to salary increases partially funded from reserves.

3.2 PROGRAMME 2: TRADE

Purpose: The trade programme is responsible for the facilitation of local trade as well as exports and imports of diamonds in accordance with the KPCS and to ensure that diamonds are traded at fair market values.

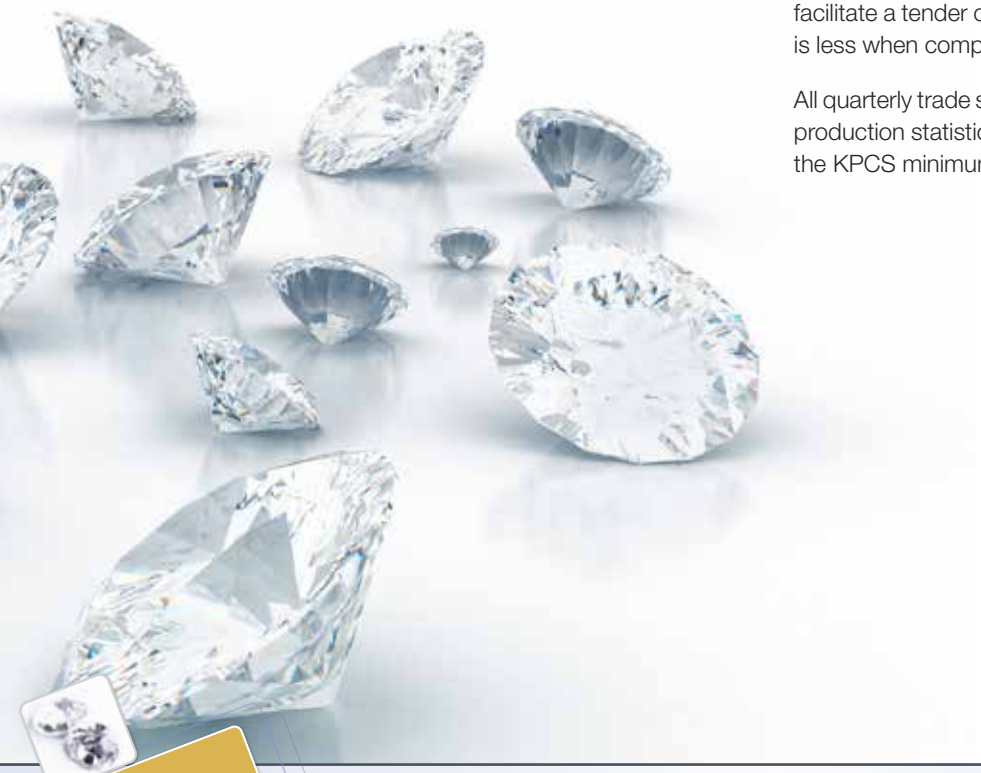
SUB-PROGRAMMES: DIAMOND VALUATOR (DV), DIAMOND EXCHANGE AND EXPORT CENTRE (DEEC)

3.2.1 SUB-PROGRAMME: DIAMOND VALUATOR (DV)

Purpose: To ensure that diamonds are traded at fair market value.

Highlights: Diamond Valuator (DV) valued 6.1 million carats during this financial year as compared to 8.9 million carats in the previous year. DV ensures all diamond trades in the DEEC are verified to ensure fair market value. Furthermore, the DV maintains its continuous support for the South African Police Service (SAPS) and provides expert opinion on objects presented after confiscation.

During the current financial year, the DV offered rough diamond valuation skills to ten (10) new diamond licensees. The group consisted of five (5) women and five (5) young males. The initiative will enhance their knowledge in knowing the value the inputs caused in their businesses.



3.2.2 SUB-PROGRAMME: DIAMOND EXCHANGE AND EXPORT CENTRE (DEEC)

Purpose: The Diamond Exchange and Export Centre (DEEC) is responsible for the facilitation of local trade as well as exports and imports of diamonds in accordance with the KPCS to promote local beneficiation.

Highlights: The DEEC is the sole export centre for diamonds in RSA. This centre continued to provide equitable access to diamonds in the RSA. During the year 2023/24, the KP certificates issued by the DEEC declined significantly, from one thousand four hundred and thirty-three (1433) in 2022 to nine hundred and sixty-three (963) in 2023. The clients accessing DEEC services also declined from two thousand seven hundred and eighty-four (2784) to two thousand three hundred and fifty-one (2351) in 2023/24 due to low production and the depressed diamond market.

Although there has been a decline in diamond production, the DEEC has remained resilient during these difficult times. As a result, the DEEC was able to facilitate a tender of 4,5 million carats in 2023/24, which is less when compared to 5,2 million carats in 2022/23.

All quarterly trade statistical reports and annual diamond production statistical reports submitted were in line with the KPCS minimum requirements.

SUB-PROGRAMMES AND INSTITUTIONAL OUTCOMES

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS, AND ACTUAL ACHIEVEMENT

SUB-PROGRAMMES	OUTCOMES
DEEC	Transformed diamond and precious metals industries.
GDV	Competitive and compliant diamond and precious metals industries. Job creation, skills development, value addition to diamond and precious metals industries.

SUB-PROGRAMMES: DIAMOND VALUATOR AND DIAMOND EXCHANGE AND EXPORT CENTRE - ANNUAL PERFORMANCE PLAN

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS FOR ALL INDICATORS
OUTCOME: JOB CREATION, SKILLS DEVELOPMENT AND VALUE ADDITION TO PRECIOUS METALS AND DIAMONDS							
Trained new entrants in diamond planning, marking, sorting, valuation and pricing	No. of trained new entrants	7	6	6	10	4	Exceeded because of new entrants licensees that were issued through Licensing division and planned outreach programs.
	Number of impact assessment reports for former trainees	N/A	N/A	2	2	-	Achieved as Planned.
OUTCOME: COMPETITIVE AND COMPLIANT DIAMOND AND PRECIOUS METALS INDUSTRIES							
Verify the fair market value of diamonds	% of diamond verified for fair market value	100	100	100	100	-	Achieved as Planned.
Detected undisclosed polished synthetic diamonds	% of polished diamonds subjected for verification	100	100	100	100	-	
Ensure protection of diamonds at the DEEC	Number of lost diamonds allowed	N/A	N/A	0	0	-	

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS FOR ALL INDICATORS
Ensured equitable access of diamonds in the DEEC	Number of Beneficiators accessing the DEEC for the first time	N/A	8	8	10	2	Exceeded due to an increase of small diamond parcels that producers were encouraged to package and special tenders
	Number of dealers accessing the DEEC for the first time	N/A	N/A	5	22	17	
Proper administration of KPCS	Number of quarterly imports, exports statistics reports and KP annual report submitted	N/A	5	5	5	-	Achieved as Planned.
	Number of Bilateral Engagements	N/A	3	3	3		
	Number of Multilateral Engagements	N/A	5	5	10	5	Exceeded because SADPMR was given extra task of being part and chaired some of KP committees which led to more engagements.



PROGRAMME PERFORMANCE

SUB-PROGRAMME: DIAMOND VALUATION (DV)

Throughout the year, the South African diamond industry was distressed due to an unprecedented decline in both diamond production and value. The total diamond production for 2023 was recorded at 5.8 million carats, which is an unprecedented decline compared to 9.6 million carats in 2022. The RSA diamond price remains low at US$137 per carat, compared to US$159 recorded in 2022.

Diamond valuation continues to contribute to the transformation of the diamond industry by imparting skills to new entrants and also assessing the progress of those who were trained in the previous years. In 2023/24, ten (10) new entrants were trained and nine (9) have been assessed to determine whether the training interventions are making an impact or not. The assessment report will provide a basis for improving the training. Currently, the training is focused on diamond planning, marking, sorting, valuation, and pricing. The group includes youth and women.

The DV provides valuation services related to diamond exports, imports, and diamond production offered to the State Diamond Trader (SDT) by producers in terms of the Diamonds Act to ensure that diamonds are traded at fair market value. The other function of the DV is to provide technical and expert opinions on diamonds in criminal investigations and judicial proceedings.

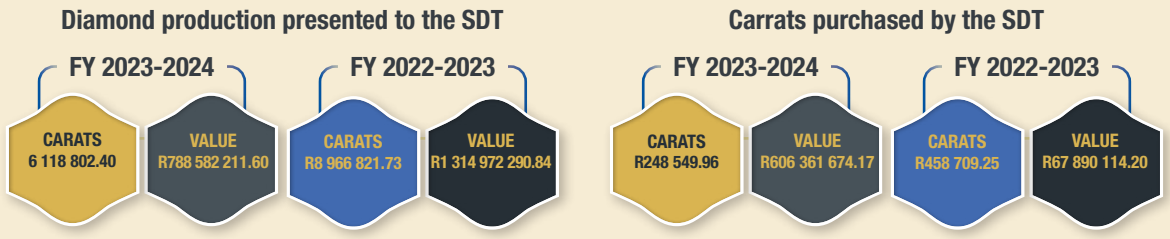
OVERVIEW OF DIAMOND PRODUCTION

In the year under review, diamond production decreased by 46.54% carats compared to 2023. The decrease was attributed to the low production from De Beers Group and Petra Diamonds. The SDT diamond purchases decreased by 84.5% carats in 2023/2024 compared to 2022/2023. The decrease was attributed to low production and a tight market, which were accelerated by geopolitical factors.

Table 1. *Overview of production from 2023 to 2019 as aligned with KP.*

PRODUCTION			
PERIOD	**VOLUME (CTS)**	**VALUE (US$)**	**US$ / CTS**
2023	5 895 945.00	807 744 465.00	137
2022	9 646 300.00	1 538 930 037.97	159.53
2021	9 717 641.00	1 359 667 615.24	139.92
2020	8 478 398.00	958 497 881.28	113.02
2019	7 180 952.00	873 000 997.54	121.57

Table 2. *Diamond Producers (in carats) of all unpolished diamonds verified by the DV in terms of Section 59B of the Diamond Act.*



DIAMOND VALUATION SERVICES RENDERED TO SOUTH AFRICAN POLICE SERVICE IN 2023

The South African legislation prohibits unlicensed individuals or companies from trading in unpolished diamonds. All contraventions of the law are handed over to the South African Police Service (SAPS). SAPS presents all the confiscated exhibits for identification and valuation to the Diamond Valuator. Out of a total of two thousand seven hundred (2 700) objects confiscated by the SAPS and presented to the SADPMR for verification in the year 2023, two thousand two hundred and thirty-eight (2 238) were found to be non-diamonds, and four hundred and sixty-two (462) stones were found to be diamonds, weighing a total of 158.82 carats valued at $242 460.14 (R4 652 810.20). Table 3 below represents an overview of police confiscation for the years 2023 to 2019 aligned with KP.

Table 3. *Overview of Police confiscations from 2019 to 2023 calendar years as aligned with KP.*

YEAR	OBJECTS PRESENTED	NON -DIAMONDS	DIAMONDS	CARATS	RAND VALUE
2023	2 700	2 238	462	158.82	4 652 810.20
2022	1 005	366	639	284.52	533 705.19
2021	987	199	788	298.86	302 706.50
2020	665	538	127	54.48	583 926.00
2019	4 401	680	3 721	621.21	492 812.60

DIAMONDS AND NON-DIAMONDS VALUATED BY DV ON BEHALF OF SAPS IN 2023/2024

SAPS presented all the confiscated exhibits for identification and valuation to the Diamond Valuator. Out of a total of four thousand eight hundred and twenty-seven (4 827) objects confiscated by the SAPS and presented to the SADPMR for verification in the year 2023/2024, two thousand two hundred and eighty-five (2 285) were found to be non-diamonds, and two thousand five hundred and forty-two (2 542) objects were found to be diamonds, weighing a total of 793.38 carats valued at $349 006.55 (R 6 976 641.00).

Table 4. *Diamonds and non-diamonds valuated by DV on behalf of SAPS in 2023/2024.*

PROVINCE	2023/2024	EXHIBITS		TOTALS		2022/2023	EXHIBITS		TOTALS	
		DIAMONDS	NON-DIAMONDS	CARATS	VALUE (ZAR)		DIAMONDS	NON-DIAMONDS	CARATS	VALUE (ZAR)
Gauteng	549	0	549	0	0.00	45	43	2	127.36	106 420.87
Free State	71	6	65	5.71	8 637.00	12	1	11	0.77	426.00
Northern Cape	2 699	2 500	199	768.13	6 894 337.00	611	487	124	118.72	297 685.00
Eastern Cape	0	0	0	0	0.00	0	0	0	0	0.00
North West	9	0	9	0	0.00	16	7	9	9.3	15 202.00
Mpumalanga	0	0	0	0	0.00	0	0	0	0	0.00
KwaZulu-Natal	0	0	0	0	0.00	0	0	0	0	0.00
Western Cape	1 486	23	1 463	10.88	54 894.00	401	352	49	51.13	10 204.20
Limpopo	13	13	0	8.66	18 773.00	0	0	0	0	0.00
TOTAL	**4 827**	**2 542**	**2 285**	**793.38**	**6 976 641.00**	**1 085**	**890**	**195**	**307.28**	**429 938.07**

SUB-PROGRAMME: DIAMOND EXCHANGE AND EXPORT CENTRE (DEEC)

DIAMOND BENEFICIATORS ACCESSING THE DEEC DURING 2023/2024

The decline in diamond production trade activities, which was further made worse by the depressed global diamond market, has negatively impacted the DEEC. Notwithstanding the decline in diamond production, the DEEC remained resilient during these difficult times. As a result, the DEEC was able to facilitate a tender of 4,5 million carats in 2023/24, which less as compared to 5,2 million carats in 2022/23.

It is worthy to record that the beneficiation strategy remains core, and diamond beneficiators continue to enjoy the privilege of getting priority during tender viewing in the DEEC. During 2023/24, the number of diamond beneficiators accessing the DEEC services decreased from one hundred and thirty-three (133) to one hundred and twenty-seven (127). This decline displays the level of depression in the diamond trade but also gives confidence that the future is bright in the beneficiation industry, as the decline was not significant. This is also attributed to the sustainable project of special tenders and small parcels offered to beneficiators during the year.

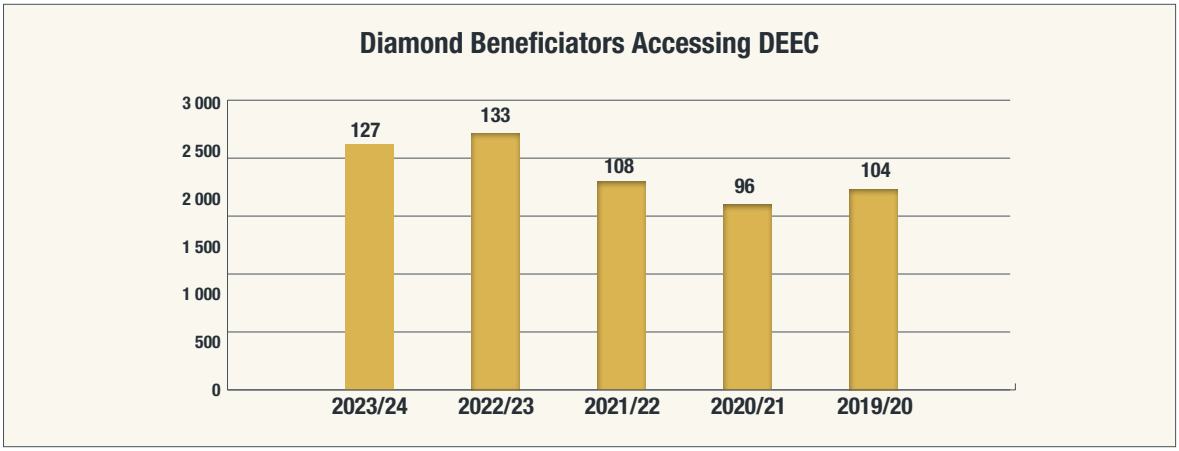


Figure 1. *Diamond beneficiators accessing the DEEC service in the past five years 2023/24 to 2019/20.*

CLIENTS ACCESSING THE DEEC SERVICE DURING 2023/24

The number of clients accessing the DEEC services showed a significant decrease from two thousand seven hundred and eighty-four (2 784) to two thousand three hundred and fifty-one (2 351) in 2023/2024. The DEEC strived in the depressed diamond market for its services and retained some clients, though it could not maintain the increase compared to other years. To this end, the reduced sizes of parcels offered by the DEEC assisted in keeping KPC numbers at an acceptable level.

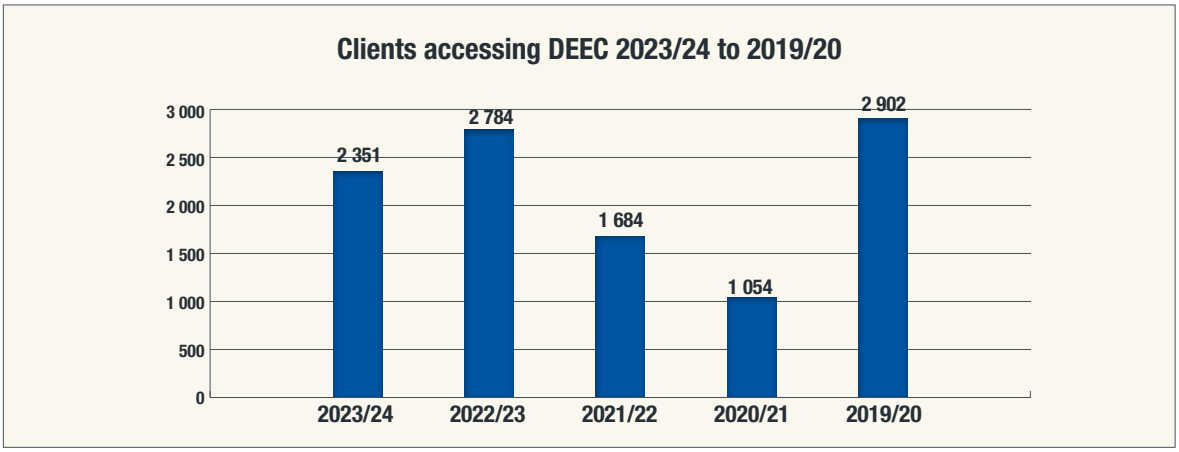


Figure 2. *Clients accessing the DEEC services in the past five years 2023/24 to 2019/20*

ROUGH DIAMOND TRADE ACTIVITIES AT THE DEEC

The first three quarters of the year were negative in terms of trade. However, the fourth quarter was positive due to the demand of rough diamonds. Notwithstanding this decline, the Republic of South Africa's (RSA) diamond market was bold and ready to take advantage of the fourth quarter recovery, hence the year closed with positive diamond price and the revenue collected from service fees slightly improved.

Table 5 below illustrates the rough diamond tender's activities facilitated at the DEEC during the 2023/2024 financial year. The DEEC received 4,5 million carats valued at approximately US$ 851 million. This is a noticeable increase in the volume whilst the value remained steady compared to the previous financial year where the value was US$ 1,2 billion with a volume of 5,2 million carats. This decrease resulted from a low production in the country which was consistent throughout the year.

Table 5. *Rough Diamond Trade Activities at the DEEC 2023/24 vs 2022/23.*

	FY 2023/2024	FY 2022/2023
Total carats received	4 565 623.32	5 243 728.34
Total US$ value received	851 286 693.72	1 258 579 783.81
Total carats sold	725 751.22	964 213.37
Total carats qualified for export	96 151 488.20	4 279 348.14
Total US$ value sold	3 839 193.82	163 784 830.90
Total US$ value qualified for export	761 707 569.02	1 108 061 912.09
Total carats withdrawn	678.28	166.83



ROUGH DIAMOND EXPORTS: JANUARY 2023 TO DECEMBER 2023

During the calendar year 2023, South Africa traded with (twelve) 12 KP participants, which resulted in the export of 6.65 million carats of rough diamonds valued at more than US$1.1 billion. The export volumes decreased when compared to 10.2 million carats valued at US$1.5 billion reported during the year 2022. In 2023, 43% of the rough diamonds were exported to the United Arab Emirates, 22% to the European Union, and 30% to Botswana, respectively, while 5% was traded with Canada, Lesotho, India, Israel, Switzerland, the Peoples Republic of China, Namibia, Thailand, and the United States of America.

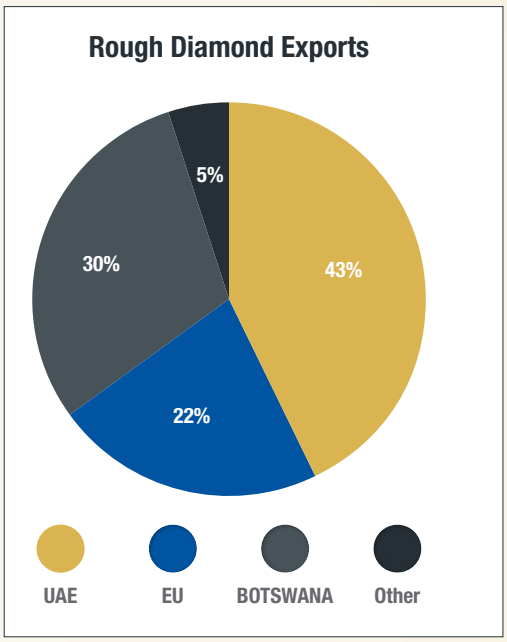


Figure 3. *Rough Diamond Exports.*

Table 6 below demonstrates rough diamond exports of 2023 between South Africa and other KP Participants.

Table 6. *Diamond exports of 2023 between South Africa and other KP participants.*

ROUGH DIAMOND EXPORTS - JANUARY 2023 TO DECEMBER 2023										
	1 QUARTER		2 QUARTER		3 QUARTER		4 QUARTER		2023	
PARTICIANT	VOLUME, CTS	VALUE, US$	VOLUME, CTS	VALUE, US$	VOLUME, CTS	VALUE, US$	VOLUME, CTS	VALUE, US$	VOLUME, CTS	VALUE, US$
Botswana	378 876.04	43 401 658.09	492 632.21	57 578 104.05	757 461.45	76 921 956.26	406 063.65	52 267 602.43	2 035 024.35	230 169 320.84
China People's Republic	57.33	586 472.81	253.58	808 142.53	0.00	0.00	6 590.00	1 213 148.65	6 900.99	2 607 763.79
India	15 604.69	3 807 811.01	51 691.16	4 930 924.35	50 664.18	8 801 596.51	47 628.93	5 599 696.03	165 588.96	23 140 027.90
Israel	2 870.42	9 296 787.90	1 393.86	5 034 309.38	1 461.77	4 540 461.25	1 378.17	3 237 573.82	7 104.22	22 109 132.35
Lesotho	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
European Union	293 497.04	5 156 728.35	241 996.07	64 420 909.63	621 203.22	100 518 722.24	330 410.67	38 866 969.90	1 487 107.00	253 963 330.15
Namibia	1 290.61	995 009.03	455.35	3 374 088.50	802.80	1 186 590.35	0.00	0.00	2 548.76	5 555 687.88
Singapore	0.00	0.00	29 311.37	2 610 342.00	0.00	0.00	0.00	0.00	29 311.37	2 610 342.00
Thailand	82.63	106 770.00	535.03	301 085.00	107.99	5 270.00	525.78	168 047.00	1 251.43	627 172.00
Unitd rab Emirates	787 861.75	172 239 099.58	650 839.69	125 704 149.54	581 683.26	139 561 932.22	896 530.78	125 316 862.90	2 916 915.48	562 822 044.24
United States of America	1 801.00	3 538 591.95	228.53	431 068.00	644.06	1 074 401.50	85.19	145 231.00	2 758.78	5 189 292.45
United Kingdom	46.50	285 326.00	69.22	13 415.93	0.00	0.00	0.00	0.00	115.72	298 741.93
TOTAL	**1 481 979.01**	**284 44 254.55**	**1 469 406.07**	**265 206 538.92**	**2 014 028.73**	**332 656 930.33**	**1 689 213.25**	**226 815 131.73**	**6 654 627.06**	**1 109 092 855.53**

ROUGH DIAMOND IMPORTS

During the year 2023, South Africa imported three hundred and twenty-nine (329) thousand carats of rough diamonds valued at more than US$507 million and traded them with twelve (12) KP participants. The comparisons and analysis of statistical data for rough diamond imports between 2022 and 2023 indicate a notable decrease of 53% in volume when compared to the thousand carats imported in 2022. The majority of rough diamonds were imported from the United Arab Emirates (57%), Botswana (27%), the European Union (4%), and 12% were shared amongst Namibia, the USA, India, Israel, Lesotho, Switzerland, Thailand, and Canada.

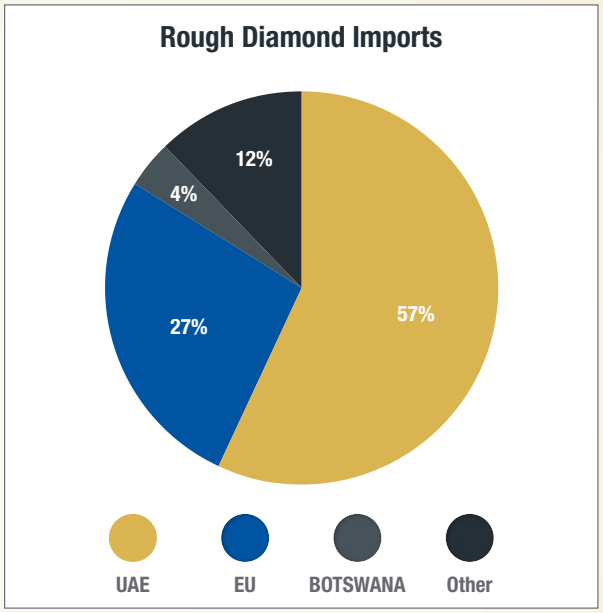


Figure 4. *Rough Diamond Imports*

Table 7 below represents rough diamond imports of 2023 between South Africa and other KP Participants.

Table 7. *Diamond imports of 2023 between South Africa and other KP participants.*

ROUGH DIAMOND IMPORTS - JANUARY 2023 TO DECEMBER 2023										
	1 QUARTER		2 QUARTER		3 QUARTER		4 QUARTER		2023	
PARTICIANT	VOLUME, CTS	VALUE, US$	VOLUME, CTS	VALUE, US$	VOLUME, CTS	VALUE, US$	VOLUME, CTS	VALUE, US$	VOLUME, CTS	VALUE, US$
Botswana	26 669.57	50 904 474.17	24 125.90	42 438 346.69	26 844.50	47 297 745.40	11 158.40	38 050.14	88 798.37	140 678 616.40
Central African Republic	276.06	87 855.14	508.38	101 910.42	1 129.89	116 436.51	0.00	0.00	1 914.33	306 202.07
China People's Republic	24.39	160 000.00	329.59	2 000 047.48	0.00	0.00	12 641.59	8 845 352.81	12 995.57	11 005 400.29
European Community	1 720.32	1 989 833.62	2 867.45	5 677 334.43	1 681.10	2 283 394.54	349.64	1 760 545.55	6 618.51	11 711 108.14
India	1 296.40	18 259.66	2 732.98	1 351 574.20	22.49	127 594.00	0.00	0.00	4 051.87	1 497 427.86
Israel	3 204.39	2 173 781.66	354.45	1 205 818.00	247.38	1 435 414.00	13 038.59	5 435 480.15	16 844.81	10 250 493.81
Namibia	2 007.05	1 880 466.17	2 415.17	4 352 601.27	2 183.43	2 324 478.03	556.62	965 343.00	7 162.27	9 522 888.47
Russian Federation	0.00	0.00	39.67	233 300.00	0.00	0.00	0.00	0.00	39.67	233 300.00
United Arab Emirates	62 782.26	89 810 133.57	27 445.68	71 600 101.10	53 307.56	96 396 741.49	46 038.71	47 297 503.05	189 574.21	305 104 479.21
United States of America	8.67	1 450 563.71	880.61	7 467 721.00	0.00	0.00	0.00	0.00	889.28	8 918 284.71
United Kingdom	676.00	8 700 000.00	0.00	0.00	0.00	0.00	0.00	0.00	676.00	8 700 000.00
TOTAL	**98 665.11**	**157 175 367.70**	**61 699.88**	**136 428 754.59**	**85 416.35**	**149 981 803.97**	**83 783.55**	**64 342 274.70**	**329 564.89**	**507 928 200.96**

POLISHED DIAMOND EXPORTS

A total of one hundred and one thousand (101 000) carats of polished diamonds were declared for import at a value of approximately US$1 billion. The value has decreased significantly, while the volume remains steady compared to the previous financial year. Part of these diamonds were imported by local laboratories for certification.

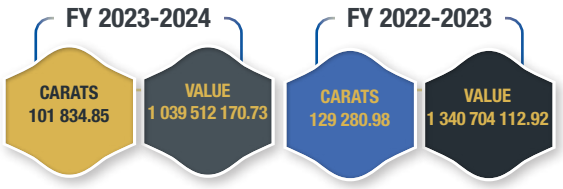


Figure 5. *Polished diamond exports.*

POLISHED DIAMOND IMPORTS

A total of seventy-four thousand (74 000) carats of polished diamonds were declared for imports at a value of approximately US$230 million; we noticed a decrease compared to the previous year. Some of these polished diamonds were imported into South Africa for consultation and certification purposes at local laboratories and re-exported back to their country of origin.

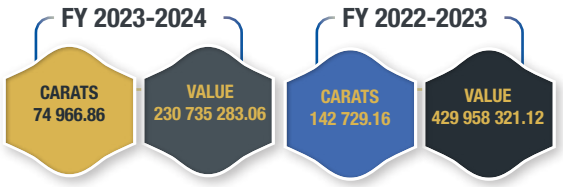


Figure 6. *Polished Diamond Imports.*

SYNTHETIC DIAMOND POWDER IMPORTS

The DEEC received and cleared over 49 million carats of synthetic diamond powder, valued at approximately US$1.5 million. The synthetic diamond powder was imported for the purposes of manufacturing diamond tools.

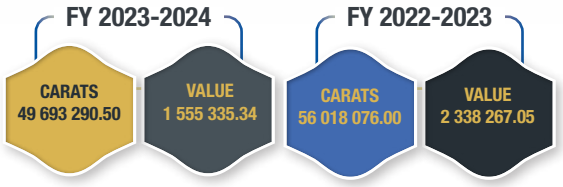


Figure 7. *Synthetic diamonds import.*

SYNTHETIC DIAMOND IMPORTS/LAB-GROWN DIAMOND

A total of ten thousand (10 000) carats of synthetic diamonds valued at US$2 million were imported; this implies a significant decrease compared to the data for the previous financial year. This decrease in synthetic or lab-grown diamonds is attributed to a decrease in the demand for synthetic diamonds globally.

The integrity of the diamond trade remains a priority; hence, the detection and prevention of undisclosed lab-grown or synthetic diamonds are given high priority. The capacity for natural identification of lab-grown or synthetic diamonds has been enhanced with the introduction of advanced detection technology.

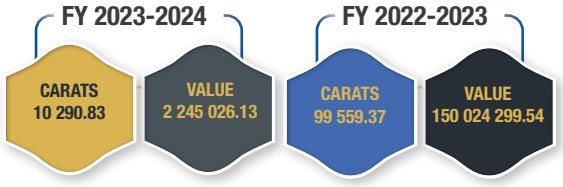


Figure 8. *Synthetic diamonds imports.*

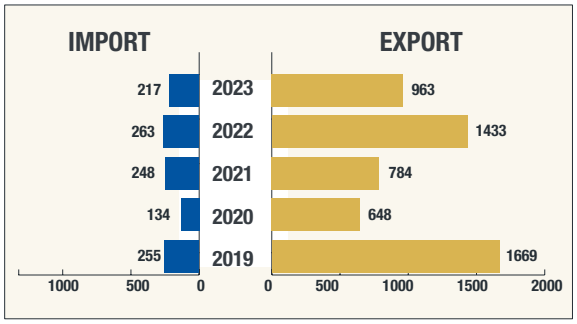
KIMBERLEY PROCESS CERTIFICATION SCHEME (KPCS)

During the 2023 calendar year, SADPMR oversaw the administration and implementation of KPCS and KP participation by ensuring compliance with KPCS requirements and other relevant legislation. All reports were submitted according to KP requirements.

ISSUING OF KPCS CERTIFICATES

During the 2023 calendar year, nine hundred and sixty-three (963) KP certificates for exports were issued to twelve (12) Kimberley Process participants, while two hundred and seventeen (217) KP certificates were received from eleven (11) KP member countries. This shows a significant decrease in both export and import certificates received compared to the 2022 calendar year.

Table 8. *KPCS Certificates Count for past 5 years (2023 to 2019).*



SUBMISSION OF QUARTERLY REPORTS (STATISTICS)

Five (5) statistical reports were timeously submitted to the Kimberley Process working group on statistics.

SUBMISSION OF 2023 ANNUAL REPORT

The South African KP 2023 annual report was submitted in line with the Kimberley Process minimum requirements.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

There was no underperformance recorded this year.

LINKING PERFORMANCE WITH BUDGETS

The programme reflects overspending of R1.205 million in expenditure. This results in higher insurance costs due to higher exchange rates than budgeted for, as well as salary increases partially funded by reserves.

Table 9. *Linking performance with budgets.*

	FY2023/2024			FY2022/2023		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000
Programme 2: Diamond Trade	16 332	17 538	(1 206)	15 008	13 218	1 791

The reason for over expenditure is due to salary increases partially funded from reserves.

3.3 PROGRAMME 3: REGULATORY COMPLIANCE



Purpose: To ensure compliance with the legislative requirements in the diamond and precious metals industries and to improve transformation, competitiveness, sustainable development, and job creation in these industries.

SUB-PROGRAMMES: REGULATIONS AND INSPECTORATE

3.3.1 SUB-PROGRAMME: REGULATIONS

Purpose: To receive, process, and issue diamond and precious metals licenses, permits, and certificates in line with the Diamonds Act, 1986, and the Precious Metals Act, 2005.

Highlights: During the period under review, the division surpassed its targets to issue all licenses within the prescribed regulatory period, with a total of seven hundred and fifteen (715) diamond and two hundred (200) precious metal licenses issued. Furthermore, a total of twenty-two (22) male and seventy-two (72) female HDP licenses were issued.

3.3.2 SUB-PROGRAMME: INSPECTORATE

Purpose: Monitor and enforce compliance with the Precious Metals Act, 2005, and the Diamonds Act, 1986; Monitor trade transactions through the analysis of prescribed registers; Measure transformation and compile assessment reports on transformation in the diamond and precious metals industry; Facilitate access to the industry by aspirant entrepreneurs in collaboration with industry through enterprise development programmes; and Promote beneficiation through the implementation of the SADPMR Beneficiation Strategy.

Highlights: Monitoring of compliance.

A total of one thousand seven hundred and thirteen (1 713) diamond and precious metals inspections were conducted during the period under review, which translates to a 38% increase from the preceding year. Precious metals and diamond inspection targets were exceeded by 7% and 37%, respectively. A total of forty-three (43) export approval evaluations were conducted to ensure that the legislative obligation to cater for local demand is satisfied.

TRANSFORMATION

Seven (7) new enterprise development projects with a focus on aspirant black entrepreneurs, women, and youth were initiated with industry partners during this financial year, which translated to the advancement of fifty-six (56) candidates.

The assessment of transformation was conducted on a total of six hundred and fourteen (614) licensees as compared to two hundred and seventy-three (273) conducted in the previous year.

ENFORCEMENT OF COMPLIANCE

Thirty-five (35) precious metal joint inspections and twenty-six (26) diamond joint inspections were conducted with law enforcement agencies to curb illicit trading. During the 2022/23 financial year, SADPMR commenced issuing non-compliance notices as part of a shift from levying penalties to reduce non-compliance identified. Four hundred and ninety-five (495) non-compliance notices were issued to diamond and precious metals license holders. Of these, three hundred and thirty-one (331) notices were issued to diamond license holders, and one hundred and sixty-four (164) were issued to precious metals license holders. All non compliant licensees that were issued with notices remedied their non-compliance. Consenquently, during the year under review, no licence was cancelled or suspended.

SUB-PROGRAMMES: INSTITUTIONAL OUTCOMES

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS, AND ACTUAL ACHIEVEMENT

SUB-PROGRAMMES	OUTCOMES
Regulations	Job creation, skill development, and value addition to the diamond and precious metal industries.
Inspectorate	Job creation, skill development, and value addition to the diamond and precious metal industries. Transformation in the diamond and precious metal industries. Competitive and compliant diamond and precious metals industries.

SUB-PROGRAMMES: REGULATIONS AND INSPECTORATE

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS FOR ALL INDICATORS
OUTCOME: EFFECTIVE, EFFICIENT, DEVELOPMENTAL AND INNOVATIV-ORIENTED REGULATOR							
Precious metals licences issued within legislated timeframes	% of fully completed licenses issued	65	100	100	100	-	Achieved as Planned.
Diamond licences issued within legislated timeframes	% of fully completed licenses issued	65	100	100	100	-	
Diamond and precious metals beneficiation licences issued	% of Beneficiation license/ permits issued	100	100	100	100	-	



SUB-PROGRAMMES: REGULATIONS AND INSPECTORATE-ANNUAL PERFORMANCE PLAN

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS FOR ALL INDICATORS
OUTCOME: COMPETITIVE AND COMPLIANT DIAMOND AND PRECIOUS METALS INDUSTRY							
Ensure compliance monitoring and enforcement	Number of inspections conducted in licensed precious metals premises	458	500	700	752	52	Target exceeded due to additional inspections conducted that were not planned.
	Number of inspections conducted in licensed diamonds premises	754	600	700	961	261	
	% of enforcement actions addresses relative to non-compliance incidents identified	N/A	100	100	100	-	Achieved as Planned.
Reduced illicit trading in the Diamond and Precious Metals Industry	Developed, approved and implemented strategy to combat illicit trade in precious metals	N/A	N/A	Developed and approved	Developed and approved	-	
	Number of precious metals joint inspections conducted with law enforcement stakeholders	5	20	25	35	10	Exceeded due to increased number of requests from Law Enforcement stakeholders.
	Number of diamond joint inspections conducted with law enforcement stakeholders	4	15	20	26	6	
OUTCOME: JOB CREATION, SKILLS DEVELOPMENT AND VALUE ADDITION TO THE DIAMOND AND PRECIOUS METAL INDUSTRIES							
Export approval evaluations to cater for local demand	% of export approval applications meeting local demand evaluated	100	100	100	100	-	Achieved as Planned.
Assisted inactive HDP diamond beneficiation licensees	No. of assisted inactive licensees through relevant interventions	N/A	2	4	22	18	Exceeded due to increased support from industry stakeholders to assist inactive licensees.
Assisted inactive HDP precious metals beneficiation licensees	No. of assisted inactive licensees through relevant interventions	N/A	2	4	6	2	

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2021/2022	AUDITED ACTUAL PERFORMANCE 2022/2023	PLANNED ANNUAL TARGET 2023/2024	AUDITED ACTUAL PERFORMANCE 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS FOR ALL INDICATORS
OUTCOME: TRANSFORMED DIAMOND AND PRECIOUS METALS INDUSTRIES							
Assessment of diamond and precious metals industries	Number of licensees assessed	160	160	500	614	114	Exceeded due to increased number of follow-up inspections conducted in conjunction with data collection.
Enterprise development/ partnership projects created, monitored, and maintained	Number of enterprises developed/ partnerships created/maintained	6	6	7	7	-	Achieved as Planned.
	% of Enterprises/ partnerships monitored	N/A	7*	100	100	-	
Diamond and precious metals licenses issued to HDP's including women, youth, and people with disabilities	Number of HDP licences issued	2	40	45	94	50	Exceeded due to the high interest as result of the implementation of the SADPMR Marketing strategy and new entrants because of the Enterprise Development project.

**Targets were previously reflected in numbers*



SUB-PROGRAMME: REGULATIONS

DIAMOND LICENSES AND PERMITS ISSUED

During the period under review, a total of seven hundred and fifteen (715) diamond licences were issued, compared to four hundred and ninety-seven (497) issued for the previous financial year as indicated in Figure 1 below. The increase of the number of diamond licences issued this financial year is attributed to the fact that 2023-2024 financial year was the beginning of the renewal period for diamond licences. Furthermore, year-on-year comparison shows an increase in all types of diamond licences issued which indicates a growing interest by South Africans in the diamond industry.

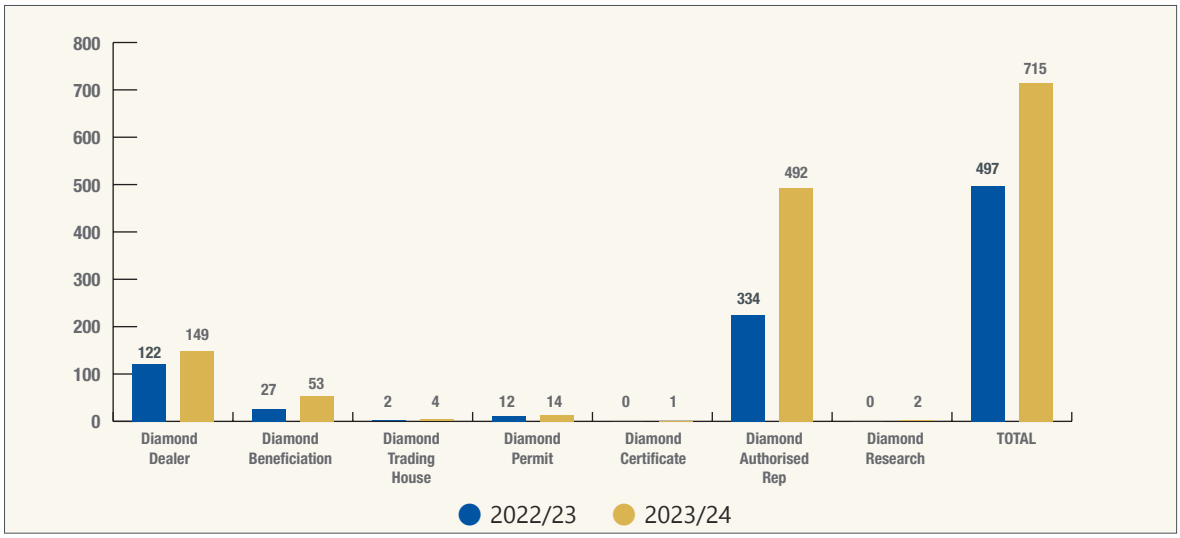


Figure 1. *Diamond licenses/permits issued.*

PRECIOUS METALS LICENSES AND PERMITS ISSUED

During the period under review, a total of two hundred (200) precious metals licenses, permits, and certificates were issued, compared to two hundred and thirty-eight (238) issued for the previous financial year, as indicated in Figure 2 below. The decrease in the number of precious metals licenses issued is attributed to the fact that 2023/24 financial year was not a renewal period. Furthermore, year-on-year analysis shows a decrease in all types of precious metals licenses issued, consistent with the overall decrease.

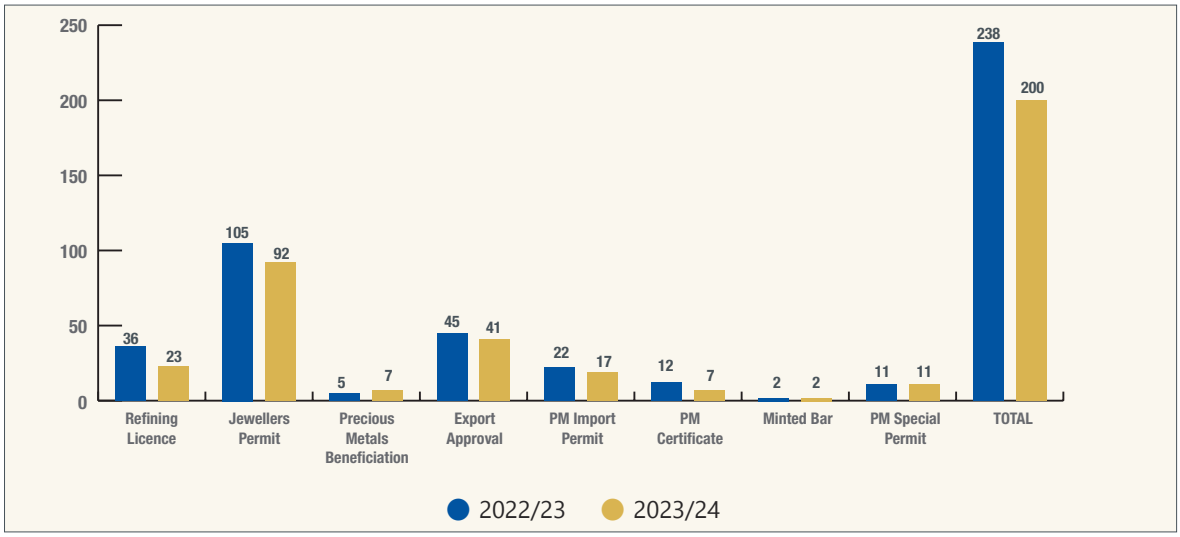


Figure 2. *Precious metals licenses/permits issued.*

DIAMOND AND PRECIOUS METALS LICENSES ISSUED BASED ON HDP OWNERSHIP

During the period under review, a total of nine hundred and fifteen (915) licenses were issued. Of that total, ninety-four (94) licenses were issued to HDP-owned entities, compared to a total of seventy-two (72) issued to HDP-owned entities in the 2022-2023 financial year. The gender composition of the licenses issued to HDP-owned entities is indicated in Table 1 (below).

Table 1. *Diamond and Precious Metals Licenses Issued to HDP Owned Entities.*

TYPE OF LICENSE	NUMBER OF LICENSES	100% HDP OWNERSHIP	
		MALE	FEMALE
Diamond Dealers	25	9	16
Diamond Beneficiation	8	2	6
Diamond Certificate	1	0	1
Precious Metals Beneficiation	2	1	1
Jeweller's Permit	54	10	44
Precious Metals Refining	4	0	4
TOTAL	**94**	**22**	**72**

SUB-PROGRAMME: INSPECTORATE

ASSESSMENT OF TRANSFORMATION

The SADPMR continues to assess the extent to which the diamond and precious metals industry embraces transformation imperatives through voluntary submission of transformation data from diamond and precious metals licensees. Voluntary submission of transformation data by licensees is informed by the absence of a legislative framework governing transformation because of the setting aside of the Mining Charter by the Gauteng High Court in 2021. Accordingly, conclusions drawn by the SADPMR from transformation data submitted on a voluntary basis must be understood against the backdrop that some of the more stringent and elaborate measures that would otherwise be applied to ensure the authenticity and correctness of information submitted, are not being applied because of the lack of the necessary enabling legislative framework.

During the year under review, a total of six hundred and fourteen (614) diamond and precious metals licensees holding different types of licenses were assessed, in contrast to two hundred and seventy-three (273) the previous year, as indicated in Figure 3. The type of licensees that responded positively to being assessed on the extent to which they embrace transformation principles are predominantly Diamond Dealer Licensees (34%) and Precious Metals Jeweller's Permit Holders (41%). One can surmise that it is predominantly Diamond Dealer Licensees and Precious Metals Jeweller's Permit Holders that are confident of their transformation credentials, such that they are willing to subject themselves to being assessed, albeit without compelling legislative instrument.

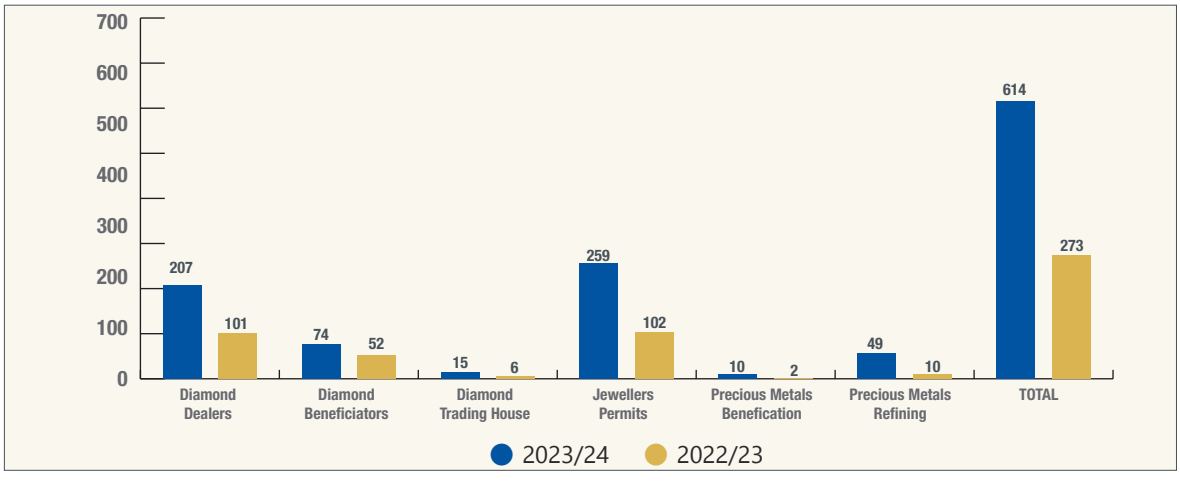


Figure 3. *Assessment of Transformation.*

ASSESSMENT OF TRANSFORMATION: OWNERSHIP PERCENTAGE (RACE AND GENDER)

Figure 4 (right) depicts ownership percentage using race and gender metrics based on the six hundred and fourteen (614) diamond and precious metals licensees assessed during the year under review. This indicates that the industry is still male dominated.

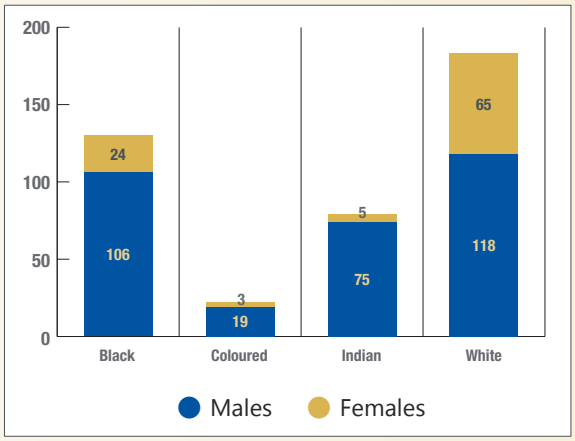


Figure 4. *Ownership Percentage Based on Race and Gender.*

ASSESSMENT OF TRANSFORMATION: EMPLOYMENT EQUITY PERCENTAGE (RACE AND GENDER)

Employment Equity metrics are intended to measure the extent to which suitably qualified individuals from designated groups (previously disadvantaged and those discriminated against in the past) have equal opportunities and are equally represented in the downstream diamond and precious metals industry. During the assessment of 614 licence holders, a total of 2,558 people were recorded to be employed in the diamond and precious metals industries. As illustrated in Figure 5, the demographic breakdown of employees shows that black males, followed by white, Indian, and thereafter colored males, dominate the demographic compared to their female counterparts.

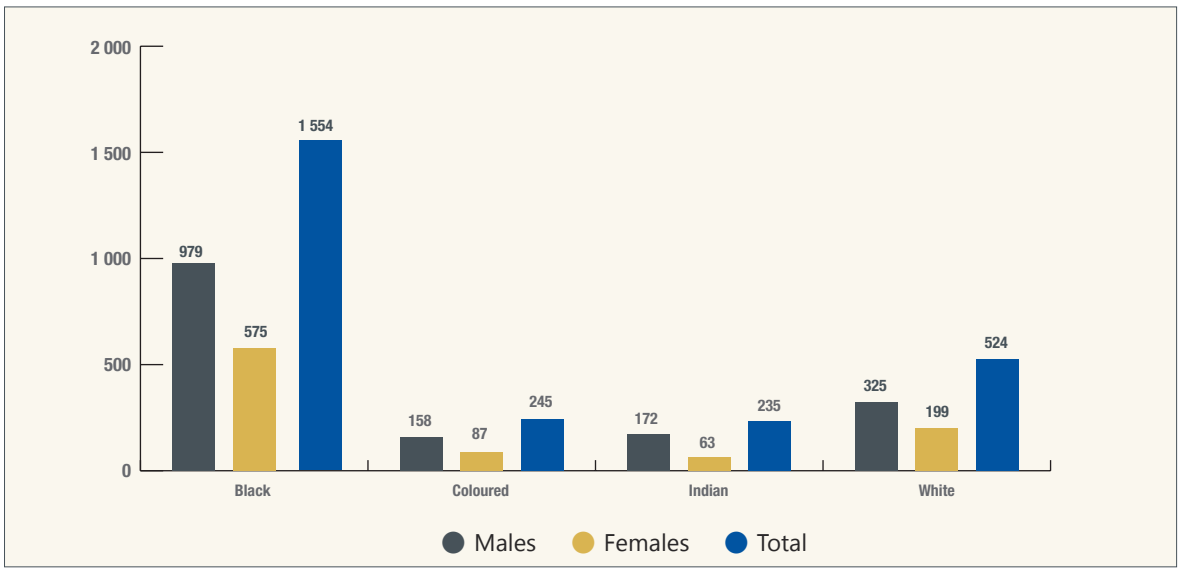


Figure 5. *Breakdown of employment statistics based on race and gender.*

ENTERPRISE DEVELOPMENT PROJECTS

During the period under review, enterprise development collaborations were forged between the SADPMR and various industry players to grow and support small, medium, and micro enterprises (SMMEs) in the diamond and precious metals sectors. These collaborative projects are designed to invest time and capital to assist emerging black entrepreneurs in establishing, expanding, and improving their businesses through skills training and support in all aspects of the business start-up. The industry contributes towards the creation of an entrepreneurial culture in the diamond and precious metals sectors by investing in the next crop of black industrialists. The following are the details of the collaboration projects:

(i) Silver Mentorship Flagship Programme

The programme launched in March 2021, in collaboration with Rand Refinery (PTY) Ltd., saw the hard work of the past three years pay off with the graduation of all sixteen (16) candidates (four (4) female and six (6) male students). Over the past 3 years, a total of thirty-eight (38) SMMEs have entered the programme. The graduation took place on March 28, 2024, and was hosted by Rand Refinery. The top three (3) winners of the programme were announced during the graduation ceremony, and they were awarded prizes in the amount of R65 000 for first place, R50 000 for second place, and R40 000 for third place. The first and second-place winners were also awarded an expense-paid trip to the South African Mining Indaba in 2025.

(ii) Jewellery Hub Project

The collaborative project between the SADPMR, Akapo Jewels, the DMRE, DTIC, and the Bakgatla Ba Kafela Community intends to promote local beneficiation through the establishment of a skills training and manufacturing hub in the North-West Province, focusing on a near-mining community upliftment.

(iii) Special Diamond Tender For HDP

The project was established with the SADPMR and a diamond tender house (Alexandra Bay Diamonds) aimed at assisting small diamond beneficiators, including women, youth, and other HPDs, to access small parcels of affordable rough diamonds through special tenders. Since the inception of the project in August 2022, the company has held special tenders of this nature every quarter. Since November 2022, the project has made eleven (11) sales, selling over 192.67 ct of diamonds, amounting to a total of R1.5 million to over thirteen (13) companies.

(iv) South African China Co-Operative

The South African Jewellery Village in Dongguan, China, in collaboration with the Shenzhen General Chamber of Commerce, has developed a storefront and online platform to sell South African-manufactured jewellery in China.



(V) OTHER PROJECTS IN COLLABORATION WITH THE INDUSTRY (NEW, EXISTING, AND IN THE PIPELINE)

(v) Star GEMS/SADPMR (Creation of high-growth manufacturing black industrialists)

The project intends to assist candidates by integrating their companies into the global diamond market through Star Gems' state-of-the-art infrastructure and distribution channels.

Pneuma Jewellers/SADPMR (Promote Entrepreneurship Through Skills and Enterprise Development Project): The project intends to take all those who apply for this opportunity. We will do an assessment of manufacturing skills and a business plan and discuss what their intent is with the opportunity.

(vi) KGK Diamonds SA/SADPMR (Creation of high-growth manufacturing black industrialists)

The project intends to identify candidates that are at a graduate level to take part in the operation at the KGK offices to acquire skills in diamond polishing. The project targets increasing the skills base in South Africa for diamond polishers with the use of state-of-the-art technology.

(vii) FUMANA: Metal Concentrators (PTY) LTD and SADPMR by promoting entrepreneurship through the development of a website for jewellers

The project intends to assist SMME's with online marketing and design a website through which the candidates can sell their products.

(viii) De Beers and the SADPMR by promoting entrepreneurship and downstream beneficiation

It is important to highlight that diamond beneficiation in South Africa has been consistently declining, attributed to various factors such as the lack of necessary skills to process low-value small diamonds, inconsistent access to affordable small parcels of high-value diamonds for local processors, and the challenge of competing on price with other countries. In response, the SADPMR, in collaboration with De Beers, has initiated several initiatives to enhance the competitiveness of the diamond industry and reverse the downward trend in beneficiation. These efforts include advocating to the National Treasury of South Africa for the removal of VAT on imported rough diamonds to improve the cash flow position of processors, especially small- and medium-scale operators. A formal representation has already been made to National Treasury and meetings are scheduled to take place during the beginning of 2024/25 financial year to discuss the proposals.

LOCAL AND INTERNATIONAL TRADE SHOWS

(ix) Jewellex 2023

In September 2023, the SADPMR hosted a jewellery imbizo on the sidelines of the Jewellex SA 2023 Exhibition. The Jewellery Imbizo was intended to create a conversation with industry stakeholders under the topic 'The State of Beneficiation in South Africa'. As a result of the Imbizo and based on the panel discussions, the notion od sustaining the relevance and importance of natural diamonds requires an elevation of consumer protection in terms of educating the end-user on the difference between synthetic diamonds and natural diamonds.

The suggestion of a national assay centre needs to be established to ensure consumer protection by verifying the purity of both locally manufactured and imported jewellery. Precious metals refiners will fall under a restructured or reformed Jewellery Council of South Africa that will include the precious metals refining industry to allow for more fluid engagements. Industry players must be encouraged to access the benefits of African Growth and Opportunity Act (AGOA), and they must be encouraged to access the benefits of the Special Economic Zones (SEZ). In the same token, South African Revenue Services (SARS) needs to establish the perimeters of how the incentives will be allocated within the GIDZ SEZ.

(x) The Hong Kong Gem and Jewellery Fair 2023 and 2024



As part of a comprehensive strategy to address the lack of access to markets by jewellery entrepreneurs, the SADPMR secured a booth or a stand at the Hong Kong, Gem and Jewellery Fair 2023. The Jewellery and Gem Fair Hong Kong, popularly known as the Hong Kong Jewellery & Gem Fair, is one of the world's leading jewellery shows, whereby international entities get to showcase what jewellery each country designs and/or manufactures. The fair was held at the Hong Kong Convention and Exhibition Centre (HKCEC). The Jewellery & Gem Fair is an international financial centre connecting the mainland and the world. Hong Kong has a higher degree of connectivity, both globally and with the Mainland of China, and is one of Asia's world cities. It is also a place where people and businesses from around the world can connect with opportunities throughout the region.

The first show ran from the 20th of September until the 24th, and three (3) candidates were selected from the SADPMR Enterprises Development Programme (EDP) to form part of the SADPMR delegation to the Hong Kong Fair. The selected candidates were selected from the Silver Mentorship programme, the Fumana Project, and the Dibenya Platinum Project. The selected jewellers did not only showcased their respective products but also but also jewellery

articles manufactured by the other thirteen (13) enterprises participating in the SADPMR Enterprise Development programme.

The second show took place from the 26th of February until the 4th of March 2024. The SADPMR sponsored the five companies to attend the fair to exhibit and showcase their manufactured products to the Asian market, which has been identified as a captive market for luxury goods. The five companies that exhibited were the two incubators: Dibenya tsa Bakatla and the Rustenburg Platinum Incubator, both from the North-West Province; HIDA, the gemstone polishing company; and Ditsala Designs, which manufactures African-esque jewellery; and finally Bullion Mint and Refinery, which sold the platinum centenary coins.

(xi) African Mining Indaba



This year's Investing in African Mining Indaba featured two (2) platinum incubation programmes in addition to four (4) individual SMME enterprises showcasing and selling their manufactured goods. The top three winners of the Silver Mentorship Programme from Rand Refinery and Bullion Mint and Refinery, which sold the platinum centennial coins, were the four (4) companies. The Rustenburg Platinum Incubator and Dibenya tsa Bakatla were the two incubators, and they were both located in the North-West Province.

The SADPMR launched the Platinum Centenary celebration commemorating the discovery of the Bushveld Ingenious Complex; therefore, it was prudent to promote jewellers within the enterprise development programme who manufacture platinum jewellery.



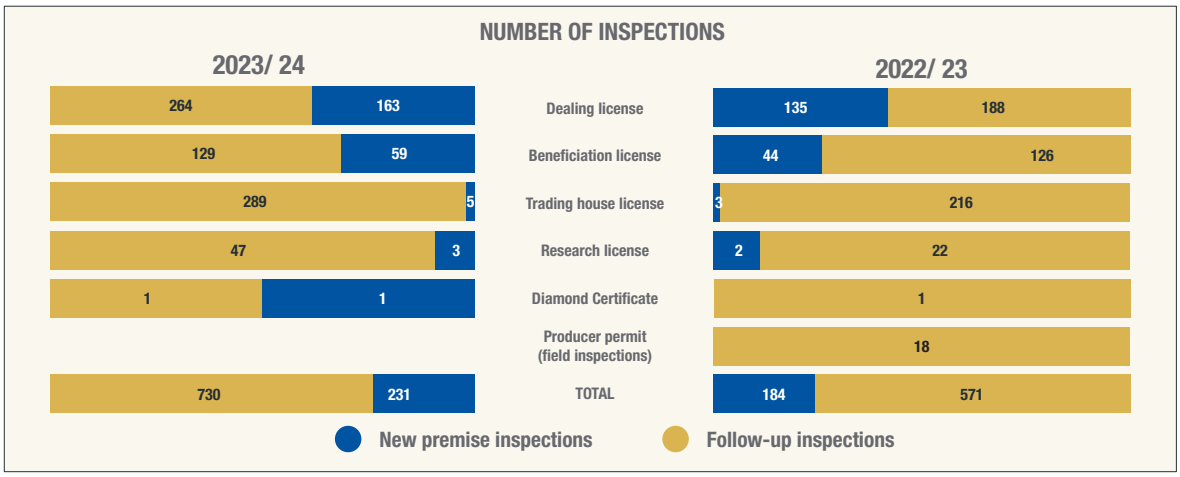
MONITORING OF COMPLIANCE THROUGH INSPECTIONS (DIAMONDS)

The credibility of any regulatory authority or entity depends on its ability to consistently monitor compliance with the prescribed rules outlined in the relevant legislation. Accordingly, the SADPMR continued to monitor compliance during the year under review by conducting inspections. During this period, a total of nine hundred and sixty-one (961) diamond inspections were carried out, with two hundred and thirty one (231) related to new diamond license applications and seven hundred and thirty (730) as follow-up inspections on existing licenses. The total number of inspections conducted for the period under review exceeded the annual target of seven hundred (700), representing a marginal increase compared to the seven hundred and fifty-five (755) inspections achieved during the preceding financial year.



DIAMOND INSPECTIONS

Table 2. *Breakdown of the inspections conducted by license or permit type.*



DIAMONDS BENEFICIATED

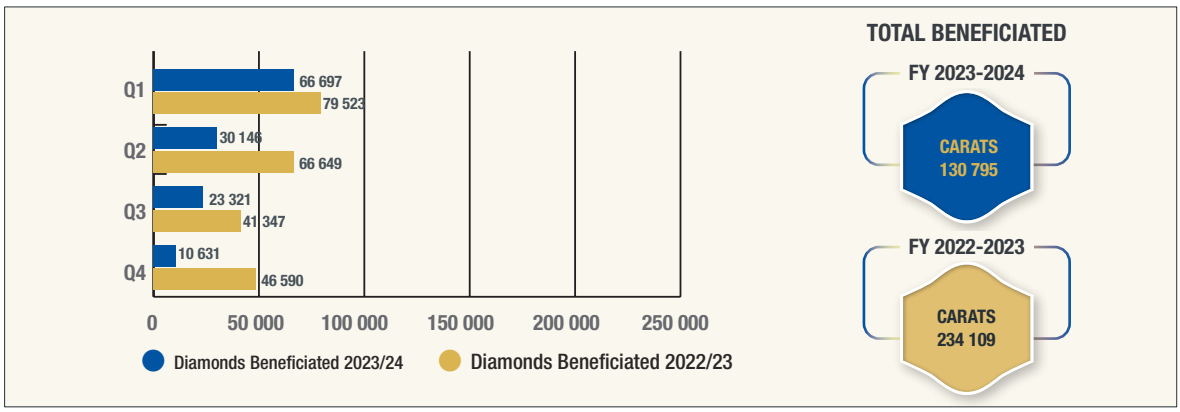


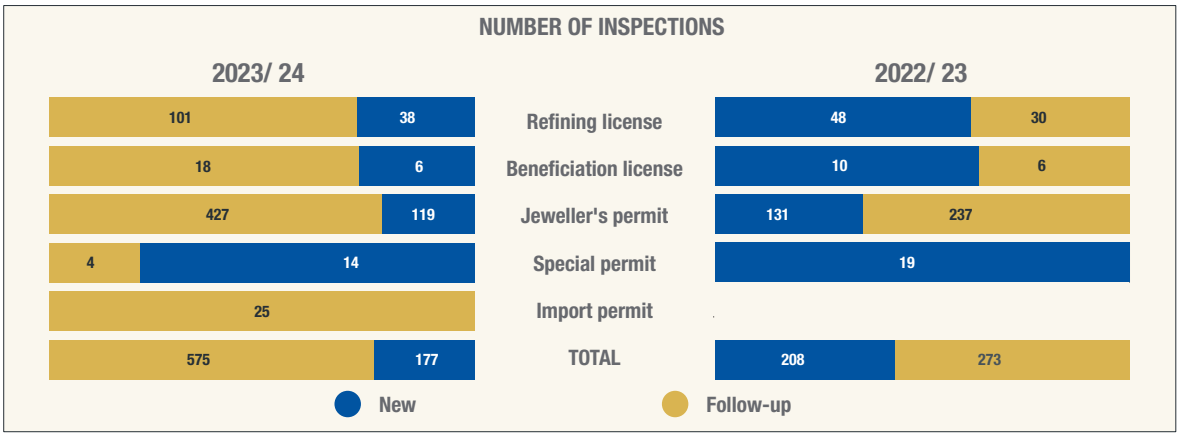
Figure 6. *Diamond Beneficiated.*

MONITORING OF COMPLIANCE (PRECIOUS METALS)

In the year under review, the SADPMR conducted a total of seven hundred and fifty-two (752) inspections of precious metals premises. Out of these, one hundred and seventy-seven (177) were for new precious metals license or permit applications, while the remaining five hundred and seventy-five (575) were follow-up inspections for existing license or permit holders. Table 3 (page 51) in the report provides a breakdown of the new and follow-up precious metals inspections by license type. The number of precious metals inspections conducted during this financial year represents a 56% increase compared to the number of inspections carried out in the previous year, 2022/2023. This increase is attributed to the rise in the number of follow-up inspections.

PRECIOUS METALS INSPECTIONS

Table 3. *Precious metals inspections.*



STAKEHOLDER ENGAGEMENT WITH LAW ENFORCEMENT AUTHORITIES

During the period under review, the SADPMR participated in several engagements with law enforcement to enforce compliance and combat illegal activities in the Diamond and Precious Metals Industries. The purpose of these engagement was to discuss, identify and plan joint disruptive operations to combat illicit trading for high-risk areas and compilation of enforcement strategies and other relevant legal framework documents.

ENGAGEMENTS DURING FY2023-2024

QUARTELY NATIONAL COORDINATION STRATEGIC MANAGMENT TEAM (NCSMT)

3 Meetings

- SAPS
- SADPMR
- SARS
- Mineral Council
- Mining companies

NATIONAL ORGANISING COMMITTEE (NOC)

10 Meetings

- SAPS
- SADPMR
- SARS
- Mineral Council
- Mining companies

PROVINCIAL ORGANISIN COMMITTEE (POC)

10 Meetings

- SAPS
- SADPMR
- SARS
- Mineral Council
- Mining companies
- Mintek

JOINT COMPLIANCE INSPECTIONS

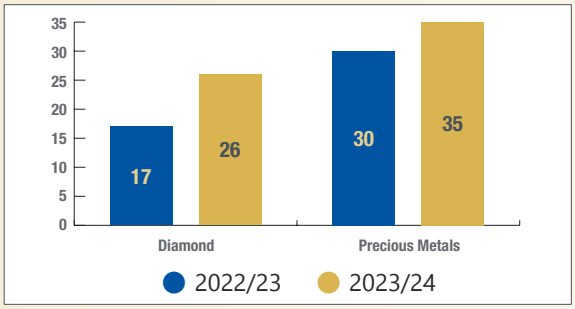


Figure 7. *Breakdown of joint inspections with law enforcement.*

The SADPMR conducts disruptive joint inspections together with relevant law enforcement agencies such as the South African Police Services (SAPS) and the South African Revenue Services (SARS) as part of the strategic objective related to reducing illicit trading in the diamond and precious metals industry. During the year under review, a total of sixty-one (61) joint inspections were conducted as indicated above. Major problems identified relate to export of precious metals bearing material without the required licences/permits, as well changing of premises without the required approval from the SADPMR. Such findings are dealt with in accordance with the enforcement proceedure

ENFORCEMENT OF COMPLIANCE

On the back of the cancellation of the levying of penalties for non-submission of the prescribed registers, the SADPMR commenced with the issuance of non-compliance notices as part of a comprehensive strategy to intensify enforcement of compliance in accordance with the enforcement of compliance procedures. Consequently, during the year under review, a total of four hundred and ninety-five (495) non-compliance notices were issued. Table 4 indicates the number and reasons for non-compliance notices issued, as well as the applicable industry, that resulted in >20% rectified non-compliance.

Table 4. *Breakdown of non-compliance notice issued.*

REASON FOR NON-COMPLIANCE	DIAMONDS	PRECIOUS METALS
Non-submission of registers	321	158
Purchasing Goods from an unlicensed client	01	03
Operating with an expired permit	07	0
Change premises without notification	02	03
TOTAL	**331**	**164**

LINKING PERFORMANCE WITH BUDGETS

In performing the key activities, regulatory compliance spent R34.874 million against a budget of R29.537 million. The overspending emanated from the Enterprise Development Programme funded from reserves as well as salary increases partially funded from reserves.

Table 5. *Linking performance with budgets.*

	FY 2023/2024			FY 2022/2023		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000
Programme 3: Regulatory Compliance	29 537	34 074	(4 537)	27 543	27 022	521

The reason for over expenditure is due to salary increases partially funded from reserves.

REVENUE COLLECTION

Table 6. *Revenue Collection.*

SOURCES OF REVENUE	FY 2023/2024 BUDGET R'000	FY 2023/2024 ACTUAL AMOUNT COLLECTED R'000	FY 2023/2024 (OVER)/ UNDER COLLECTION R'000	FY 2023/2024 %	FY 2022/2023 BUDGET R'000	FY 2022/2023 ACTUAL AMOUNT COLLECTED R'000	FY 2022/2023 (OVER)/ UNDER COLLECTION R'000	FY 2022/2023 %
Service fees	49 351	40 723	(8 628)	-17%	47 256	56 182	8 926	19%
License fees	2 364	4 180	1 816	77%	1 876	3 749	1 874	100%
Interest received	2 310	6 797	4 487	194%	2 047	4 802	2 755	135%
Other income	95	367	272	286%	187	784	597	319%
Grant received	63 136	64 369	1 233	2%	63 094	62,894	(200)	0%
TOTAL REVENUE	**117 256**	**116 135**	**(1 120)**	**(820)**	**114 460**	**128 411**	**13 951**	

Revenue from service fees is 17% (R8.6 million) below the estimate and R15.5 million lower when compared to the previous year's performance. The decline in revenue generation is due to the depressed diamond industry.

The license fees are 76% (R1.789 million) higher than estimated due to new precious metals refining licenses and authorised representative certificates for the period being higher than anticipated. Interest earned from bank balances was also higher than estimated due to the cash surplus that was approved by the National Treasury for retention.

The increase in grant income is a result of a conditional grant received from the TETA for the provision of stipends on learnership programmes.

CAPITAL INVESTMENT

Table 7. *Capital Investment.*

INFRASTRUCTURE PROGRAMME	FY 2023/2024 BUDGET R'000	FY 2023/2024 ACTUAL EXPENDITURE R'000	FY 2023/2024 (OVER)/ UNDER EXPENDITURE R'000	FY 2022/2023 BUDGET R'000	FY 2022/2023 ACTUAL EXPENDITURE R'000	FY 2022/2023 (OVER)/ UNDER EXPENDITURE R'000
Computer equipment	6 100	879	5 221	-	1 048	(1 048)
Motor vehicle	5 000	-	5 000	700	-	700
Furniture and fitting	7 000	4 625	2 375	7 200	49	7 151
Office equipment	1 656	322	1 334	1 279	1 166	113
Software	585	-	585	2 625	-	2 625
Security systems, machinery, and safes	30	30	-	-	152	(152)
TOTAL	**20 371**	**5 856**	**14 515**	**11 804**	**2 748**	**9 056**

The entity's CAPEX is funded from surplus funds (reserves). Approval was obtained from the National Treasury to retain funds for the capital expenditure requirements as supported by the Board. Computer equipment, motor vehicles and office furniture worth R11.7 million were commitments at year-end; delivery of some of the items took place in the new financial year; hence, the positive variance on these items as of March 31, 2024. There are items whose procurement was not finalised at year-end, resulting in further savings, i.e., motor vehicles and office equipment.



PART C:
GOVERNANCE

1. INTRODUCTION

The SADPMR was established in terms of section 3 of the Diamonds Amendment Act 29 of 2005 and is classified in terms of the PFMA, 1999, as a Schedule 3A state entity. The Diamonds Act of 1986, as amended, is the enabling legislation of the SADPMR. This Act provides for the objectives, functions, and role of the SADPMR. The Diamonds Act further makes provision for the appointment and composition of the Board of the SADPMR and the CEO as the accounting officer.

According to PFMA of 1999, as amended, SADPMR is a Schedule 3A state entity. The SADPMR's corporate governance is achieved through the application of the provisions contained in the PFMA read together with the King Report IV on corporate governance.

2. PORTFOLIO COMMITTEE

Parliament has an oversight role in the overall performance of the SADPMR. The Parliamentary Portfolio Committee on Mineral Resources and Energy reviews and oversees all functions and duties of the SADPMR, including financial matters.

The SADPMR presented its annual report for FY 2022/2023 to the PPC on October 18, 2023, and also presented the 2023/24 annual performance plan on April 18, 2023.

3. EXECUTIVE AUTHORITY

The SADPMR reports to the Minister of Mineral Resources and Energy as the executive authority of the entity. The SADPMR submitted the following compliance reports as required by the PFMA:

Table 1. *Compliance report.*

2023/2024 SUBMITTED	DOCUMENTS	DUE DATE FOR SUBMISSION	DATE SUBMITTED BY SADPMR	STATUS
Quarter 1	Performance and financial results	31 July 2023	31 July 2023	Completed
Quarter 2	2024-2025 Budget and Strategic Plan 2024/2025 Annual Report performance and financial results	31 October 2023	31 October 2023 31 October 2023	Completed
Quarter 3	Performance and financial results	31 January 2024	29 January 2024	Completed
Quarter 4	Performance and financial results	30 April 2024	30 April 2024	Completed

4. THE ACCOUNTING AUTHORITY/BOARD

The SADPMR Board is duly appointed by the Minister of Mineral Resources and Energy in terms of Section 6 of the Diamonds Act, as amended, as the Accounting Authority of the entity. The Board comprises non-executive members and the CEO of the SADPMR; the latter serves as an ex officio member of the Board. In terms of Section 6(1) of the Diamonds Act, the Board must ensure that the functions of the SADPMR are performed. In so doing, the objects of the SADPMR are achieved. The Board is responsible for the strategic direction and financial management of the SADPMR in terms of the PFMA.

4.1 BOARD CHARTER

The SADPMR Board is governed by a charter that is reviewed annually. The Board Charter outlines the Board's responsibilities towards the SADPMR as stipulated in the Diamonds Act, as amended, the PFMA, and the King Report on Corporate Governance. The Board oversees the Strategic Plan, Annual Performance Plan, and Quarterly Performance Plans of the SADPMR and ensures that the entity achieves its strategic objectives as outlined in these plans.

4.2 COMPOSITION OF THE BOARD (MEMBERS OF THE BOARD AND COMMITTEES)

The board members of the SADPMR are non-executive directors, except for the CEO, who serves as an ex officio member, as indicated. The Board is appointed by the Minister of Mineral Resources and Energy in accordance with the provisions stipulated in Section 6 of the Diamonds Act, as amended. The Board was appointed with effect from November 1, 2020, for a three-year term that ended on October 31, 2023. Major General Hazel Mokoena was replaced by Brigadier Makuoane in May 2023. Mr. Senna Mokoena, who was the representative of NUM, was replaced by Mr. Rangers Molapo in July 2023. In October 2023, Ms. Nosiphiwe Mzamo replaced Mr Kagiso Menoe as the State Diamond representative (CEO).

4.2 COMPOSITION OF THE BOARD (CONTINUED)

COMPOSITION OF THE BOARD NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIP	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT COMMITTEE/ MINISTERIAL TASK TEAM)
Mr A Mngomezulu	Board Chairperson	1 November 2020	MSc (Engineering in Mining) BSc Hons (Geology)	Mining Value Chain Governance	Merafe Resources, Tshikululu Social Investment and Trust	Chairpersons Committee
Ms Ntombifuthi Zikalala-Mvelase	Chairperson of HR, Remuneration and Ethics Committee	1 November 2020	LLB B Proc	Legal	ACSA, Limpopo Jewellery Business Incubator, JIA Piazza Park SOC, Mintek, AU Jewellery (Pty) Ltd	HR, Remuneration and Ethics Committee Chairpersons Committee
Mr Charles Nevhutanda	Chairperson of Transformation and Licensing Committee	1 November 2020	B. Bus Sc (Economics), CAIB (SA)	Finance		Transformation and Licensing Committee
Ms Ndivhuho Munyai	Chairperson of Finance, Audit and Risk Committee	16 July 2021	MBA, B Compt (Accounting Sciences) SAICA Articles and SAIPA	Finance		Finance, Audit and Risk Committee
Mr Ernest Blom	Non-Executive Board Member	1 November 2020		Diamond Industry	Ernest Blom Diamonds Ernest Blom Diamonds Cutting Works	HR, Finance, Audit and Risk Committee Transformation and Licensing Committee (invitee)
Ms Kanyisa Macingwane	Non-Executive Board Member	1 November 2020	MBA, Postgraduate Diploma (Management) BCom	Public Policy and Regulation		Finance, Audit and Risk Committee
Mr Kholofelo George Serokane	Non-Executive Board Member	1 November 2020	National Diploma in Jewellery Manufacturing and Design	Jewellery manufacturing and designing	Kholo Jewellery Manufacturing Lekobjane Business Enterprise Badirammogo Skills Development Phuthanaga Projects NPO	Transformation and Licensing Committee
Ms Mpho Mosing	Non-Executive Board Member	1 November 2020	Master's degree in public management, LLB Hons	Legal	State Diamond Trader	Transformation and Licensing Committee
Adv Nicolaas Van Rooyen	Non-Executive Board Member	1 November 2020	LLB Degree BA Law Certificate Labour Dispute Resolution Practice	Legal and Labour		HR, Remuneration and Ethics Comm
Brigader Raseraka Makuoane	Non.-Executive Board Member	26 May 2023	B. Tech Policing	Legal enforcement Transformation and Licensing Committee		

COMPOSITION OF THE BOARD NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIP	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT COMMITTEE/ MINISTERIAL TASK TEAM)
Ms Lebogang Madiba	Non-Executive Board Member	1 November 2020	Master's in Business Leadership (not completed) MSc Finance in Economic Policy BCom Hons (Economics) BCom Executive Leadership Development Programme	Finance	Council for Geoscience	
Mr Senna Mokoena	Non-Executive Board Member (Main)	1 November 2020	National Diploma Internal Auditing Labour Law Certificate	Labour		HR, remuneration and ethics committee
Mr Rangers Molapo ◆	Non-Executive Board Member (Main)	24 July 2023	Nated Course 2 HRM Certificate	Labour		HR, remuneration and ethics committee
Adv Mmadikeledi Moloto	Non-Executive Board Member (Main)	1 November 2020	BJuris LLB	Mining and Law		
Ms Rebone Nkambule	Non-Executive Board Member (Alternate)	1 November 2020	Masters in Extractive Industry in Africa BJuris Certificate in Prospecting and Mining Law, Executive Development Programme	Mining	Petroleum Agency of SA	
Mr Kagiso Menoe	Non-Executive Board Member; CEO, State Diamond Trader	22 October 2022	BSc. (Eng) Chemical (Chemical Engineering)	Mining		
Ms Nosiphiwe Mzamo ◆	Non-Executive Board Member CEO, State Diamond Trader	01 October 2023	Masters in Business Administration (MBA), Engineering Graduate Diploma, Hons. BSc Degree & BSc Degree	Mining	Inyosi Coal Ndonsa Mining Khanyisa Mining	Finance, audit and risk committee
Mr Zola Fihlani	Non-Executive Board Member	22 October 2022	M.Com Tax High Diploma in Tax Law High Diploma in International Tax Law CA (SA) B.Compt (Hons) B.Com in Accounting	Finance	Inyosi Coal Ndonsa Mining Khanyisa Mining	Finance, audit and risk committee
Ms Nyawa Dikwayo	Independent Member of Finance, Audit and Risk Committee	5 May 2022	Chartered Accountant CA(SA) - SAICA Master of Philosophy in Development Finance Postgraduate Diploma in Applied Accounting Sciences Bachelor of Commence in Accounting	Finance	Inyosi Coal Ndonsa Mining Khanyisa Mining	Finance, audit and risk committee
Mr Cecil Khosa	Chief Executive Officer	1 July 2019	Masters (Earth Sciences in Mining) BA Hons Geography) BA (Geography) MDP	Earth Sciences and Mining	Jomela Consulting (Pty) Ltd	All committees and board

◆ *Appointed on the 26 May 2023*
◆ *Appointed on the 24 July 2023*
◆ *Appointed on the 01 October 2023*

4.3 BOARD AND COMMITTEE MEETINGS ATTENDED

NAMES BOARD MEMBERS	TYPES OF MEETINGS				
	BOARD	CHAIRPERSONS COMMITTEE	FARC	TRANSFORMATION & LICENSING	HR,REMUNERATION & ETHICS
1. Mr Abiel Mngomezulu	5/6	5/5	N/A	N/A	N/A
2. Mr Charles Nevhutanda	5/6	4/5	N/A	2/3	N/A
3. Ms Ntombifuthi Zikalala Mvelase	6/6	5/5	N/A	N/A	4/4
4. Ms Ndivhu Munyai	6/6	5/5	6/6	N/A	N/A
5. Ms Kanyisa Macingwane	5/6	N/A	6/6	N/A	N/A
6. Mr Kholofelo Serokane	6/6	N/A	N/A	3/3	N/A
7. Ms Mpho Mosing	5/6	1/1	N/A	3/3	N/A
8. Adv Nicolaas Van Rooyen	5/6	N/A	N/A	N/A	4/4
9. Ms Lebogang Madiba	3/6	N/A	N/A	N/A	N/A
10. Mr Senna Mokoena	3/3	N/A	N/A	N/A	2/2
11. Mr Ernest Blom	6/6	N/A	N/A	2/3	4/4
12. Adv. Mmadikeledi Moloto	6/6	N/A	N/A	N/A	N/A
13. Mr Kagiso Menoe	3/5	N/A	N/A	N/A	N/A
14. Mr Zola Fihlani	6/6	N/A	6/6	N/A	N/A
15. Brigadier Raseraka Makuoane	3/3	N/A	N/A	2/2	N/A
16. Mr Rangers Molapo	2/2	N/A	N/A	N/A	2/2
17. Ms Nosiphiwe Mzamo	1/1	N/A	N/A	N/A	N/A
18. Ms Nyawo Dikwayo (Independent Finance, Audit and Risk Committee Member)	N/A	N/A	4/6	N/A	N/A
19. Mr Cecil Khosa (CEO)	6/6	3/5	5/6	2/3	4/4

24/07/2023 - Mr R Molapo replaced Mr Senna Mokoena.
24/07/2023 - Ms Mpho Mosing attended on behalf of Mr Charles Nevhutanda.
26/05/2023 – Brigader Raseraka Makuoane replaced Major-General Hazel Mokoena
01/10/2023 - Ms Nosiphiwe Mzamo replaced Mr Kagiso Menoe.



4.4 BOARD COMMITTEES

COMMITTEE	NUMBER OF MEETINGS HELD	NUMBER OF MEMBERS	NAMES OF MEMBERS
Transformation and licensing committee	3	5	Mr C Khosa Mr C Nevhutanda Ms M Mosing Brigadier Raseraka Makuoane Mr E Blom (invitee) Mr G Serokane
HR, remuneration and ethics committee	4	5	Mr C Khosa Ms F Zikalala-Mvelase Adv N Van Rooyen Mr E Blom Mr R Molapo
Finance, audit and risk committee	6	4	Mr C Khosa K Macingwane Ms N Munyai Mr Z Fihlani Ms N Dikwayo
Chairpersons committee	5	5	Mr C Khosa Mr A Mngomezulu Mr C Nevhutanda Ms Munyai Ms F Zikalala-Mvelase

THE TRANSFORMATION AND LICENSING COMMITTEE

This committee oversees the functions of the SADPMR as described in the following pieces of legislation, regulations, and guidelines:

- The Diamonds Act No 56 (Act 56 of 1986), as amended
- Precious Metals Act No 37 (Act 37 of 2005)
- Diamond Export Levy Act No 15 (Act 15 of 2007)
- Diamond Export Levy Administration Act No 14 (Act 14 2007)
- Kimberley Process Certification Scheme
- Mining Charter 2018
- SADPMR Beneficiation Strategy

HUMAN RESOURCES, REMUNERATION, AND ETHICS COMMITTEE

This committee monitors the effectiveness and applicability of all HR policies, codes of practice, employment reports, employee wellness, and occupational health and safety matters. It reviews the development of codes of practice in relation to remuneration and advises the board on issues arising from them. The committee further advises the board on all labour relations and litigation that may impact the entity as well as the shareholders. It monitors the selection and recruitment of executive managers as well as the CEO's position, as described in the SADPMR Recruitment and Selection Policy. It monitors and oversees the SADPMR's marketing strategy to ensure healthy relationships with internal and external stakeholders, including public relations and communication. It advises the Board on ethics-related matters and recommends appropriate interventions for implementation by the management of the regulator.

THE FINANCE, AUDIT, AND RISK COMMITTEE

The main purpose of the Finance, Audit, and Risk Committee is to support the functions of the SADPMR as described by the Public Finance Management Act (PFMA). The committee aims to ensure the following:

Alignment between the activities of the SADPMR and provisions contained in the PFMA. The committee has oversight over SADPMR financial affairs, which includes operational planning and capital budgeting.

Assisting management with their responsibility of creating and maintaining an effective control environment within the regulator, including financial control, accounting systems, and reporting, as well as identifying material risks and giving them the required attention.

The Audit Committee Charter is drawn in terms of paragraph 3.1.8 of the Treasury Regulations, read with Section 77 of the PFMA, to assist the board in relation to finance and associated matters.

4.5 REMUNERATION OF BOARD MEMBERS

NAMES	SCHEDULED MEETING REMUNERATION	OTHER ACTIVITIES REMUNERATION ◆	TOTAL REMUNERATION
Mr MA Mngomezulu	98 180	32 232.00	130 412
Mr E Blom	69 644	8 010.00	77 654
Ms N Zikala-Mvelase	113 372	28 035	141 407
Mr G Serekoane	64 248	24 030.00	88 278
Ms M Mosing	65 130	-	65 130
Adv N Van Rooyen	56 238	20 025	76 263
Mr S Mokoena	40 218	8 010.00	48 228
Ms K Macingwane	77 822	28 035	105 857
Ms Dikwayo ◆	26 980	16 020.00	43 000
Ms N Munyai	137 284	32 040.00	169 324
Mr Z Fihlani	85 832	8 010.00	93 842
Mr R Molapo	21 416	20 025.00	41 441
M C Nevhutanda ◆	-	-	-
Brigadier PR Makuoane ◆	-	-	-
Ms L Madiba ◆	-	-	-
Mr R Nkambule ◆ (Alternate member)	-	-	-
Adv M Moloto ◆	-	-	-
Ms N Mzamo ◆	-	-	-
Mr C Khosa ◆	-	-	-
TOTAL	856 364	224 472	1 080 836

◆ *Independent member.*
◆ *Members who were not remunerated because they are public officials.*
◆ *Other board activities include attending events, stakeholder and shareholder meetings, etc.*

5. RISK MANAGEMENT

The SADPMR operates through an approved risk management policy. The Risk Steering Committee operates within the approved Risk Steering Committee Terms of Reference. Risk Steering Committee met on a quarterly basis to deliberate on the top ten strategic risks reported to the committee by the management on a quarterly basis. The entity's top ten strategic risks are reviewed quarterly by the Risk Steering Committee and reported to the Finance, Audit, and Risk Committee (FARC) on a quarterly basis and ultimately to the Board for noting. SADPMR Management has set the appropriate tone by ongoing monitoring of both strategic and operational risks, including emerging risks. Management continues to constantly monitor the identified risks by ensuring that they are managed and mitigated effectively. Furthermore, the management, through its Risk Management Steering Committee, continues to ensure that the SADPMR risk management and internal control systems always remain adequate and effective.

INTERNAL AUDIT AND AUDIT COMMITTEE

OBJECTIVE OF INTERNAL AUDIT

The objective of the internal audit is to provide assurance that the internal control systems of the SADPMR are effective and efficient and that controls are implemented as required by sections 51 and 77 of the PFMA under the guidance of the Finance, Audit, and Risk Committee of the Board. Key activities are as follows:

- Assists management in attaining objectives through assessing internal controls.
- Provides an assessment of the organisation's level of risk management, ensuring that controls and governance processes are operating effectively and efficiently.
- Examines and evaluates the adequacy and effectiveness of the organisation's internal control systems.
- Identifies and recommends changes that add value to the organisation.
- Provides management with sufficient, relevant, and useful information that will ensure that the organisation complies with policies, procedures, laws, and regulations.

Table 2. *Audit engagements conducted by the Internal Audit.*

NO	AUDIT PLAN ENGAGEMENTS	STATUS AND COMPLETION PERIOD
1	Regulatory Compliance	Completed. Quarter 2.
2	Trade	Completed. Quarter 3.
2	Human Resources	Completed. Quarter 3.
3	Finance and Supply Chain Management	Completed. Quarter 3.
4	ICT	Completed. Quarter 3
5	Fleet Management	Completed. Quarter 3.
6	Performance Information (Quarter 1, 2, 3, and 4)	Completed. Quarterly.

Institute of Internal Auditors Standards require internal audit departments to undergo a periodic independent assessment of the internal audit function every five years. Internal Audit was quality assured in June 2023 by an independent external quality assurance assessor and obtained a partially conform rating in compliance with the IIA Standards and Code of Ethics.

An action plan, which is tabled quarterly at the Finance Audit and Risk Committee as well as the Board, has been developed to address all the recommendations by the independent external assessor.

KEY ACTIVITIES OF THE FINANCE, AUDIT, AND RISK COMMITTEE

The key activities of the Finance, Audit, and Risk Committee are to:

- Review financial statements for completeness and accuracy and ensure they comply with disclosure requirements.
- Review the risk management framework for identifying, assessing, monitoring; and managing significant risks.
- Assess the steps management has taken to minimise significant risks and ensure that a risk management module is developed and maintained.
- Monitor the effectiveness and adequacy of the internal control systems of the regulator.
- Monitor the effectiveness and independence of the internal audit function.
- Review significant findings, recommendations, and corrective actions recommended by internal and external audits, together with the responses and action plans of management.

OBJECTIVES OF FINANCE, AUDIT, AND RISK COMMITTEE

The overall objective of the Finance, Audit, and Risk Committee is to assist management with the creation and maintenance of an effective control environment within the SADPMR. This includes financial control, accounting systems and reporting, identifying material risks, and giving them the attention they require.

Table 3. *Members of Finance, Audit and Risk Committee.*

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT COMMITTEE/ MINISTERIAL TASK TEAM)	NUMBER OF SCHEDULED MEETINGS ATTENDED
Ms N Munyai	Chairperson of the Committee	16 July 2021	MBA B.Compt (Accounting Sciences) SAICA Articles and SAIPA	Finance	Finance, Audit, and Risk Committee	6/6
Ms K Macingwane	Non-Executive Board Member	1 November 2020	MBA Postgraduate Diploma (Management) B.Com	Public Policy and Regulation	Finance, Audit, and Risk Committee	6/6
Mr Zola Fihlani	Non-Executive Board Member	22 October 2022	M. Com Tax High Diploma in Tax Law High Diploma in International Tax Law CA (SA) B.Compt (Hons) B.Com in Accounting	Finance	Finance, Audit, and Risk Committee	6/6
Ms Nyawo Dikwayo	Independent member of Finance, Audit and Risk Committee	5 May 2022	Chartered Accountant CA (SA) - SAICA Master of Philosophy in Development Finance Postgraduate Diploma in Applied Accounting Sciences Bachelor of Commence in Accounting	Finance	Finance, Audit, and Risk Committee	4/6

Table 4. *Members of Interim Finance, Audit and Risk Committee.*

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	OTHER COMMITTEES OR TASK TEAMS (E.G. AUDIT COMMITTEE/ MINISTERIAL TASK TEAM)	NUMBER OF SCHEDULED MEETINGS ATTENDED
Ms Nosiphiwe Mzamo	Chaiperson of interim finance, audit and risk committee	29 November 2023	Masters in Business Administration (MBA), Engineering Graduate Diploma, Hons. BSc Degree & BSc Degree	Mining	Inyosi Coal Ndonsa Mining Khanyisa Mining Finance, Audit, and Risk Committee	1
Dr Rendani Mavis Matakanye	Interim finance, audit and risk committee member	13 December 2023	PHD Business Leadership MA Business Leadership Bcom	Finance	Finance, Audit, and Risk Committee	1
Mr Conrad Van Der Ross	Interim finance, audit and risk committee	24 November 2023	Leadership Management Certificate Programme for Management Development	Diamond Industry	Finance, Audit, and Risk Committee	1
Ms Hlumela Somikazi Madolo	Interim Finance, Audit and Risk Committee	30 November 2023	MA Accounting Sciences Postgraduate Diploma in Accounting/CTA level 1 Executive Development Programme Certificate B.Com Accounting Sciences Diploma in Education	Finance	Finance, Audit, and Risk Committee	1

which will ensure that all legislation, regulations, guidelines, and standards that govern the operation of the SADPMR are clearly identified and that all controls that management has put in place are effective. Quarterly reporting to the shareholders (DMRE) as well as the Department of Planning, Monitoring, and Evaluation was conducted.

During the financial year, the internal audit division reviewed the organisation's compliance with processes and procedures, mainly focusing on compliance with internal standard operating procedures, regulations, and policies. The internal audit reports were tabled with the Finance Audit and Risk Committee and the Board for oversight.

7. FRAUD AND CORRUPTION

The SADPMR implemented a fraud prevention plan and a risk management strategy so as to cover a range of key issues centred on fraud and risk management. This is attained through the National Anti-Fraud and Corruption Strategy of 2020-2030, which emphasises a culture of zero tolerance towards corruption and full accountability for those involved in fraud and corruption.

The prevention of fraud and corruption through good governance, transparency, integrity management, and accountability in SADPMR, and the early detection of potential corrupt practices, supplement the reactive measures such as investigations and other reactive measures within the organisation. The SADPMR-integrated approach to the fight against fraud and corruption will help mitigate the risk of financial losses. The 'fraud and corruption' workshop presentations were conducted to capacitate the employees and other stakeholders on the risk of fraud and corruption activities.

The SADPMR will continue to partner with the Public Service Commissioner to comply with the national anti-fraud strategy in terms of the National Development Plan. The national anti-corruption hotline (0800 701 701) is used by the regulator to maintain the integrity of the fraud and corruption reporting process. Internal and external auditors have not reported any incidents of fraud or any areas of serious concern.

8. MINIMISING CONFLICT OF INTEREST

The SADPMR implements the principle of transparency (segregation of duties) in financial transactions and procurement processes to minimise conflict of interest. Employees participating in the procurement process (bid committees) and job interviews are given an opportunity to declare, in writing, any existing conflict of interest, e.g., association with or relations with directors of companies participating in bids.

Members of the Board and various committees are required to declare any interest at the start of each meeting for record purposes and, if necessary, recusal. Over and above, the SADPMR has a code of conduct in place as a guiding tool for its employees on how to conduct themselves ethically.

9. CODE OF CONDUCT

The code of conduct and good practices of the SADPMR were adhered to by employees to enhance professionalism and ethical conduct within the entity.

10. HEALTH, SAFETY, AND ENVIRONMENTAL ISSUES

The Health and Safety Committee within SADPMR continuously assessed the risk associated with the health and safety aspects. The SADPMR as a anchor tenant is tasked with a coordination of Health and Safety of the entire SEZ in conjunction with other tenants has established the precint OHS Committee. In the year under review 2 evacuation drill were successfully conducted in line with contingency plan.

Health and Safety risks and audits were conducted on quarterly basis to enhance the effectiveness of the risk mitigation, which are incorporated in the risk register.

Even though some part of the precint was still under construction no injuries have been reported. The safety plans were constantly reviewed through the phases of construction and the contingency plans remain in place. All employees were continuously orientated about the environmental issues affecting them.

11. COMPANY SECRETARY/ GENERAL MANAGER GOVERNANCE

The Board of the SADPMR is appointed in terms of Section 6 of the Diamonds Act, as amended, and is assisted by the company secretary. The company secretary coordinates the following items on behalf of the board:

- Annual schedule and compliance calendar;
- Overall administrative support and record-keeping of all proceedings of meetings;
- Advice and guidance on corporate governance matters; and
- Continuance training around corporate governance principles.

These are carried out in accordance with the Diamonds Act, PFMA, and King Report IV on Principles of Good Corporate Governance. The company secretary ensures that the board reviews and approves all quarterly and annual performance reports, quarterly and annual financial results, five-year strategic plans, and the mid-term expenditure framework, and the annual report. It is the responsibility of the company secretary to submit the board-approved documents to the executive authority as required by the PFMA.

12. SOCIAL RESPONSIBILITY

In the period under review, the entity supported local communities, mainly public schools and non-governmental organisations, by donating office furniture and computer equipment. The following institutions benefited from the donations made during 2023/2024:

- Eaglets Educational Home;
- Zodwa Mofokeng Community Centre;
- Tshegofatsarona Welfare and Community;
- Little Greater Ones;
- Bula-Mahlo Home and Day Care;
- Grambit Institute;
- Shalom Daycare Early Child Hood;
- Sagami Rainbow Day Care Centre;
- Harry Gwala Primary School;
- Roodepoort Primary School;
- Durban Deep Primary School; and
- Onkgopotse Tiro Primary School.



13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with compliance with the Broad-Based Black Economic Empowerment (B-BBEE) requirement of the B-BBEE Act, 2013 and as determined by the Department of Trade, Industry, and Competition.

HAS THE SPHERE OF GOVERNMENT, PUBLIC ENTITY, OR ORGAN OF STATE APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1–8) WITH REGARDS TO THE FOLLOWING:		
CRITERIA	**RESPONSE: YES/NO**	**DISCUSSION**
Determining qualification criteria for the issuing of licenses, concessions or other authorisations in respect of economic activity in terms of any law.	No	The provisions for B-BBEE in the relevant legislation were set aside by a court of law.
Developing and implementing a preferential procurement policy.	Yes	SADPMR developed and implemented a procurement policy that incorporates the 2022 Preferential Procurement Regulations. The policy seeks to target enterprises owned by historically disadvantaged groups such as black people, women, youth, and people living with disabilities.
Determining qualification criteria for the sale of state-owned enterprises.	N/A	This is not applicable to SADPMR, as we are not mandated to sell state-owned enterprises.
Developing criteria for entering into partnerships with the private sector.	No	Not relevant to the business of the SADPMR.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of broad-based black economic empowerment.	No	Not relevant to the business of the SADPMR.





PART D:
HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Human Resources division plays a crucial role in ensuring that the entities' workforce is trained, retained, supported, and compensated. The human resources division is strategically positioned to enable the Regulator to achieve its mandate. Furthermore, the Corporate Services Branch, through its support structure of the Information and Communication Technology division, ensures technology systems are functional and marketing and communications efforts are effectiving in reaching the entire workforce on time.

HIGHLIGHTS

Throughout the 2023/24 financial year, SADPMR through Human Resources, embarked on projects to turn the entity into the employer of choice. The SADPMR conducted a successful climate survey where staff members anonymously raised matters that needed to be addressed in order to take the entity to the next level.

The outcomes of the climate survey are implemented in phases. During the year, SADPMR introduced a self-services system for updating employees' personal details. This was followed by online payslips and leave applications.

The Senior Manager post in the Diamond Export and Exchange Centre was filled through internal promotion as an assurance of retaining prospective employees of the higher caliber. SADPMR staff turnover was due mainly to the passing of two (2) officials and one (1) resignation. Furthermore, this year, the SADPMR signed a Memorandum of Understanding (MoU) with TETA for the funding of sixteen (16) learners from TVET colleges for eighteen (18) months. Additionally, an MoU was also signed with the Mining Qualification Authority (MQA) for funding the internship programme of five (5) interns for a maximum period of two (2) years. This is followed by the funding of a one-year contract for workplace coaching, specifically for MQA interns.



2. HUMAN RESOURCES OVERSIGHT STATISTICS

2.1 PERSONNEL COST BY PROGRAMME/ ACTIVITY/ OBJECTIVE

Table 1 below reflects the personnel cost per programme. The total number of employees included twelve (12) interns, and three (3) interns terminated their services.

Table 1. *Personnel cost per programme.*

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Administration	77 074	44 205	57	776
Diamond trade	17 538	15 055	26	579
Regulatory compliance	34 038	29 575	43	688
TOTAL	**128 650**	**88 835**	**126**	

2.2 PERSONNEL COST BY SALARY BAND

The table below depicts the personnel costs per salary band.

Table 2. *Personnel costs per salary band.*

SALARY BAND	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS A PERCENTAGE OF TOTAL COST (R'000)	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top management	13,521	15.2	6	2 254
Senior management	14 618	16.5	10	1 462
Professional qualified	23,307	26.2	25	932
Skilled	27 470	31	43	639
Semi-skilled	8,582	9.6	36	238
Unskilled	1,337	1.5	6	228
TOTAL	**88 835**	**100**	**126**	**5 753**

The total includes twelve (12) interns and three (3) terminated permanent employees.



2.3 PERFORMANCE REWARDS

The table below illustrates the percentages of the performance rewards paid to qualifying employees from the personnel expenditure:

Table 3. *Performance rewards*

SALARY BAND	PERFORMANCE REWARDS	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top management	475	6	79
Senior management	334	7	48
Professional qualified	874	26	34
Skilled	890	41	22
Semi-skilled	241	19	13
Unskilled	51	6	9
TOTAL	**2 865**	**105**	**205**

2.4 TRAINING COSTS

Table 4 (below) shows the personnel training and bursary expenditures per programme.

Table 4. *Personnel training and bursaries expenditure per programme.*

PROGRAMME	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A PERCENTAGE OF PERSONNEL COST (R'000)	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Administration	44 205	513	1.7%	20	26
Diamond trade	15 055	193	1.3%	3	64
Regulatory compliance	29 575	688	2.3%	27	25
TOTAL	**88 835**	**1 394**		**50**	**115**

2.5 INTERNSHIP AND WORK INTERGRATED LEARNERS PROGRAMME

Table 5 (a) (below) illustrates the number of interns in the year under review. From the total of 9 females and 8 males in the internship programme of the year under review, by the end of March 2024, the employer was left with fifteen (15) interns after two (2) of them got better employment offers beyond the SADPMR internship programme.

Table 5(a). *The number of interns in the year under review.*

MALE				FEMALE				FOREIGN NATIONALS		TOTAL
A	C	I	W	A	C	I	W	MALE	FEMALE	
8	0	0	0	9	0	0	0	0	0	17

**12 Interns funded through SADPMR*
**5 Interns funded through MQA*
A = Africans; C = Coloureds; I = Indians; W = Whites

Table 5(b). *The number of learners in the year under review as funded through TETA*

MALE				FEMALE				FOREIGN NATIONALS		TOTAL
A	C	I	W	A	C	I	W	MALE	FEMALE	
5	0	0	0	11	0	0	0	0	0	16

A = Africans; C = Coloureds; I = Indians; W = Whites

2.6 EMPLOYMENT AND VACANCIES

Table 6 (below) indicates the number of approved, filled, and vacant positions per programme. The total of approved posts in the 2023/2024 financial year is 116. In addition, two (2) funded vacant posts were advertised internally and externally. In the new financial year, the employer will pursue all the processes to fill funded vacant posts.

Table 6. *Number of approved, filled and vacant positions per programme.*

PROGRAMME	2023 / 2024 NUMBER OF EMPLOYEE (BUDGET) (R'000)	2023 / 2024 APPROVED POSTS	2023 / 2024 NUMBER OF EMPLOYEES	2023/ 2024 VACANCIES	PERCENTAGE OF VACANCIES
Administration	44 205	52	48	4	8.3
Trade	15 055	24	24	0	0
Regulatory compliance	29 575	40	39	0	0
TOTAL	**88 835**	**116**	**111**	**4**	**8.3**

2.7 WORKFORCE PROFILE

As of March 31, 2024, the employment equity staffing ratios stood at 99.1% blacks against 0.9% whites; 60% females against 40% males; and 57.5% involved in core functions against 42.5% support-function staff. The SADPMR headcount was 113, as indicated in Table 7 (below).

Table 7. *SADPMR headcount*

OCCUPATIONAL LEVELS	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	MALE	FEMALE	
Top management	4	0	0	0	2	0	0	0	0	0	6
Senior management	5	0	1	0	4	0	0	0	0	0	10
Professionally qualified and experienced specialists and mid-management	10	0	1	0	11	1	1	1	0	0	25
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	14	0	0	0	26	2	1	0	0	0	43
Semi-skilled and discretionary decision making	8	0	0	0	13	0	0	0	0	0	21
Unskilled and defined decision making	1	0	0	0	5	0	0	0	0	0	6
TOTAL PERMANENT	**42**	**0**	**2**	**0**	**61**	**3**	**2**	**1**	**0**	**0**	**111**
Temporary employees	*1	0	0	0	*1	0	0	0	0	0	2
GRAND TOTAL	**43**	**0**	**2**	**0**	**62**	**3**	**2**	**1**	**0**	**0**	**113**

The total number of one hundred and thirteen (113) in the above table includes *WGM Chairperson and *Workplace Coach. Eleven (11) interns and sixteen (16) work-integrated learning programmes were excluded from the table.

2.8 EMPLOYMENT CHANGES

Table 8 (below) reflects that the number of full-time personnel employed at the beginning of the financial year was one hundred and twelve (112) and currently is one hundred and eleven (111). The four (4) employees on the appointment column include two (2) internally appointed employees from different salary bands, while the record of five (5) terminations represents internal movements and resignations on salary bands.

Table 8. *Number of full-time personnel employed at the beginning of the financial year.*

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF PERIO
Top management	6	0	0	6
Senior management	8	2*	0	10
Professional qualified	27	0	2*	25
Skilled	40	2+1*	0	43
Semi-skilled	25	0	3+1*	21
Unskilled	6	0	0	6
TOTAL	**112**	**4**	**5**	**111**

**** Movement of employees within the structure (explain the astric better)***

2.9 REASONS FOR STAFF LEAVING

Table 9 below demonstrates the number of personnel posts terminated during the year under review. The two (2) staff members terminated due to death, one male and one female. In the 4th quarter of the year under review, one (1) female resigned. The vacated posts of Marketing and Communication Administrator and Office Manager in the CEO's Office are advertised to be filled in the 1st quarter of 2024/2025 financial year.

Table 9. *Personnel posts terminated during the year under review.*

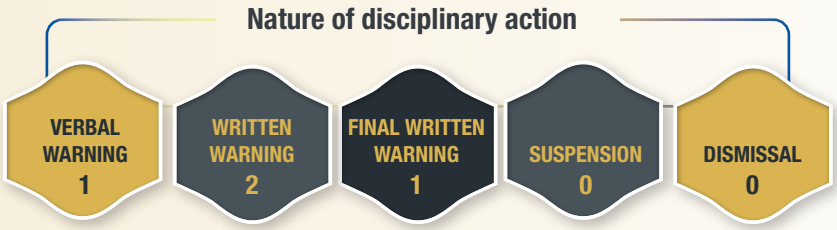


2.10 NATURE OF DISCIPLINARY ACTION

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Table 9 illustrates the total number of corrective measures taken during the year under review.

Table 10. *Corrective measures taken during the year under review.*



2.11 FEMALES IN THE ORGANISATION

As of 31 March 2024, the SADPMR had a total of eighty-seven female employees, representing 60% of the total female staff complement; this is consistent with the achievement in 2022/2023 financial year. The achieved percentage of women during this period is 50% of the national EE target for women. The SADPMR is committed to complying with the objectives of the Employment Equity Act and other relevant legislation.

2.12 YOUTH IN THE ORGANISATION

In the year under review, SADPMR managed to achieve 29% against the target of 15% of the youth in the organisation by hiring seventeen graduates on the internship programme.

2.13 PEOPLE WITH DISABILITIES IN THE ORGANISATION

Throughout the years 2023/2024, the SADPMR maintained 2% of people with disabilities. The number is comprised of three (3) Africans. One (1) female is in the administration programme, and another (1) female as well as one (1) male employee are in the core division of the SADPMR.



PART E:
PFMA COMPLIANCE REPORT

1. INFORMATION ON IRREGULAR, FRUITLESS, WASTEFUL EXPENDITURE, AND MATERIAL LOSSES

RECONCILIATION OF IRREGULAR EXPENDITURE

DESCRIPTION	2022/2023 R'000	2023/2024 R'000
Opening balance	46	61
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Irregular expenditure confirmed	15	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	61
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recoverable and written off	-	-
CLOSING BALANCE	**61**	**-**

RECONCILING NOTES

DESCRIPTION	2022/2023 R'000	2023/2024 R'000
Irregular expenditure that was under assessment	-	15
Irregular expenditure that relates to the prior year and identified in the current year	46	-
Irregular expenditure for the current year	15	234
TOTAL	**61**	**249**

DETAILS OF IRREGULAR EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2022/2023 R'000	2023/2024 R'000
Irregular expenditure under assessment	15	234
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-

DETAILS OF IRREGULAR EXPENDITURE CONDONED

DESCRIPTION	2022/2023 R'000	2023/2024 R'000
Irregular expenditure condoned	13	-
TOTAL	**13**	**-**

The irregular expenditure was a result of the contravention of internal policies (delegations of authority). It was condoned by the Accounting Authority of the SADPMR.

DETAILS OF IRREGULAR EXPENDITURE REMOVED (NOT CONDONED)

DESCRIPTION	2022/2023 R'000	2023/2024 R'000
Irregular expenditure NOT condoned and removed	-	71
TOTAL	**-**	**71**

DETAILS OF IRREGULAR EXPENDITURE RECOVERABLE

DESCRIPTION	2022/2023 R'000	2023/2024 R'000
Irregular expenditure recoverable	-	-

There were no criminal or fraudulent elements detected in any of the irregular expenditure transactions reported above.

FRUITLESS AND WASTEFUL EXPENDITURE

RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

DESCRIPTION	2022/2023 R'000	2023/2024 R'000
Opening balance	0,6	0,6
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	0,6
CLOSING BALANCE	**-**	**-**

RECONCILING NOTES

DESCRIPTION	2022/2023 R'000	2023/2024 R'000
Fruitless and wasteful expenditure that was under assessment	-	0,6
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	0,6	-
Fruitless and wasteful expenditure for the current year	0,6	-
TOTAL	**-**	**0,6**

DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

DESCRIPTION	2022/2023 R'000	2023/2024 R'000
Fruitless and wasteful expenditure under assessment	-	0,6
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
TOTAL	**-**	**0,6**

DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE RECOVERABLE

DESCRIPTION	2022/2023 R'000	2023/2024 R'000
Fruitless and wasteful expenditure recoverable	-	-
TOTAL	**-**	**-**

The fruitless and wasteful expenditure is still under assessment; there is no conclusion on liability or recovery.

DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE NOT RECOVERABLE AND WRITTEN OFF

DESCRIPTION	2022/2023 R'000	2023/2024 R'000
Fruitless and wasteful expenditure written off	-	0,6
TOTAL	**-**	**0,6**

DETAILS OF DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF FRUITLESS AND WASTEFUL EXPENDITURE

The fruitless and wasteful expenditure is still under assessment; there is no conclusion on liability or recovery.

2. INFORMATION ON LATE AND/OR NON-PAYMENT OF SUPPLIERS

DESCRIPTION	NUMBER OF INVOICES	VALUE R'000
Valid invoices received	866	37 252 231
Invoices paid within 30 days or agreed period	790	35 165 177
Invoices paid after 30 days or agreed period	0	0.00
Invoices not yet paid but still within 30 days or agreed period	76	2 087 054
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0.00
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0.00

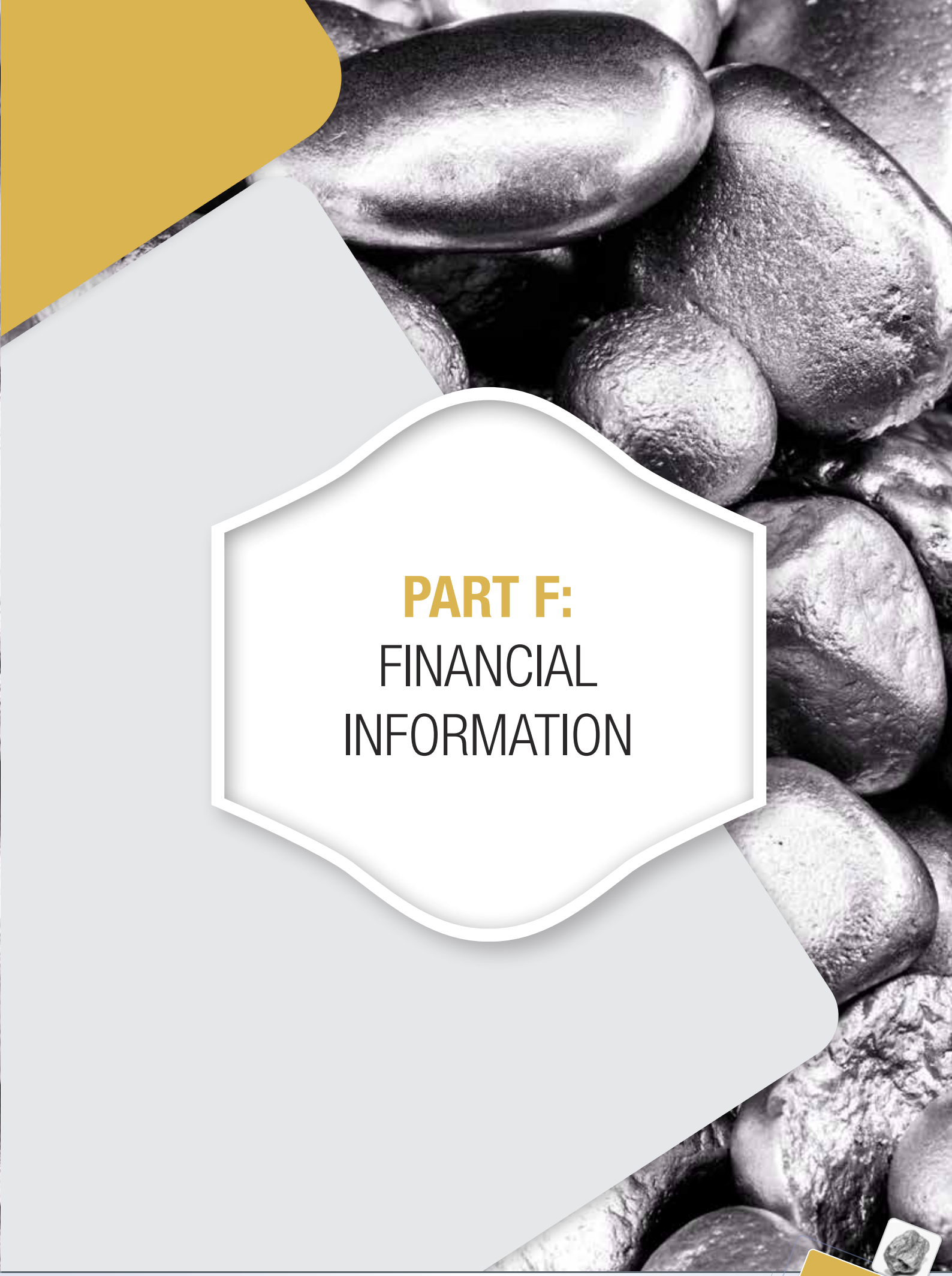
3. INFORMATION ON SUPPLY CHAIN MANAGEMENT

3.1 PROCUREMENT BY OTHER MEANS (DEVIATIONS)

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER (P O NUMBER)	VALUE OF CONTRACT R
System Enhancement: Purchase order (amendment) trigger system	Finware	Single Source	SADPMR08180	6 325
Training and Development: introduction to mining course	University of Pretoria	Single Source	SADPMR08179	164 388
Microsoft license	Microsoft	Sole Source	SADPMR08368	6 155 176
System Enhancement: journal integration	Finware	Single Source	SADPMR08246	2 415
Organisational Development: salary bench-marking	21st Century	Single Source	SADPMR08251	150 000
Organisational Development: climate survey	Startling	Single Source	SADPMR08293	84 815
Training and Development: VIP training	SAGE	Single Source	SADPMR08349	6 083
System Enhancement: upgrade of the Sage System to the cloud	Brilliant Link	Multiple source	SADPMR08394	19 136
System Enhancement: asset module license renewal	Finware Enterprise	Sole Source	SADPMR08433	42 662
Occupational Health and Safety: mobile toilets	Prime Trailers	Emergency	SADPMR08453	5 000

3.2 CONTRACT VARIATIONS AND EXPANSIONS

PROJECT DESCRIPTION	NAME OF SUPPLIER	MODIFICATION TYPE (EXPANSION AND VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS EXTENSIONS	VALUE OF CONTRACT EXTENSION
Telkom Mobile and Data Services	Telkom	Contract variation	SADPMR 08140	1 552 704.00	-	147 304.65
Security Services	Titanium Security Services	Contract extension	SADPMR08282	1 862 471.78	-	260 012.07
Server room air conditioning repairs	OSRG PROJECTS	Variation of scope	SADPMR08281	75 790. 00	-	11 095.00
Intercom Services	NEC XON	Variation of scope	SADPMR08286	3 263 746 20	-	9 721.72
Telkom Mobile and Data Service	Telkom	Contract Variation	SADPMR 08140	1 552 704.00	147 304.65	61 950.00



PART F:
FINANCIAL INFORMATION

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN DIAMOND AND PRECIOUS ·METALS REGULATOR

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the South African Diamond and Precious Metals Regulator set out on pages 88 to 136, which comprise statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Diamond and Precious Metals Regulator as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Diamonds Act 56 of 1986 (DAA).

BASIS FOR OPINION

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

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

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

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

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

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

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 84, forms part of my auditor's report.



REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

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

11. I selected the following material performance indicators related to regulatory compliance presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- % of fully completed licenses issued (Precious Metals)
- % of fully completed licenses issued (Diamond)
- % of beneficiation licenses/permits issued
- Number of inspections conducted in licensed precious metals premises
- Number of inspections conducted in licensed diamonds premises
- % of enforcement actions addressed relative to non-compliance incidents identified
- Developed, approved and implemented strategy to combat illicit trade in precious metals
- Number of precious metals joint inspections conducted with law enforcement stakeholders
- Number of diamond joint inspections conducted with law enforcement stakeholder
- Number of assisted inactive licensees through relevant interventions (Precious Metals)
- Number of assisted inactive licensees through relevant interventions (Diamond)
- % of export approval applications meeting local demand evaluated
- Number of licensees assessed
- Number of enterprises developed/partnerships created/ maintained
- % of enterprises/partnerships monitored
- Number of HOP licenses issued

12. I evaluated the reported performance information for the selected material performance indicators 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.

13. I 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
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I 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 those 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.

14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for the selected indicators.

REPORT ON COMPLIANCE WITH LEGISLATION

16. In accordance with the PAA and the general notice issued in terms thereof, I 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.

17. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

18. Through an established AGSA process, I 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.

19. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

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

21. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

22. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

INTERNAL CONTROL DEFICIENCIES

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

25. I did not identify any significant deficiencies in internal control.

Auditor - General

Johannesburg

31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity's to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1 (d); 16A9.1 (e); 16A9.1 (f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

GENERAL INFORMATION

Controlling Entity	Department of Mineral Resources and Energy	
Financial Statements relate to	SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR	
Domicile, Legal Form and Jurisdiction	Schedule 3A entity listed in terms of the Public Finance Management Act, No. 29 of 1999 (PFMA) as amended.	
Nature of Business and Principal Activities	Regulating control over the possession, purchase, sale, processing and the export of diamonds as well as the implementation, administration and controlling of all matters relating to the acquisition, possession, smelting, refining, fabrication, use and disposal of precious metals.	
Members of the Accounting Authority	Mr Abiel Mngomezulu	Chairperson
	Mr C Khosa *	Chief Executive Officer
	Mr E Blom	Member
	Ms N Zikalala-Mvelase	Member
	Ms K Macingwane	Member
	Mr KG Serokane	Member
	Ms M Mosing	Member
	Adv N Van Rooyen	Member
	Ms L Madiba	Member
	M C Nevhutanda	Member
	Ms N Munyai	Member
	Mr K Menoe $	Member
	Mr Z Fihlani	Member
	Adv. M Moloto	Member
	Mr R Nkambule ##	Member
	Brigadier R Makuoane	Member
	Mr R Molapo	Member
The Board term ended on 31 October 2023	Ms N Mzamo #	Member
	Mr S Mokoena **	

** Executive director ** Terminated on 24 July 2023 $ Terminated on 30 September 2023*
 # Joined 01 October 2023 ## Alternate member

Address:	**Business Address** C/o Bonaero Drive and Cote D'Azur Avenue Kempton Park 1622	**Postal Address** PO Box 16001 Doornfontein 2028
Website:	http://www.sadpmr.co.za	
Bankers	**Nedbank** Head Office Address 135 Rivonia Road Sandton 2196	
Auditors	Auditor-General of South Africa	
	Head Office Address 4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria, SA	**Postal Address** PO Box 445 Pretoria 0001

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), as amended, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period. The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

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

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the reasonable, and not absolute, assurance against material misstatement.

The Accounting Authority has reviewed the SADPMR's cash flow forecast for the year to 31 March 2025 and in the light of this review and the current financial position, is satisfied that the SADPMR has adequate resources to continue in operational existence for the foreseeable future.

The SADPMR is dependent on government grants, licenses, penalties and service fees for the continued funding of its operations. The annual financial statements are prepared on the basis that the SADPMR is a going concern and that the Accounting Authority is primarily responsible for the financial affairs of the entity. The Regulator is supported by the entity's internal auditors.

The annual financial statements set out on pages 88 to 136, were prepared on the going concern basis, approved by the Accounting Authority on 31 May 2024.



Mr C Khosa
Chief Executive Officer

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Note	31 March 2024 R	31 March 2023 Restated R
ASSETS			
Current Assets		**75,027,786**	**91,905,457**
Inventories	1	921,813	990,793
Prepayments	2	1,469,411	1,980,150
Receivables from Exchange Transactions	3	331,506	350,466
Statutory Receivables from Exchange Transactions	4	736,238	2,089,689
Receivables from Non-exchange Transactions	5	292,073	-
Cash and Cash Equivalents	6	71,276,745	86,494,359
Non-Current Assets		**23,048,151**	**22,304,003**
Property, Plant and Equipment	7	21,311,282	20,530,933
Prepayments	2	299,393	150,402
Intangible Assets	8	1,062,244	1,247,436
Long-term Receivables	9	375,232	375,232
Total Assets		**98,075,937**	**114,209,460**
LIABILITIES			
Current Liabilities		**12,759,754**	**14,382,024**
Provisions	10	126,339	2,994,568
Payables from Exchange Transactions	11	4,150,384	2,534,179
Employee Benefit Liabilities - Short Term	12	3,943,444	4,704,797
Unspent Grant	12	36,960	558,720
Operating Lease Liabilities	13	4,385,657	3,330,115
Finance Lease Obligations	14	116,970	259,645
Non-Current Liabilities		**1,131,587**	**1,243,784**
Finance Lease Obligations	15	-	116,970
Employee Benefit Liabilities	16	1,131,587	1,126,814
Total Liabilities		**13,891,341**	**15,625,808**
NET ASSETS		**84,184,596**	**98,583,650**
Accumulated Surplus		84,184,596	98,583,650
Total Net Assets and Liabilities		**98,075,937**	**114,209,460**

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2024

	Note	31 March 2024 R	31 March 2023 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Government Grants and Subsidies Received	18	63,136,000	62,894,000
Other Grants	18	1,232,873	-
Revenue from Exchange Transactions			
Rendering of Services	19	40,723,382	56,181,812
Interest Earned	20	6,796,793	4,801,578
License Fees and Permits	21	4,180,256	3,749,000
Other Revenue	22	367,403	784,378
Total Revenue		**116,436,707**	**128,410,768**
EXPENDITURE			
Employee Related Costs	23	88,143,911	82,734,343
Depreciation and Amortisation	24	3,863,829	1,691,807
Bad Debt Written-off	25	56,584	199,819
Impairment Losses	25	(55,545)	(75,533)
Finance Costs	26	131,708	250,168
Repairs and Maintenance	27	654,526	866,469
General Expenses	28	36,645,890	26,727,453
Total Expenditure		**129,440,903**	**112,394,527**
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR		**(13,004,196)**	**16,016,241**
OTHER REVENUE / EXPENDITURE INCURRED			
(Losses) / Gains on Other Operations:			
Fair value adjustment on Investments	5	-	(12,439)
Gains / (Losses) on Foreign Exchange	29	(35,531)	48,328
Loss on Disposal of Assets	7	(1,359,327)	(246,673)
TOTAL OTHER REVENUE / EXPENDITURE INCURRED		**(1,394,858)**	**(210,784)**
SURPLUS/(DEFICIT)FOR THE YEAR		**(14,399,054)**	**15,805,457**

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2024

Description	Accumulated Surplus/(Deficit) R	Total R
Balance at 31 March 2022	82,778,193	82,778,193
Balance at 01 April 2022	**82,778,193**	**82,778,193**
Restated surplus for the year	15,805,457	15,805,457
Previously stated	15,393,244	15,393,244
Correction of prior period error	412,213	412,213
Balance at 31 March 2023	**98,583,650**	**98,583,650**
Surplus for the year	(14,399,054)	(14,399,054)
Balance at 31 March 2024	**84,184,596**	**84,184,596**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2024

	Note	31 March 2024 R	31 March 2023 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Government Grant and Subsidies		63,555,040	62,894,000
Rendering of Services		42,075,794	56,074,609
Licences		4,180,256	3,749,000
Interest Received		6,893,809	4,842,884
Other Receipts		289,347	1,207,936
		116,994,246	**128,768,429**
Payments			
Employee Related Costs		(91,773,493)	(79,909,444)
Interest Paid		(26,708)	(54,168)
Cash paid to suppliers		(34,169,473)	(29,775,024)
		(125,969,674)	**(109,738,636)**
NET CASH FLOWS FROM OPERATING ACTIVITIES	32	**(8,975,428)**	**19,029,793**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7	(5,855,667)	(2,747,886)
Proceeds on Disposal of Property, Plant and Equipment		37,353	5,330
Non-current Investments		-	37,072,818
Long-term Receivables		-	(375,232)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(5,818,314)**	**33,955,030**
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in Borrowings		(259,645)	(232,411)
Defined Employee Benefits Paid / Settled		(164,227)	(1,907,186)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(423,872)	(2,139,600)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(15,217,614)**	**50,845,223**
Cash and Cash Equivalents at Beginning of Period	6.	86,494,359	35,649,136
Cash and Cash Equivalents at End of Period	6.	71,276,745	86,494,359



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 31 MARCH 2024

Description	Original / Final Budget R	Actual R	Variance R	Actual Outcome as % of Final Budget R
FINANCIAL PERFORMANCE				
Revenue from Non-exchange Transactions				
Government Grants and Subsidies Received	63,136,000	63,136,000	-	0.00
Other Grants	-	1,232,873	1,232,873	
Revenue from Exchange Transactions				
Rendering of Services	49,350,750	40,723,382	(8,627,368)	(17)
License Fees	2,364,000	4,180,256	1,816,256	77
Interest Earned	2,310,192	6,796,793	4,486,601	194
Other Revenue	155,000	367,403	212,403	137
Total Revenue	**117,315,942**	**116,436,707**	**(879,235)**	
Expenditure				
Employee Related Costs	85,616,608	88,143,911	(2,527,303)	(3)
Depreciation and Amortisation	1,407,842	3,863,829	(2,455,987)	(174)
Bad Debt Written-off	-	56,584	(56,584)	(100)
Impairment Losses	25,000	(55,545)	80,545	100
Finance Costs	131,291	131,708	(417)	(0)
Repairs and Maintenance	355,620	654,526	(298,906)	(84)
General Expenses	29,764,843	36,645,890	(6,881,047)	(23)
-Administrative Fees	184,585	183,193	1,392	1
-Auditors' remuneration	2,783,457	3,043,863	(260,406)	(9)
-Accounting Authority Costs	1,343,901	1,279,869	64,032	5
-Cleaning	226,667	224,923	1,744	1
-CSR Programmes	15,000	3,463,606	(3,448,606)	(22,991)
-Document Storage	150,932	175,008	(24,076)	(16)
-Domestic Travel	1,098,087	1,073,421	24,666	2
-Hiring and warehousing	75,401	923,220	(847,819)	(1,124)
-Hospitality	73,678	68,927	4,751	6
-Inspection	306,512	143,292	163,220	53
-Insurance	1,340,523	1,779,921	(439,398)	(33)
-International Travel	1,282,090	3,172,587	(1,890,497)	(147)
-Inventory Expense	512,816	653,666	(140,850)	(27)
-Kimberley Process	900,000	1,295,621	(395,621)	(44)
-Legal Expenses	965,000	966,226	(1,226)	(0)
-Medical Expenses - Retired Staff	64,000	64,000	-	(100)
-Motor Vehicle Expenses	324,755	303,438	21,317	7
-Office Lease Expenses	7,643,210	7,628,839	14,371	0
-Organisational Change Management	85,000	84,815	185	0
-Other General Expenses	177,000	176,767	233	0
-Postage And Courier	9,032	8,977	55	1
-Public Relations	1,671,882	1,474,583	197,299	12
-Recruitment And Selection	60,000	59,719	281	0
-Relocation Cost	31,000	75,273	(44,273)	(143)
-Security	1,530,400	1,373,883	156,517	10
-Software Expenses	1,794,000	2,914,452	(1,120,452)	(62)
-Staff Recognition	54,000	51,848	2,152	4
-Staff Welfare	244,000	252,131	(8,131)	(3)
-Subscription And Membership	101,498	100,198	1,300	1
-System Support Fees	437,980	443,065	(5,085)	(1)
-Telecommunication	2,885,137	1,739,750	1,145,387	40
-Training And Development	1,390,934	1,444,944	(54,010)	(4)
-Transformation	2,366	1,530	836	35
Total Expenditure	**117,301,204**	**129,440,903**	**(12,139,699)**	
Surplus/(Deficit)	**14,738**	**(13,004,196)**	**(13,018,934)**	
Gains/(Losses) on Other Operations	-	(35,531)	(35,531)	(100)
Loss on Disposal of Property, Plant and Equipment	-	(1,359,327)	(1,359,327)	(100)
Surplus/(Deficit) for the Year	**14,738**	**(14,399,054)**	**(14,413,792)**	

SADPMR obtained approval, from National Treasury, to retain cash surplus of R76m disclosed in the 2022/23 financial statements. The funds were utilised to fund capital expenditure, enterprise development, international brand promotion and other operating expenditure. The amount reflected as over expenditure in the variance column is as result of operating expenditure funded from retained surplus.

The budget is for the period 1 April 2023 to 31 March 2024, prepared and presented on accrual basis. The budget is in line with the financial period.

A difference of 10 % or R0.500m between budget and actual amounts is regarded as material and explained in the variance explanation below.

Note
Percentage expenditure variance :
() indicates overspending

Revenue

Rendering of Services (17%)
The SADPMR derives its income from the services that are rendered in terms of regulation 10(2) b of the Diamonds Act. The negative variance results from decline in diamond production and lower demand due to weakening global economy.

Interest Earned 194%
Interest exceeds budget due to higher than anticipated bank balance due to delays in the procurement process for capital projects.

Licence fees 77%
The variance is due to the unexpected number of new precious metals refining licences and authorised representative certificates for the period.

Other Revenue 137%
The increase is due to study fees recoverable from employees who did not meet the bursary contract obligations.

Expenditure

Depreciation and Amortisation (174%)
The increase in depreciation results from the revision of useful lives of assets.

Impairment Losses (100%)
The variance relates to impairment provision reversed during the year. The SADPMR does not budget for impairment loss.

CSR Programmes (22991%)
The variance relates Enterprise Development Projects (EDP) funded from reserves.

Inspection 53%
SADPMR has a sustainability strategy and austerity measure put in place to reduce costs. Some of the inspections virtually to save costs resulting in expenditure below budget.

International travel (147%)
The variance results from expenditure on International Brand awareness costs funded from reserves.

Software Expenses (62%)
The variance results from software license cost that exceeded budget due to higher exchange rates than budgeted for.

Bad Debt Written-off 100%
The variance relates to bad debts written off which were not budgeted for. Reasonable steps were taken to recover the amounts outstanding with no success.

Repairs and maintenance (84%)
SADPMR recently moved to the new building in 2021. As a result, the budget for repairs and maintenance of the building was reduced resulting in the budget exceeded.

Hiring and warehousing (1124%)
The variance relates the storage cost for furniture that was funded from reserves.

Insurance (33%)
The variance results from exchange rates higher than budgeted for and additional assets insured that were procured during the year.

Kimberley Process (44%)
The variance results from expenditure on International Brand awareness costs funded from reserves.

Telecommunication 40%
Savings results from the new internet contract as well as savings in telephone cost due to regular use of Microsoft Teams for calls.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance and issued by the Accounting Standards Board and guidelines issued by National Treasury.

The Annual Financial Statements have been prepared on an accrual basis (excluding the cash flow) of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

Accrual basis of accounting means effects of transactions and other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

1.1 Presentation currency and functional currency

These annual financial statements are presented in South African Rand, rounded off to the nearest Rand which is the functional currency of the SADPMR.

1.2 Changes in Accounting Policy

Accounting Policies have been consistently applied, except where otherwise indicated below.

1.3 Comparative information

Where the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed in the notes to the financial statements.

1.4 Use of estimates and judgements

Preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenditure. Actual results may differ from estimates.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable. The estimates and underlying assumptions are reviewed on an ongoing basis.

The following are the critical judgements and estimations that management have made in the process of applying the Entity's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.4.1 Impairment of Trade Receivables

The SADPMR assesses its financial assets for impairment at the end of each financial year. In determining whether an impairment loss should be recorded in surplus or deficit, judgements are made as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

These amounts are then transferred to a provision for doubtful debts which is adjusted annually.

1.4.2 Impairment of Other Financial Assets

Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired.

In making the estimation of the impairment, the management considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

1.4.3 Defined Benefit Plan Liabilities

SADPMR obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the SADPMR are Post-retirement Health Benefit Obligations. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the applicable Notes to the Annual Financial Statements.

1.4.4 Useful lives of Property, Plant and Equipment and Intangible Assets

Estimates in this regard are based on historical experience and expectations of the manner in which assets are to be used. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible and intangible assets in the future.

Property, Plant & Equipment is depreciated and Intangible Assets amortised over the estimated useful lives of the assets.

Changes in accounting estimates are applied prospectively and details are disclosed in notes to the Annual Financial Statements where applicable.

1.5 Going Concern Assumption

Management and the Accounting Authority have made the assessment that SADPMR is a going concern and the financial statements have been prepared on a going concern basis based on the expectation that the entity will continue to operate as a going concern for at least 12 months. The SADPMR is partly dependent on the state for funding.

1.6 Materiality and aggregation

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

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. Users are assumed to have a reasonable knowledge of government, its activities, accounting, and a willingness to study the information with reasonable diligence. Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2. INVENTORIES

Inventories consists of broker's notes, certificates and registers held for resale and consumables held for office use.

Inventory is recognised as an asset if, and only if,

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

(b) the cost of the inventories can be measured reliably.

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

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

Inventories are subsequently measured at the lower of cost and net realisable value, except where they are held for:

(a) distribution through a non-exchange transaction; or
(b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

In that case they are subsequently measured at the lower of cost and current replacement value.

Inventories are 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.

Broker's notes, certificates, registers and consumables are valued using the weighted average cost formula.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

3. FINANCIAL INSTRUMENTS

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

3.1 Financial Assets

A financial asset is cash; residual interest of another entity; or contractual right to receive cash or another financial asset.

Financial assets are recognised on the SADPMR Statement of Financial Position when the SADPMR becomes a party to the contractual provisions of the instrument.

All financial assets are initially recognised at fair value, including transaction costs, with the exception of financial assets measured at fair value through surplus or deficit, which are valued at fair value excluding transaction costs.

Trade and other receivables from exchange transactions

Trade receivables comprise of receivables from the sales of good and service in the ordinary course of business. Other receivables consists of deposits relating to the leasing of premises and legal fees.

Trade and other receivables from exchange transactions are subsequently stated amortised cost, which, due to their short term nature, closely approximate their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and deposits held on call. Cash and cash equivalents are subsequently stated at amortised cost, which, due to their short term nature, closely approximate their fair value.

Investment at fair value

Investments at fair value are subsequently measured at fair value and the fair value adjustments are recognised in the surplus or deficit.

Impairment of financial assets

At the end of each reporting period the SADPMR assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The carrying amount of the receivable is reduced through the use of an allowance account. Impaired financial assets are derecognised when they are assessed as irrecoverable.

For amounts due to the entity, significant financial difficulties of the debtor e.g.defaulting on payment terms are all considered indicators of impairment. As the indicators are subject to uncertainty and as such may change in future financial periods. Such changes in estimates may have the effect of decreasing impairment losses recognised.

Offsetting

Financial assets have not been offset in the Statement of Financial Position.

Derecognition

A financial asset (or, where applicable, a part of a financial asset) is derecognised when:

(a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;
(b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset;

3.2 Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities are recognised on the SADPMR Statement of Financial Position when the SADPMR becomes a party to the contractual provisions of the instrument.

All financial liabilities are initially measured at fair value, including transaction costs, with the exception of financial liabilities measured at fair value through surplus or deficit, which are valued at fair value excluding transaction costs.

Trade and other payables from exchange transactions

Trade and other payables from exchange transactions comprise of obligations to make payments for goods delivered and services rendered.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Trade and other payables from exchange transactions are subsequently measured at amortised cost which due to their short term nature, closely approximate their fair value.

Accruals

Accruals relates to payment obligations for services rendered and goods delivered for which invoices have not yet been received. The amount of accrual is the present value of the expenditure required to settle the obligation.

Accruals are recognised as liabilities when the SADPMR has taken receipt of the related goods or services without a corresponding payment.

Offsetting

Financial liabilities have not been offset in the Statement of Financial Position.

Derecognition

A financial liability is derecognised when an obligation under the liability is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability and the sum of the paid for it is included in the surplus or deficit for the period.

4. STATUTORY RECEIVABLES

Statutory receivables are those receivables that arise from legislation, supporting regulations or similar means and require settlement from another entity by cash. Statutory receivables arise from exchange and non exchange transactions.

Statutory receivables represents outstanding balances for charges for diamond valuation service and facilitation of exports for rough and polished diamonds in terms of the Diamond Act (Act No. 56 of 1986) as amended and Diamond Export Levy Act (Act No.15 of 2007).

Statutory receivables are recognised:

(a) when the definition of an asset is met
(b) when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
(c) when the transaction amount can be measured reliable.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The carrying amount of the receivable is reduced through the use of an impairment allowance account when the recoverable amount is doubtful or lower than the carrying value.

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

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

The SADPMR derecognises a statutory receivable, or a part thereof, when the rights to the cash flows from the receivable are settled, expired or are waived or they are assessed as irrecoverable.

4.1 Impairment

Statutory receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables (such as the probability of insolvency or significant financial difficulties of the debtor).

In assessing whether statutory receivables are impaired, the SADPMR assesses whether there are any indications that:

(a) Individually significant receivables are impaired; and/or
(b) Groups of similar, individually insignificant, receivables are impaired.

If there is evidence that the statutory receivable is impaired, the carrying amount of the receivable is reduced through the use of an impairment allowance account when the recoverable amount is doubtful or lower than the carrying value.

5. PREPAID EXPENSE

Prepaid expense mainly consist of contractual payments for software licenses and insurance for diamonds.

Prepaid expense is recognised when SADPMR has a contractual obligation to pay for services before they are received. Prepaid expenses are initial measured at cost and subsequently measured at amortised cost which due to their short term nature closely approximates their fair value.



ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

6. PROPERTY, PLANT AND EQUIPMENT

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

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

(a) it is probable that future economic benefits or service potential associated with the item will flow to the SADPMR; and
(b) the cost or fair value of the item can be measured reliably.

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

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

Property, plant and equipment is initially recognised at cost and subsequently at cost less any subsequent accumulated depreciation and adjusted for any impairments.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line

The useful life indicators are used to review estimated useful lives, residual values and depreciation methods each year, with the effect of any changes in estimate accounted for on a prospective basis.

The depreciation rates are based on the following estimated useful lives:

ASSET CLASS	YEARS	ASSET CLASS	YEARS
Owned		**Leased**	
Furniture and Fittings	10 to 15		
Motor Vehicles	7		
Office Equipment	15 to 25	Office Equipment Improvements	Shorter of the lease term or useful life
Computer Equipment	3 to 15		
Security Equipment	15 to 50		

SADPMR derecognises property, plant and equipment assets when it disposes of the assets or when no economic benefit or service potential is expected from those assets.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and is taken into account in determining the net surplus or deficit for the year.

6.1 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the Entity or, where shorter, the term of the relevant lease if there is no reasonable certainty that the Entity will obtain ownership by the end of the lease term.

6.2 Derecognition

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

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

6.3 Impairment of Property Plant and Equipment

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

The SADPMR assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, SADPMR estimates the recoverable service amount of the asset.

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

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss. An impairment loss of the assets is recognised immediately in surplus or deficit in the Statement of Financial Performance.

The SADPMR assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

The reversal of an impairment loss of an asset is recognised immediately in the Statement of Financial Performance.

7. INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance and mainly comprise of software licenses and computer application licenses.

An intangible asset is recognised when:

(a) It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the SADPMR; and
(b) The cost or fair value can be measured reliably.

Intangible assets are initially recognised at cost and subsequently at cost less any subsequent accumulated amortisation and adjusted for any impairments.

Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method.

The useful life indicators are used to review estimated useful lives and amortisation method each year, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives.

The amortisation rates are based on the following estimated useful lives:

ASSET CLASS	YEARS	ASSET CLASS	YEARS
Software developed	15	Software purchased	15

SADPMR derecognises intangible assets when :-

- it disposes the assets or
- when no economic benefit or service potential is expected from those assets.

The gain or loss on disposal of intangible asset is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining the net surplus or deficit for the year.

7.1 Impairment of Intangible Asset

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

The SADPMR assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, SADPMR estimates the recoverable service amount of the asset.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. The value in use for an asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss. An impairment loss of the assets is recognised immediately in surplus or deficit in the Statement of Financial Performance.

The SADPMR assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets still exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.



ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

The reversal of an impairment loss of an asset is recognised immediately in the Statement of Financial Performance.

8. LEASES

8.1 Finance Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Finance leases are recognised as assets in the statement of financial position at amounts equal to the lower of fair value of the leased asset and the present value of the minimum lease payments. The corresponding lease commitments are recognised in the statement of financial position as a finance lease obligation.

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

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

8.2 Operating Leases

An operating lease is a lease other than a finance lease.

Operating lease payments are recognised as an expense in the statement of financial performance on a straight line basis over the lease term. The difference between the actual amounts and straight lined amounts is recognised as an operating lease asset or liability in the statement of financial position.

9. PROVISION AND CONTINGENCIES

9.1 Provision

A provision is a liability of uncertain timing or amount.

A provisions is recognised when:

(a) The SADPMR has a present legal or constructive obligation as a result of a past event
(b) It is probable that an outflow of economic benefits or service potential will be required to settle
(c) A reliable estimate can be made of the amount of the obligation

The amount recognised is the best estimate of the expenditure required to settle the present obligation at the reporting date.

All provisions of the SADPMR are short term in nature and thus ignore the effect of discounting.

9.2 Contingent Liability

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

A contingent liability is not recognised but it is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

9.3 Contingent asset

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

A contingent asset is not recognised but it is disclosed where an inflow of economic benefits or service potential is probable.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

10. EMPLOYEE BENEFIT

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

10.1 Short-term Employee Benefits

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

Short-term employee benefits include items such as:

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

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The SADPMR recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

10.2 Post-employment Benefits

Post-employment benefits are benefits which are payable after the completion of employment. The SADPMR currently provide post medical aid benefit to 3 retired employees, the details are disclosed in the notes to the financial statements.

The defined benefit cost is made up of the following components:

(a) Service Costs, comprising:

- Current Service Cost
- Settlements
- Past Service Cost, comprising:
  - Plan Amendments
  - Curtailments

(b) Net Interest Revenue/Expense
(c) Remeasurements, comprising:

- Actuarial Gains and Losses
- Return on Plan Assets, excluding amounts included in net interest on the net defined benefit liability
- Any change in the Effect of the Asset Ceiling, excluding amounts included in the net interest on the defined benefit liability

Statement of financial position

The amount recognised as a defined benefit liability is the present value of the defined benefit obligation at the reporting date as determined by the actuarial valuation.

Statement of financial performance

Recognise the net total of current service costs, interest costs, actuarial gains/losses and effect of the asset ceiling in surplus for deficit.

11. FOREIGN CURRENCY TRANSACTIONS

A foreign currency transaction is a transaction that is denominated or requires settlement in a foreign currency.

Transactions in foreign currencies are translated to the functional currency of SADPMR at exchange rates at the date of the transactions. At each reporting date, foreign currency monetary items are translated using the closing rate.

Foreign currency differences arising from settlement or the translation of monetary items are included in surplus or deficit as a foreign exchange difference.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

12. NET ASSETS

12.1 Accumulated Funds

Accumulated Funds comprise of rolled over funds from the current and prior years based on the recorded surplus or deficit for the period.

13. REVENUE RECOGNITION

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

13.1 Revenue from exchange transactions

Revenue from exchange transactions is recognised only when:

(a) It is probable that economic benefits or service potential will flow to the SADPMR; and
(b) The amount can be measured reliably

Revenue from exchange transactions consists of the following:

Service fees

Services fees consist of charges for diamond valuation service and facilitation of exports for rough and polished diamonds in terms of the Diamond Act (Act No. 56 of 1986) as amended and Diamond Export Levy Act (Act No.15 of 2007).

Revenue from service fees is recognised when SADPMR has provided diamond valuation service and facilitated exports of rough and polished diamonds.

Licence Fees

Licence fees consist of charges for various licences issued by SADPMR in terms of the Diamond and Precious Metals Act (Act No. 37 of 2005).

Revenue from licence fees is recognised when SADPMR has received the license application/renewal and payment. Application fee for licences is non-refundable.

Interest income

Interest received is recognised on a time proportionate basis using the effective interest rate method.

Sale of diamond books and registers

Revenue from the sale of diamond books and registers is recognised at the date of sale when an inflow of resources from a transaction is recognised as an asset.

13.2 Revenue from non-exchange transactions

Revenue from non-exchange transaction relates to revenue received by the SADPMR without directly giving approximately equal value in exchange.

When the SADPMR receives revenue as a result of a non-exchange transaction, it recognises an asset and revenue in the period when it is probable that SADPMR will receive economic benefits or service potential and it can make a reliable estimate of the amount.

Where the revenue transferred to the SADPMR is subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue recognised. The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Revenue from non-exchange transactions consists of the following:

Grant from the Department of Mineral Resources and Energy (DMRE)

Transfer payments from the Department of Mineral Resources and Energy (DMRE) are recognised as income in terms of the allocation letter received from DMRE. Revenue is recognised when an inflow of resources from a non-exchange transaction recognised as an asset and measured at the amount equal to the increase in net assets. This grants is received for immediate financial support with no future related costs. The grant is recognised as income in the period in which it is receivable.

Other Grants Received

Other grants represent conditional grants received and grants that have restrictions on their utilisation.

Conditional grants received are recognised as a liability in the statement of financial position. As the SADPMR satisfies the conditions attached to the transferred asset, the carrying amount of the liability is reduced and revenue is recognised in the statement of financial performance to an amount equal to the reduction in the liability.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Where a grant that has restrictions is received prior to the occurrence of the restricted event, a liability for grant received in advance is recognised in the statement of financial position. Upon satisfaction of the restricted event the liability is reduced and revenue recognised in the statement of financial performance to an amount equal to the reduction in the liability.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset are required to be consumed by the SADPMR as specified or future economic benefits or service potential must be returned to the transfer.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used by the SADPMR but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

14. EXPENDITURE

Expenditures are presented by nature and are recognised in surplus and deficits as incurred. Significant expenses relating to operating activities of the SADPMR are presented in separate lines by their nature in the statement of financial performance.

15. BUDGETS

Budget information in accordance with GRAP 1 and 24. The budget information has been provided in a separate statement of comparison of budget and actual performance. The operational budget is monitored against actual expenditure incurred.

The approved budget is prepared on an accrual basis and it is for the financial period 1 April 2023 to 31 March 2024.

Variances between budget and actual amounts are regarded as material differences when a 10% or R0.500m and more variance exists and are explained in the budget statement section of the Annual Financial Statements.

16. ACCOUNTING PRONOUNCEMENTS

16.1 Standards and interpretations effective and newly adopted in the current year

In the current year, there were no new standards that became effective that are relevant to SADPMR's operations.

16.2 Standards and interpretations issued but not yet effective

At the date of authorization of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the SADPMR and may have an impact on future financial statements.

STANDARD	DESCRIPTION	EFFECTIVE DATE
GRAP 104	Financial instruments	01 April 2025
iGRAP 7	Limit on defined benefits assets	To be determined
iGRAP 22	Foreign currency transactions and advance considerations	01 April 2025
iGRAP 21	The effect of past decisions on materiality	To be determined

17. MATERIAL LOSSES

In terms of section 55(2)(b)(i) of the Public Finance Management Act, 1999 the financial statements must include particulars of any material losses through criminal conduct.

The SADPMR did not have any losses resulting from criminal or fraudulent conduct.

18. IRREGULAR EXPENDITURE

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

(a) The Public Finance Management Act, or
(b) State Tender Accounting Authority Act, 1968

When confirmed, irregular expenditure is recorded in the notes to the financial statements. The amount recorded in the notes is equal to the value of the irregular expenditure incurred.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

GUIDELINE ON IRREGULAR EXPENDITURE

The accounting officer or accounting authority may remove irregular expenditure that was not condoned by the relevant authority.

Removal of irregular expenditure may take place only if the accounting officer or accounting authority is satisfied that the recommendations of the relevant committee (in a case of a determination) and a function that conducted the investigation confirms that –

(a) the matter is free of fraudulent, corrupt or other criminal conduct.
(b) disciplinary action was taken against the responsible employee(s);
(c) the department, constitutional institution or public entity, whichever applicable, did not suffer any loss;
(d) the non-compliance that led to the irregular expenditure has been addressed to ensure that such expenditure does not recur under similar circumstances; and
(e) transactions of a similar nature are regularly reviewed to ensure compliance with the relevant prescripts.

The accounting officer or accounting authority may proceed with the removal of irregular expenditure from the notes to the annual financial statements after confirmation of the processes indicated above.

A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and de-recognised when the receivable is settled or subsequently written off as irrecoverable.

All irregular expenditure is charged against income in the period in which they are incurred.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the period that expenditure is incurred. The expenditure is classified according to the nature of the expense and not as a separate line item on the face of the Statement of Financial Performance. All fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

20. COMMITMENTS

Commitments relates to future expenditure committed to and that will result in the outflow of resources.

Commitments are not recognised in the Statement of Financial Position and Statement of Financial Performance but are included in the disclosure notes of the annual financial statements.

OPERATING COMMITMENTS

Operating commitments relates to non-cancellable contracts or cancellable at significant cost. These include fixed amount contracts and purchase orders that are not delivered by the end of a financial year for goods and service.

CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual amounts committed to the capital expenditure on reporting date that will be incurred in the period subsequent to the specific reporting date.

21. RELATED PARTIES

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

A person as well as their close family members, and/ or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or has significant influence over the other party in making financial and/ or operating decisions.

Management is regarded as a related party as they have the authority and responsibility for planning, directing and controlling the activities of the entity. Management refers to the Accounting Authority Members, Chief Executive Officer, and all executive managers reporting directly to the Chief Executive Officer.

SADPMR only discloses transactions with related parties not at arm's length or not in the ordinary course of business.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

22. EVENTS AFTER THE REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

22.1 Adjusting Events

These events provide evidence of conditions that existed at the reporting date and these are accounted for in the Annual Financial Statements.

22.2 Non-Adjusting Events

Non-adjusting events after the reporting date are those events that are indicative of conditions that arose after the reporting date. The SADPMR shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date are been disclosed in Notes to the Annual Financial Statements.

23. COMPARATIVE INFORMATION

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

24. PRIOR PERIOD ERRORS

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. The opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Correction of errors is applied retrospectively in the period in which the error has occurred, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change.

25. SEGMENT REPORTING

The operations of SADPMR do not have identifiable segments as required by GRAP 18.05, as a result management has concluded that the segmented information will not be included in the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1. INVENTORIES

	31 March 2024 R	31 March 2023 Restated R
Inventory comprises:		
Brokers notes, certificates and registers	198,809	162,039
Office stationery and cartridges	338,718	421,102
Tamper proof stationery	384,286	407,652
Total Inventories	**921,813**	**990,793**

Inventory consists of items on hand as at the end of the reporting year. The cost of the inventory recognised as an expense is included under other operating expenses.

The cost of Inventories recognised as an expense during the period was R653,666 (2023: R434,955).

No write down of inventory to net realisable value was required.

2. PREPAYMENTS

Current Prepayments	1,469,411	1,980,150
Non-Current Prepayments	299,393	150,402
Total Prepayments	**1,768,804**	**2,130,552**

Prepaid expenses represent the prepayments for insurance, licences and other administrative expenses.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2024			
Interest Receivable	87,215	-	87,215
Creditors with Debit Balances	32,323	-	32,323
Staff Debtors	153,620	-	153,620
Other Receivables	58,348	-	58,348
Total Receivables from Exchange Transactions	**331,506**	**-**	**331,506**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

As at 31 March 2024 , none of the trade and other receivables were impaired and provided for. Factors taken into account when considering impairment included the age of the debt and the likelihood of recovery.

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2023			
Interest Receivable	184,231	-	184,231
Staff Debtors	109,724	-	109,724
Other Receivables	113,095	56,584	56,511
Total Receivables from Exchange Transactions	**407,050**	**56,584**	**350,466**

Interest receivable refers to the interest due to the SADPMR from its bankers, on interest bearing accounts, by 31 March 2024.

Staff debtors consist of study fees recovery where the bursary contract terms were not met.

Other receivables mainly relates to rental deposit for leased property.

4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2024			
Exchange Statutory Receivables	737,277	1,039	736,238
Total Statutory Receivables from Exchange Transactions	**737,277**	**1,039**	**736,238**

As at 31 March 2024, statutory receivables of R1 039.00 were impaired and provided for. Factors taken into account when considering impairment included the age of the debt and the likelihood of recovery.

As at 31 March 2024 Receivables of R1 309 were past due but not impaired.

4.1 Ageing of Statutory Receivables from Exchange Transactions

As at 31 March 2024

	Current	Past Due			
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Exchange Statutory Receivables:					
Gross Balances	731,281	3,648	45	2,303	737,277
Less: Provision for Impairment	-	-	45	994	1,039
Not impaired	**731,281**	**3,648**	**(0)**	**1,309**	**736,238**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2023			
Exchange Statutory Receivables	2,089,689	-	2,089,689
Total Statutory Receivables from Exchange Transactions	**2,089,689**	**-**	**2,089,689**

Statutory receivables comprise outstanding balances from clients for service fees

4.2 Ageing of Statutory Receivables from Exchange Transactions

As at 31 March 2023

	Current 0 - 30 days	Past Due 31 - 60 Days	Past Due 61 - 90 Days	Past Due + 90 Days	Total
Exchange Statutory Receivables:					
Gross Balances	2,061,872	10,451	2,617	14,749	2,089,689
Less: Provision for Impairment	-	-	-	-	-
Not impaired	**2,061,872**	**10,451**	**2,617**	**14,749**	**2,089,689**

4.3 Reconciliation of Provision for Impairment

Balance at beginning of year	-	132,117
Impairment Losses Recognised	1,039	-
Impairment Losses Reversed	-	(132,117)
Balance at end of year	**1,039**	**-**

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2024			
Grant Receivable	292,073	-	292,073
Total Receivables from Non-exchange Transactions	**292,073**	**-**	**292,073**

Grant receivable includes an amount of R86 474 for MQA Workplace Experience training and R205 599 for Management and Executive Development Programme (MEDP). There were no balances for the previous financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

6. CASH AND CASH EQUIVALENTS

Current Investments	69,928,360	85,356,472
Bank Accounts	1,342,214	1,126,702
Cash-on-Hand	6,171	11,185
Total Bank, Cash and Cash Equivalents	**71,276,745**	**86,494,359**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand and Cash in Banks.

6.1 Current Investment Deposits

Call Deposits	69,928,360	85,356,472
Total Current Investment Deposits	**69,928,360**	**85,356,472**

Call Deposits are investments with a maturity period of less than 3 months, available upon call, and earn interest rates varying from 7.% to 8.25% (2023: 5,00% to 10,00%) per annum.

6.2 Bank Accounts

Cash in Bank	1,342,214	1,126,702
Total Bank Accounts	**1,342,214**	**1,126,702**

6.3 Cash-on-Hand

Cash Floats and Advances	6,171	11,185
Total Cash-on-Hand in Cash Floats, Advances and Equivalents	**6,171**	**11,185**



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

7. PROPERTY, PLANT AND EQUIPMENT

31 March 2024

Reconciliation of Carrying Value

Description	Computer Equipment R	Furniture and Fittings R	Security Systems, Machinery and Safes R	Motor Vehicles R	Office Equipment R	Leased Equipment R	Leasehold Improvements R	Total R
Carrying values at 01 April 2023	**8,767,732**	**2,140,834**	**3,157,739**	**1,968,226**	**3,830,919**	**347,023**	**318,460**	**20,530,933**
Cost	13,570,224	4,330,537	3,840,113	3,334,882	6,104,030	733,168	333,335	32,246,289
Accumulated Depreciation	(4,802,492)	(2,189,703)	(682,374)	(1,366,656)	(2,273,111)	(386,145)	(14,875)	(11,715,356)
Acquisitions	**879,700**	**4,624,775**	**29,500**	**-**	**321,692**	**-**	**-**	**5,855,667**
At Cost	879,700	4,624,775	29,500	-	321,692	-	-	5,855,667
Depreciation	**(1,870,822)**	**(429,067)**	**(256,296)**	**(561,784)**	**(278,612)**	**(244,252)**	**(37,806)**	**(3,678,638)**
Standard Depreciation	(1,870,822)	(429,067)	(256,296)	(561,784)	(278,612)	(244,252)	(37,806)	(3,678,638)
Carrying value of Disposals	**(60,591)**	**(1,204,542)**	**(123,406)**	**-**	**(8,140)**	**-**	**-**	**(1,396,680)**
Cost	(287,729)	(2,879,100)	(157,506)	-	(27,683)	-	-	(3,352,018)
Accumulated Depreciation	227,138	1,674,558	34,100	-	19,543	-	-	1,955,338
Carrying values at 31 March 2024	**7,716,019**	**5,132,000**	**2,807,537**	**1,406,442**	**3,865,859**	**102,771**	**280,654**	**21,311,282**
Cost	14,162,195	6,076,212	3,712,107	3,334,882	6,398,039	733,168	333,335	34,749,938
Accumulated Depreciation	(6,446,176)	(944,212)	(904,570)	(1,928,440)	(2,532,180)	(630,397)	(52,681)	(13,438,656)

The SADPMR had capital commitments of R 11,786,999 at year end for acquisition of property and equiptment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

31 March 2023

Restated

Reconciliation of Carrying Value

	Computer Equipment R	Furniture and Fittings R	Security Systems, Machinery and Safes R	Motor Vehicles R	Office Equipment R	Leased Equipment R	Leasehold Improvements R	Total R
Carrying values at 01 April 2022	**8,347,906**	**2,294,189**	**3,226,832**	**2,236,450**	**2,943,076**	**590,607**	**-**	**19,639,060**
Cost	12,978,713	4,489,194	3,708,715	3,334,882	5,217,513	733,168	-	30,462,185
Accumulated Depreciation:	(4,630,807)	(2,195,005)	(481,883)	(1,098,432)	(2,274,437)	(142,561)	-	(10,823,125)
Acquisitions:	1,047,868	49,336	151,608	-	1,165,739	-	333,334	2,747,885
At Cost	1,047,868	49,336	151,608	-	1,165,739	-	333,334	2,747,885
Depreciation:	(591,847)	(81,332)	(216,423)	(268,224)	(216,693)	(243,584)	(14,875)	(1,632,978)
Standard Depreciation	(591,847)	(81,332)	(216,423)	(268,224)	(216,693)	(243,584)	(14,875)	(1,632,978)
Carrying value of Disposals:	(36,195)	(121,359)	(4,278)	-	(61,203)	-	-	(223,035)
Cost	(456,357)	(207,993)	(20,210)	-	(279,222)	-	-	(963,782)
Accumulated Depreciation	420,162	86,634	15,932	-	218,019	-	-	740,747
Carrying values at 31 March 2023	**8,767,732**	**2,140,834**	**3,157,739**	**1,968,226**	**3,830,919**	**347,023**	**318,460**	**20,530,933**
Cost	13,570,224	4,330,537	3,840,113	3,334,882	6,104,030	733,168	333,335	32,246,289
Accumulated Depreciation	(4,802,492)	(2,189,703)	(682,374)	(1,366,656)	(2,273,111)	(386,145)	(14,875)	(11,715,356)

SADPMR assets were not pledged as security and there are no restriction on them.

The SADPMR had capital commitments of R748 252 at year end for acquisition of property and equiptment.

7.1 Expenditure incurred to Repair and Maintain Property, Plant and Equipment

The following specific costs included in the amount of Repairs and Maintenance were incurred by the Entity:

Computer Equipment and Accessories	88,138	148,100
Equipment and Furniture	6,539	91,532
Leased Building	331,178	424,800
Pool Cars	50,401	64,343
Other Assets	178,270	137,694
Total Expenditure incurred to Repair and Maintain	**654,526**	**866,469**

Repairs on other assets relates to calibration of scales and maintenance of security equipment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

8. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**1,062,244**	**1,247,436**

The movement in Intangible Assets is reconciled as follows:

Computer Software:

Carrying values at 01 April	**1,247,436**	**1,335,229**
Cost	4,643,225	4,680,225
Accumulated Amortisation	(3,395,789)	(3,344,996)
Amortisation:	(185,191)	(58,825)
Standard Amortisation	(185,191)	(58,826)
Disposals:	-	(28,968)
At Cost	-	(37,000)
At Accumulated Amortisation	-	8,032
Carrying values at 31 March	**1,062,244**	**1,247,436**
Cost	4,643,224	4,643,225
Accumulated Amortisation	(3,580,980)	(3,395,789)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 24.)

All of the Entity's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the Entity.

9. LONG-TERM RECEIVABLES

Rental deposit	375,232	375,232
	375,232	**375,232**

Long term receivable represents deposits paid to landlord for office accommodation. The amounts are carried at cost and are only recovered when the lease expires.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R
10. PROVISIONS		
Provision for COID	126,339	138,050
Provision for Staff Bonuses	-	2,856,518
Total Provisions	**126,339**	**2,994,568**
The movement in provisions are reconciled as follows:		
Provision for COID		
Balance at beginning of year	138,050	-
Contributions to provision	126,339	138,050
Expenditure incurred	(138,050)	-
Balance at end of year	**126,339**	**138,050**
Provision for Staff bonuses		
Balance at beginning of year	2,856,518	-
Contributions to provision	331	2,856,518
Expenditure incurred	(2,856,849)	-
Balance at end of year	**-**	**2,856,518**
11. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Creditors	1,790,919	59,321
Accruals	2,111,392	2,124,197
Other Creditors	246,119	326,289
Payroll third party payables	1,954	24,375
Total Payables	**4,150,384**	**2,534,182**

Trade Creditors:
Trade Creditors are in respect of amounts due to suppliers for services rendered and goods supplied.

Accruals:
Accruals relates to known amounts owed for which invoices have not been processed at end of the period.

Other Creditors:
Other creditors relates to balances of clients who paid, voluntarily, upfront deposits for anticipated services.

Payroll third party payables:
Salary Related Payables relates to amounts owing to third parties such as medical aids, provident fund and SARS for PAYE, UIF and SDL at end of the period.

All payables are paid within 30 days and where there are no disputes. Payables are not secured.

The Entity's liquidity risk management processes are disclosed in Note 35.5 to the Annual Financial Statements.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R
12. UNSPENT GRANTS		
Conditional Grant - TETA	36,960	558,720
Total Unspent Grant	**36,960**	**558,720**

The unspent grant relates to the projects where stipulations are not yet fulfilled at year end.

12.1 Reconciliation of Grant received in advance - TETA

Balance unspent at beginning of year	558,720	-
Current year receipts	419,040	558,720
Conditions met - transferred to revenue	(940,800)	-
Balance at the end of year	**36,960**	**558,720**

The unspent grant relates to the balance of the monies received in advance from from TETA and conditions not yet met. In terms of the arrangement TETA will pay SADPMR the grant to fund the training of learners including Stipends.

13. OPERATING LEASE LIABILITIES

Total Operating Lease Liabilities	**4,385,657**	**3,330,115**

At the reporting date the SADPMR had outstanding commitments under Non-cancellable Operating Leases which fall due as follows:

Head office	**43,766,699**	**47,872,862**
No later than one year	4,707,692	4,106,163
Later than one year and not later than five years	22,365,017	20,901,885
Later than five years	16,693,990	22,864,814

The SADPMR entered into a ten year lease agreement for the head office in Kempton Park. The lease commenced on 01 September 2021 and provides for an escalation of 7% per annum on rental and parking costs and 8.5% annual escalation on operating costs.

Parking costs are treated as contingent expense and excluded from the straight lining.

Kimberly Office	**-**	**856,126**
No later than one year	-	856,126

The SADPMR entered into a 5 year lease agreement for the rental of the Kimberley office. The lease commenced on 01 April 2019 and ended on 31 March 2024. The lease provided for an escalation of rental of 6% per annum.

Total lease obligations

Not later than one year	4,707,692	4,962,289
Later than one year, less than five years	22,365,017	20,901,885
Later than five years	16,693,990	22,864,814
	43,766,699	**48,728,988**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R
14. FINANCE LEASE LIABILITY - SHORT-TERM		
Finance Lease Liabilities	116,970	259,645
Total Long-term Liabilities	**116,970**	**259,645**
15. FINANCE LEASE LIABILITY - LONG-TERM		
Finance Lease Liabilities	-	116,970
Total	**-**	**116,970**

15.1 Summary of Arrangements

Finance Leases:

SADPMR leases certain items of office equipment and related software under finance lease. The lease is for the photocopiers for a period of three years from September 2021 to 30 August 2024.

The obligations under Finance Leases are as follows:

Amounts payable under finance leases:		
Not later than one year	116,970	259,645
Later than one year and not later than five years	-	116,970
	116,970	**376,615**

Reconciliation minimum lease payments and the present value of lease payments

No later than one year	119,140	285,936
Later than one year and not later than five years	-	119,140
Future finance charges	(2,170)	(28,461)
Present Value of Minimum Lease Obligations	**116,970**	**376,615**



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

16. Employee Benefit Liabilities

SADPMR has an obligation to provide medical benefits to certain pensioners and dependents. These liabilities have been provided for in full, calculated on an actuarial basis. These liabilities are unfunded. Periodic valuation of this obligation is carried out by an independent actuary, the latest being 31 March 2024

The amounts recognised in the statement of financial position arising from the obligation in respect the post-retirement medical plan is as follows:

Defined Benefit Plan

Statement of Financial Position		
Present value of defined benefit obligation	1,131,587	1,126,814
Fair value of plan assets	-	-
Defined medical benefit obligation disclosed in Statement of Financial Position	**1,131,587**	**1,126,814**
Statement of Financial Performance		
Interest	105,000	196,000
Remeasurement	64,000	24,000
	169,000	**220,000**
Reconciliation of opening and closing balances of present value of defined benefit obligation		
Present value of obligation on 1 April	1,126,814	2,814,000
Net Interest expense	105,000	196,000
Service costs	(164,227)	(1,907,186)
Remeasurements	64,000	24,000
Present value of obligation on 31 March	**1,131,587**	**1,126,814**
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation as at 1 April	**1,126,814.00**	**2,814,000.00**
Net interest expense		
Interest cost	105,000	196,000
Expected return on plan asset/liability	-	-
	105,000	**196,000**
Service Costs		
Current service cost	-	-
Employer contributions	(164,227)	(209,037)
Settlements	-	(1,698,149)
Past service cost	-	-
	(164,227)	**(1,907,186)**
Remeasurements		
Return on plan asset	-	-
Actuarial losses/(gains)	64,000	24,000
	64,000	**24,000**
Defined benefit obligation plan as at 31 March	**1,131,587**	**1,126,814**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

Actuarial assumptions of defined benefit obligation

The following are the significant actuarial assumptions used to calculate the present value of the Entities defined benefit:

Discount Rate - Continuation Members	10.80%	10.40%
Medical Inflation - Continuation Members	7.40%	7.30%
Marital status	Actual	Actual
Age of spouse	Actual	Actual

Mortality of continuation members: In accordance with PA90, rated down 1 year. No explicit assumption was made about additional mortality or health care costs due to AIDS for 2024 and 2023 period.

A discount rate of 10.8% per year has been used to place a present value on future benefit payments for Continuation Members. This is consistent with the GRAP 25 requirement that the discount rate used should be the long-term government bond yield applicable to the duration of the liability.

An expected long-term rate of increase to the medical aid subsidy of 7.4% per year has been used to value the liabilities for all continuation members.

The base inflation rate CPI has been set as the difference in the yields on the I2030 and the inflation-linked I2029 bond, adjusted for an inflation risk premium (IRP) of 0.5% per annum.

The medical inflation assumption has been set as follows:

The base inflation rate CPI: (after reduction of 0.5% IRP)	5.60%
Plus medical inflation premium:	1.80%
Equals the medical inflation assumption:	7.40%

Valuation method

The Projected Unit Credit discounted cash flow method was used in calculating the liabilities and projected expenses. The results of the valuation depend on the assumptions used.

The plan accrued liability is taken as the aggregate of the present value of the employer's obligation required to settle the subsidies towards each member's medical scheme contributions, using a discounted cash flow approach.

The subsidies are assumed to be paid or payable, in terms of the employer subsidy policy, in respect of all continuation members. The subsidies are projected to grow with annual medical aid inflation increases allowing for expected future lifetimes of members and any adult dependant/spouse, into retirement, allowing for joint-life survival probabilities where applicable.

These projected cash flows for each member are then discounted back to the valuation date using the discount rate, and aggregated to form present value of the benefit, which is the accrued liability.

The discount rate has been determined by reference to market yields at the balance sheet date of South African long-term.

General increases to the employer's medical aid subsidy ("medical inflation") take into account the estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs. The inflation rate has been determined by reference to market yields at the balance sheet date of long-term bonds. The medical inflation premium has been set based on past experience for the industry.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

The net defined benefit liability (the present value of the defined benefit obligation net of the fair value of any plan assets) is calculated as the present-day value of the employer's subsidy to current continuation members which is deemed to have accrued up to 31 March 2024.

The changes in the accrued service liability since the previous valuation for GRAP 25 purposes (as at 31 March 2023) can be explained as follows:

	R
Projected net defined benefit liability at 31 March 2023	**(1,126,814)**
Net interest expenses on – (April 2023 - March 2024)	(105,000)
Current Service Cost – (April 2023 - March 2024)	-
Actual benefit payments – (April 2023 - March 2024)	164,227
Projected net defined benefit liability at 31.03.2024	**(1,067,587)**
Remeasurement of the net defined benefit liability due to actuarial gains/(losses)	(64,000)
Net defined benefit liability at 31 March 2024	**(1,131,587)**

The actuarial loss of R64 000 arose as follows:

Experience Item	R
Mortality lower than expected	(72,000)
Change in Economic Basis	25,000
Actual Medical Inflation differed than expected	(16,900)
Miscellaneous	(100)
Total actuarial gain/(loss)	**(64,000)**

Mortality lower than expected

There has been no change in membership over the valuation period. The effect of this was an increase in the liability due to survival of all members, of some R72 000.

Economic basis

The net discount rate has increased from 2.76% to 3.17%. This has led to a release in the liability of some R25 000.

Actual medical inflation

The actual medical inflation differed than that expected to arise during the year. The total effect of this was a strain of some R17 000, broken down further as follows:

Experience item	R
Actual Medical Inflation BestMed Pace 2, higher than expected	(13,000)
Actual Medical Inflation Bonitas Standard, higher than expected	(4,000)
Actual Medical Inflation Bonitas Primary, lower than expected	100
Total actuarial gain/(loss)	**(16,900)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

The projection of the results from 31 March 2024 to 31 March 2025, assuming that the experience follows the assumptions:

	R
Net defined benefit liability as at 31.03.2024	(1,132,000)
Net interest expense – (April 2024 - March 2025)	(112,000)
Current Service Cost – (April 2024 - March 2025)	-
Expected benefit payments – (April 2024 - March 2025)	171,000
Projected net defined benefit liability as at 31.03.2025	**(1,073,000)**

Sensitivity testing

The results are dependent on the assumptions used. The table below shows how the service cost as at 31 March 2024 would be impacted by changes to these assumptions:

Continuation Members	Net defined benefit Liability as at 31.03.2024	% Increase
Assumptions as above	(1,132,000)	
Discount rate – increases by 1% p.a.	(1,078,000)	-5%
Discount rate – reduces by 1% p.a.	(1,191,000)	5%
Medical inflation – increases by 1% p.a.	(1,190,000)	5%
Medical inflation – reduces by 1% p.a.	(1,078,000)	-5%

The table below shows how the interest cost for the year to 31 March 2025 would be impacted by changes to the assumptions:

Continuation Members	Net interest expense 1.4.2024 - 31.03.2025 (R)	% Increase
Assumptions as above	(112,000)	
Discount rate – increases by 1% p.a.	(117,000)	4%
Discount rate – reduces by 1% p.a.	(108,000)	-4%
Medical inflation – increases by 1% p.a.	(119,000)	6%
Medical inflation – reduces by 1% p.a.	(107,000)	-5%

The remeasurement amount is included in operating expenses and interest is included in interest expense in the statement of financial performance.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

Trend information

	2024	2023	2022	2021	2020
Obligation	1,131,587	1,126,814	2,814,000	704,000	678,000
Fair Value of Plan Assets	-	-	-	-	-
Present value in excess of plan asset	**1,131,587**	**1,126,814**	**2,814,000**	**704,000**	**678,000**
Experience adjustments (Actuarial gain and losses before change in assumptions):	64,000	24,000	(2,284,196)	(97,889)	(90,976)
In respect of present value of obligation	-	-	-	-	-
In respect of fair value of plan assets	-	-	-	-	-

Contributions expected to be paid in the new financial year	176,380	66,993

17. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Accumulated Surplus due to the results of Operations	84,184,596	98,583,650
Total Accumulated Surplus	**84,184,596**	**98,583,650**

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

18. GOVERNMENT GRANTS AND SUBSIDIES

National Government - Department of Mineral Resources & Energy	63,136,000	62,894,000
Other Grants	1,232,873	-
Total Government Grants and Subsidies	**64,368,873**	**62,894,000**

Other grants are from TETA and MQA to fund Workplace Experience training for interns and Management and Executive Development Programme (MEDP).

19. RENDERING OF SERVICES

Diamond Valuation Service fees	34,932,493	49,256,475
Other services	5,790,889	6,925,337
Total Rendering of Services	**40,723,382**	**56,181,812**

Other services include fees charged for imports and exports of polished and unpolished diamonds.

In line with the requirements of GRAP 1 which requires that each material class of similar items shall be presented separately in the financial statements, the SADPMR has disaggregated the revenue from Rendering of service in the notes which was previously presented as a single line item on the face of the statement of financial performance without a corresponding note. The comparative figures have also been disaggregated.

20. INTEREST EARNED

Total Interest Earned	**6,796,793**	**4,801,578**

The interest is earned from the entity's various bankers for positive balances, particularly on its call deposit accounts at rates between 8.1% and 8.25% per annum.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R
21. LICENCES AND PERMITS		
Licences	4,034,756	3,592,000
Permits	145,500	157,000
Total Licences and Permits	**4,180,256**	**3,749,000**

In line with the requirements of GRAP 1 which requires that each material class of similar items shall be presented separately in the financial statements, the SADPMR has disaggregated the revenue from Licences and Permits in the notes which was previously presented as a single line item on the face of the statement of financial performance without a corresponding note.

The comparative figures have also been disaggregated.

22. OTHER REVENUE		
Sale of diamond books and registers	70,050	78,150
Other income	297,003	677,443
Bad debts recovered	350	1,100
Recovery of expenses	-	27,690
Total Other Revenue	**367,403**	**784,377**
23. EMPLOYEE RELATED COSTS		
Employees:		
Basic Salaries	76,693,479	69,161,702
Performance and Other Bonuses	331	2,856,518
Allowances	192,000	192,000
Social Contributions (Medical Aid, Pension, UIF, etc)	11,949,198	10,607,445
Leave Accrual	(691,097)	(83,322)
Total Employee Related Costs	**88,143,911**	**82,734,343**
24. DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	3,678,638	1,632,982
Amortisation: Intangible Assets	185,191	58,825
Total Depreciation and Amortisation	**3,863,829**	**1,691,807**



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R
25. IMPAIRMENT LOSSES AND BAD DEBTS		
25.1 Impairment Losses on Financial Assets		
Impairment Losses Recognised:	**1,039**	**56,584**
Receivables From Exchange Transactions	-	56,584
Statutory Receivables from Exchange Transactions	1,039	-
Impairment Losses Reversed:	**(56,584)**	**(132,117)**
Statutory Receivables from Exchange Transactions	-	(132,117)
Receivables From Exchange Transactions	(56,584)	-
Total Impairment Losses	**(55,545)**	**(75,533)**
Bad Debts Written-off:	**56,584**	**199,819**
Bad Debts Written-off against Operating Account	56,584	199,819
26. FINANCE COSTS		
Supplier interest	417	643
Net interest expense/revenue on Defined Benefit Liabilities	105,000	196,000
Finance Leases	26,291	53,526
Total Finance Costs	**131,708**	**250,169**

Finance costs relate to interest incurred on leasing of equipments as disclosed in the note 14 to 15 and finance costs in the Post Retirement Benefit Obligation in note 16.

27. REPAIRS AND MAINTENANCE		
Computer Equipment	88,138	148,100
Leased Asset	331,178	424,800
Office Equipment and Furniture	6,539	91,532
Other Assets	178,270	137,694
Motor Vehicles	50,401	64,343
Total Repairs and Maintenance	**654,526**	**866,469**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

28. OTHER OPERATING EXPENSES

Included in General Expenses are the following:

	31 March 2024 R	31 March 2023 Restated R
Administrative fees	183,193	231,517
Audit fees	3,043,863	3,126,398
Accounting Authority costs	1,279,869	1,337,608
Cleaning	224,923	293,875
CSR programmes	3,463,606	8,000
Document storage	175,008	250,822
Domestic travel	1,073,421	1,048,509
Hiring	923,220	40,250
Hospitality	68,927	62,639
Inspection	143,292	96,626
Insurance	1,779,921	667,062
International travel	3,172,587	228,463
Inventory expense	653,666	434,955
Kimberley process	1,295,621	141,376
Legal expenses	966,226	1,081,930
Actuarial remeasurements	64,000	24,000
Motor vehicle expenses	303,438	327,078
Office lease expenses	7,628,839	7,323,437
Organisational Change Management	84,815	-
Strategic Planning	176,767	220,462
Postage and courier	8,977	6,341
Public relations	1,474,583	855,326
Recruitment and selection	59,719	52,456
Relocation of Offices	45,143	90,018
Relocation of Staff	30,130	83,900
Security	1,373,883	1,165,448
Software expenses	2,914,452	2,597,256
Staff recognition	51,848	53,082
Staff welfare	252,131	199,631
Subscription and membership	100,198	109,467
System support fees	443,065	316,690
Telecommunication	1,739,750	3,059,016
Training and development	1,444,944	1,061,489
Transformation	1,530	60,634
Venue and facilities	-	71,692
Total General Expenses	**36,645,890**	**26,727,453**

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the Entity and not directly attributable to a specific service or class of expense.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R
28.1 Audit fees		
External audit	2,737,467	2,877,472
IT Audit and Internal audit quality assurance	306,396	248,926
	3,043,863	**3,126,398**
28.2 Accounting Authority		
Meeting fees	856,364	946,156
Other fees	224,472	271,453
Accounting Authority evaluation	199,033	119,999
	1,279,869	**1,337,608**
28.3 Office lease		
Office lease - space and parking	6,147,932	6,699,588
Office lease - municipal services	939,356	475,705
Operating costs	541,551	148,144
	7,628,839	**7,323,437**
28.4 Telecommunication		
Internet, email and data storage	257,617	1,625,519
Telephone rental and usage	862,142	849,773
Cell phones and data	619,991	583,723
	1,739,750	**3,059,016**

29. GAINS AND LOSSES ON OTHER OPERATIONS

Fair value adjustment on Investments	-	(12,439)
Gains/(Losses) on Foreign Exchange	35,531	(48,328)
Net Other Gains and Losses	**35,531**	**(60,767)**

30. PRIOR PERIOD ERRORS

30.1 Operating lease liability

During 2022/23 financial year Operating lease liability and Office lease were overstated as a result of an error in accounting treatment of operating costs and in the application of escalation rate on the lease payments.

The error was corrected retrospectively and comparatives have been restated. The effect of the error on the individual line items in the financial statements is as follows:

	2023		
The Net effect of prior period error(s) relating to the Statement of Financial Performance are as follows:	**Before correction**	**Prior period error**	**Restated amount**
Operating lease expense	7,735,651	412,214	7,323,437
The Net effect of prior period error(s) relating to the Statement of			
Decrease in Operating lease liability	3,876,457	(546,342)	3,330,115

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

30.2 Liquidity Risk

The disclosure for the entity's financial liabilities' maturity for 2022/23 was incomplete as it did not include the Other creditors.

The error was corrected retrospectively and comparatives have been restated. The effect of the error on the individual line items in the notes to the financial statements is as follows:

	Amount before correction	Prior period error	Restated amount
Accruals	2,683,808	(559,611)	2,124,197
Other creditors	-	326,289	326,289
Grant Received in advance	-	558,720	558,720

30.3 Financial Liabilities at Amortised Cost

The disclosure for financial liabilities under classification of financial instruments for 2022/23 excluded the Conditional Grant and incorrectly included Staff bonus and Leave accrual.

The error was corrected retrospectively and comparatives have been restated. The effect of the error on the individual line items in the notes to the financial statements is as follow:

	Amount before correction	Prior period error	Restated amount
Conditional Grant	-	558,720	558,720
Staff bonus accrual	484,570	(484,570)	-
Staff leave accrual	4,220,226	(4,220,226)	-

30.4 Operating Lease Commitments

The disclosure for Operating lease was misstated due to the incorrect application of lease escalation rate and incorrect inclusion of operating costs.

The error was corrected retrospectively and comparatives have been restated. The effect of the error on the individual line items in the notes to the financial statements is as follow:

	Amount before correction	Prior period error	Restated amount
No later than one year	4,908,786	(802,623)	4,106,163
Later than one year and no later than five years	23,974,680	(3,072,795)	20,901,885
Later than 5 years	26,469,689	(3,604,875)	22,864,814

30.5 Unspent Grant

During 2022/23 financial year, the SADPMR incorrectly classified the Grant received from TETA as a Principal/Agent arrangement. During the current year, SADPMR reassesed the arrangement and concluded that the grant should be recognised as a Conditional Grant.

The change in classification has no impact on the financial statement as the Grant was correctly recognised as a liability in the financial statements and there were no transactions with TETA for the 2022/23 financial year.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

30.6 Employee costs

The leave provision adjustment of R50 975 was incorrectly classified as General expenses during 2022/23 financial year.

The effect of the error on the individual line items in the statement of financial performance is as follows:

	Amount before correction	Prior period error	Restated amount
Employee related costs	82,683,368	50,975	82,734,343

30.7 General expenses

During 2022/23 General expenses incorrectly included leave provision adjustment of R50 975 and straightlining amount of R412 214 relating to lease operating costs.

The effect of the error on the individual line items in the statement of financial performance is as follows:

	Amount before correction	Prior period error	Restated amount
General expenses	27,190,642	(463,189)	26,727,453

30.8 Surplus Funds

During 2022/23 the workings for surplus funds incorrectly excluded R375 232 for Non-Current Receivables and R546 342 resulting from correction of errors.

The effect of the error on the individual line items on the disclosures is as follows:

	Amount before correction	Prior period error	Restated amount
Surplus Funds	76,136,699	921,574	77,058,273

31. CHANGE IN ACCOUNTING ESTIMATES

31.1 Depreciation/Amortisation Expenditure:

The estimated useful lives of assets were reviewed as at 31 March 2024. The revision of the useful lives is based on expected usage of assets, technological development and the assumption that some assets will be replaced within the next two years in line with the entity's the capitalisation plan.

Change in depreciation/amortisation resulting from reassessment of useful lives. The following categories are affected:

	Value derived using the original estimate	Value derived using amended estimate	Value impact of change in estimate
Computer Equipment	672,256	1,870,822	1,198,566
Furniture and Fittings	132,277	429,067	296,790
Security Equipment	222,880	256,296	33,416
Motor Vehicles	261,715	561,784	300,069
Office Equipment	261,871	278,612	16,741
Software	66,348	185,191	118,843
Decrease in Depreciation of PPE and Intangble Assets	**1,617,347**	**3,581,771**	**1,964,424**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

		31 March 2024 R	31 March 2023 Restated R
32. CASH GENERATED BY OPERATIONS			
Surplus/(deficit) for the Year		(14,399,054)	15,805,457
Adjustment for Non-cash Transactions included in Surplus/(Deficit):			
Employee Related Costs	Note 20.1	(564,427)	2,911,246
Depreciation and Amortisation	Note 24	3,863,829	1,691,807
Impairment Losses on Financial Assets	Note 25	(55,545)	(75,533)
Finance Costs	Note 30.1	105,000	196,000
Actuarial remeasurements	Note	64,000	24,000
Fair value adjustment	Note 27.3	-	12,439
Adjustment for Transactions included in Surplus/(Deficit) directly recognised in Cash Flow:			
Loss on Disposal of Capital Assets	Note 26	1,359,327	246,673
Operating surplus before working capital changes		**(9,626,864)**	**20,812,085**
(Increase)/Decrease in Inventories		68,980	(154,110)
(Increase)/Decrease in Receivables from Prepayments made		361,748	(807,545)
(Increase)/Decrease in Receivables from Exchange Transactions		75,544	105,963
(Increase)/Decrease in Statutory Receivables from Exchange Transactions		1,352,412	(107,203)
Decrease/(Increase) in Receivables from Non-exchange Transactions		(292,073)	-
Increase in Payables from Exchange Transactions		1,616,198	(3,106,801)
Increase/(Decrease) in Payables from Non-exchange Transactions		(761,353)	(169,668)
Increase/(Decrease) in Provisions		(2,994,899)	-
(Decrease)/Increase in Conditional Grants and Receipts		(521,760)	558,720
Increase/(Decrease) in Operating Lease Liabilities		1,055,542	1,815,030
Contributions included in Payables from Exchange Transactions (leave provision adjustment)		691,097	83,322
Cash generated by Operations		**(8,975,428)**	**19,029,793**

33. NON-COMPLIANCE WITH PFMA

Irregular Expenditure	233,955	15,386
Fruitless and Wasteful Expenditure	-	-
	233,955	**15,386**

Irregular Expenditure

33.1 Current Year

Irregular expenditure of R233 955 relates to the security services purchase order not approved in terms of the delegation of authority. The matter is currently under assessment by the relevant committee.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

33.2 Prior Year

Expenditure Exceeding Purchase Order

Irregular expenditure amounting to R2 366.70 relates to legal expenditure incurred in excess of the purchase order without obtaining approval. No consequence management actions were taken against officials in relation to this matters as this was beyond officials control.

33.2.1 Expenditure not authorised by delegated authority

Irregular expenditure amounting to R13 019.23 relates to the travel expenditure incurred without approved trip authorisation by the delegated authority. Consequence management in relation to this matter were taken.

34. COMMITMENTS FOR EXPENDITURE

34.1 Commitments

Approved and Contracted for:-		
Operational Expenditure	17,869,852	12,526,838
Capital Expenditure	11,357,000	748,352
Total Operational Commitments	**29,226,852**	**13,275,189**
Operational Commitments relates to commitments for operating expenditure approved and contracted for.		
Commitments in respect of capital expenditure:		
Computer Equipment	4,149,169	748,352
Furniture and Fittings	1,087,785	-
Security systems, Machinery and Safes	293,250	-
Motor Vehicles	872,522	-
Office Equipment	924,060	-
Softwares	4,460,213	-
	11,786,999	**748,352**

35. FINANCIAL INSTRUMENTS

35.1 Classification

FINANCIAL ASSETS:

Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Interest Receivable	87,215	184,231
Receivables from Exchange Transactions	Staff Debtors	153,620	109,724
Receivables from Exchange Transactions	Other Receivables	58,348	56,511
Cash and Cash Equivalents	Call Deposits	69,928,360	85,356,472
Cash and Cash Equivalents	Bank Balances	1,342,214	1,126,702
Cash and Cash Equivalents	Cash Floats and Advances	6,171	11,185
		71,575,928	86,844,825
Total Financial Assets		**71,575,928**	**86,844,825**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

		31 March 2024 R	31 March 2023 Restated R
FINANCIAL LIABILITIES:			
Financial Liabilities at Amortised Cost:			
Payables from Exchange Transactions	Trade Creditors	1,790,919	59,321
Payables from Exchange Transactions	Accruals	2,111,392	2,124,196
Payables from Exchange Transactions	Other Creditors	246,119	326,289
Payables from Exchange Transactions	Salary Control	1,954	24,375
Long-term Liabilities	Finance Leases	-	116,970
Current Portion of Long-term Liabilities	Finance Leases	116,970	259,645
Total Financial Liabilities		**4,267,354**	**2,910,796**

35.2 Financial Risk Management Objectives

The SADPMR's overall risk management program seeks to minimise potential adverse effects on the entity's financial performance. Risk management is carried out by management under policies approved by the Accounting Authority. The SADPMR has a risk management policy which considers financial risk management in the organisation.

35.3 Significant Risks

It is the policy of the SADPMR to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the Entity is exposed to on the reporting date.

The SADPMR has exposure to the following risks from its operations in Financial

(a) Market Risk.
(b) Liquidity Risk;
(c) Credit Risk; and
(d) Foreign Currency Risk

Risks and exposures are disclosed as follows:

35.4 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in commodity prices, interest rates and equity prices.

A significant part of the market risk encountered arises from financial instruments that are managed by other financial institutions.

35.4.1 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

The SADPMR is exposed to foreign currency risk through transaction that are denominated in foreign currencies. The exposure is limited to Microsoft software license, Rapaport subscription and international insurance contract.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

It is not policy for the SADPMR to hedge outstanding foreign currency transactions due to the fact that these transactions take on an ad hoc basis.

The SADPMR had no exposure to foreign currency risk at 31 March 2024 as all foreign currency transactions were settled during the financial year.

35.4.2 Interest Rate Risk

The SADPMR is exposed to interest rate risk as a result of interest bearing bank accounts. These accounts include deposits and call accounts that attract interest rate which vary from prime.

The SADPMR's policy is to manage interest rate risk by investing in a range of balanced portfolios so that fluctuations in variable rates do not have a material impact on the surplus or deficit.

The material change to SADPMR's exposure to interest rate risk from the previous year to the current year is due to the transfer of the Stanlib investment to the SA Reserve Bank.

The maximum exposure to interest rate risk is as follows:

31 March 2024	Amount	interest rate
Nedbank Ltd - Call account	10,161,544	8.10%
Investec Ltd - Call account	4,392,632	8.10%
SA Reserve Bank - Call account	55,374,184	8.25%
	69,928,360	

31 March 2023	Amount	interest rate
Nedbank Ltd - Call account	30,270,869	7.10%
Investec Ltd - Call account	4,054,101	7.60%
SA Reserve Bank - Call account	51,031,502	7.42%
	85,356,472	

35.5 Liquidity Risk

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

The SADPMR is exposed to liquidity risks as a result of outstanding obligations to make payments to trade creditors for goods delivered and services rendered as well as future commitments.

The SADPMR manages its exposure to liquidity risk through ongoing review of future commitments, proper management of working capital and capital expenditure. Adequate reserves and liquid resources are also maintained.

There were no material changes to SADPMR's exposure to liquidity risk from the previous year to the current year except for the movement in accruals.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2024

	Total	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Accruals	2,111,392	-	2,111,392	-	-
Finance lease	119,140	-	-	119,140	-
Other creditors	246,119	-	-	246,119	-
Trade payables	1,527,165	1,527,165	-	-	-
	4,003,816	**1,527,165**	**2,111,392**	**365,259**	**-**

31 March 2023

	Total	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Accruals	2,124,197	-	-	2,124,197	-
Finance lease	405,076	-	-	285,936	119,140
Other creditors	326,289	-	-	326,289	-
Trade payables	59,321	59,321	-	-	-
	2,914,883	**59,321**	**-**	**2,736,422**	**119,140**

35.6 Credit Risk

Credit risk is the risk of financial loss to the SADPMR if a customer or other counterparty (including government and financial institutions) to a financial instrument fails to meet its contractual obligations.

The SADPMR is exposed to credit risk through holding call deposits, cash equivalents and trade receivables. Credit risk includes counterparty risk and delivery or settlement risk. Counterparty risk is the risk that a counterparty is unable to meet its financial and/or contractual obligations during the year of a transaction.

To manage the credit risk that the SADPMR is exposed to as a result of holding these classes of financial assets the following steps are generally taken:

Call deposits, cash and cash equivalents

The SADPMR limits its counterparty exposures from its call deposits and cash equivalents by only depositing cash with major banks and SA Reserve Bank with high quality credit standing and limits exposure to any one counterparty.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

Trade and other receivables

Management evaluates credit risk relating to customers on an ongoing basis. In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts through the debt management policy and restriction of services. Trade receivables are presented net of doubtful debts.

There were no material changes to SADPMR' exposure to credit risk from the previous year to the current year.

35.6.1 Credit quality

Credit quality is a measurement of an individual's or company's creditworthiness, or the ability to repay its debt due to the SADPMR.

Cash and cash equivalent

The credit quality of cash and cash equivalents are sound as SADPMR only make deposits at the well-established financial institutions.

Trade and other receivables

The credit quality of trade and other receivables are determined and monitored with reference to historical payment trends. Based on the evaluation of the historical payment trends, customers are categorised into the following:

High credit quality - Customers included in this category have evidenced no defaults or breaches in the contractual repayments.

Medium credit quality - Customers included in this category are prone to late payments, but seldomly default on the entire balance owing.

Low credit quality - Customers included in this balance includes customers that frequently default on their outstanding balances and breach contract.

The maximum exposure to credit risk is as follows:

		31 March 2024	31 March 2023
Receivables from Exchange Transactions		331,506	407,050
Bank, Cash and Cash Equivalents		71,276,745	86,494,359
Maximum Credit Risk Exposure		**72,275,556**	**87,276,641**
Bank and Cash Balances			
Nedbank Ltd	Current	1,337,972	1,126,267
Nedbank Ltd	Call	10,161,544	30,270,869
Nedbank Ltd	Call - Salary savings	4,242	435
SA Reserve Bank	Call	55,374,184	51,031,502
Investec Ltd	Call	4,392,632	4,054,101
Cash on hand	Cash	6,171	11,185
Total Bank and Cash Balances		**71,276,745**	**86,494,359**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

36. CHANGES IN CLASSIFICATION

Statement of Financial Position

Accounts Payable

During 2022/23 financial year Staff Bonus Accrual and Staff Leave Accrual were included under Payables from from Exchange Transactions, these transactions have been reclassified as Employee Benefit Liability during the 2023/24 financial year.

The effect of the reclassification on the individual line items in the statement of financial position is as f:

Payables from Exchange Transactions

	After change	Before change
Staff Bonus Accrual	-	484,570
Staff Leave Accrual	-	4,220,226

Employee Benefit Liabilities - Short-Term

Staff Bonus Accrual	484,570	-
Staff Leave Accrual	4,220,226	-

37. RELATED PARTY TRANSACTIONS

37.1 Controlling Entity

The Department of Mineral Resources and Energy is the controlling party.

	31 March 2024	31 March 2023
Total transactions	63,136,000	62,894,000
Amounts owed by	-	-
Amounts owed to	-	-

The transactions relate to the transfer payment (grant) from the Department of Mineral Resources and Energy and recorded as revenue from non exchange transaction in the statement of financial performance.

The department also provide office space at no costs to the SADPMR's Cape Town and Durban office officials. Both these offices have two official from SADPMR.There is no reliable estimates to recognise services in kind at year end.

There were no balances owed by or due to DMRE at the end of the year under review nor commitments.

37.2 National government

The SADPMR is classified as a Schedule 3A Public Entity in accordance with The Public Finance Management Act No. 1 of 1999 (PFMA) (Act No.1 of 1999), as amended.The SADPMR being a government entity reports to the National Assembly. Accordingly, a related party relationship is implied, notwithstanding that all SADPMR'S transactions with government entities are at arm's length and on commercial terms.

The transactions relates to purchases with other government entities and were concluded at arm's length.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

37.3 Other public entities

Mining Qualification Authority (MQA)

The SADPMR entered into an arrangement with MQA to provide Workplace Experience training to Interns appointed by MQA for a period of 12 months. In terms of the arrangement MQA will pay SADPMR the grant to fund training of the Interns.

The SADPMR also receives a grant from MQA which is subject to the submission of entity's Annual Training Report (ATR) as per the Work Skills Plan (WSP).

	31 March 2024	31 March 2023
Total transactions	292,073	115,652
Amount owed by	-	-
Amounts owed to	-	-

37.4 Members of Management of the entity

There were transaction with management as discussed below:

Executive Management Remuneration

	31 March 2024					
	Basic Salary	Acting Allowance	Disability cover	Performance bonus	UIF, SDL, Medical and Pension fund	Total
NC Khosa - Chief Executive Officer	2,436,601	-	43,838	101,763	292,743	2,874,945
Y Lusibane - Chief Financial Officer	1,841,738	-	32,267	61,035	164,001	2,099,041
L Nkhumishe - GM: Corporate Services	1,819,355	-	32,907	76,260	226,233	2,154,755
C Mlondo - GM: Diamond Trade	1,748,557	-	32,969	76,406	301,224	2,159,156
T Motloung - GM: Regulatory Compliance	1,742,054	-	32,267	74,768	263,835	2,112,924
P Motsepe - GM: Governance	1,807,512	-	32,267	74,768	198,363	2,112,910
Totals	**11,395,817**	**-**	**206,515**	**465,000**	**1,446,399**	**13,513,731**

	31 March 2023					
	Basic Salary	Acting Allowance	Disability cover	Once off payment	UIF, SDL, Medical and Pension fund	Total
NC Khosa - Chief Executive Officer	2,357,470	-	37,687	-	265,357	2,660,514
Y Lusibane - Chief Financial Officer	1,327,516	-	12,658	-	117,031	1,457,205
L Nkhumishe - GM: Corporate Services	1,752,072	-	28,291	-	213,691	1,994,054
C Mlondo - GM: Diamond Trade	1,694,507	-	28,345	-	275,299	1,998,151
T Motloung - GM Regulatory Compliance	1,671,624	-	27,741	-	256,004	1,955,369
P Motsepe - GM: Governance	1,744,906	-	27,741	-	182,705	1,955,352
P Motsepe - GM: Governance	270,856	114,088	3,995	-	37,729	426,668
Totals	**10,818,951**	**114,088**	**166,458**	**-**	**1,347,816**	**12,447,313**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

Non-executive members of the Accounting Authority and Other Committees

	31 March 2024		
	Meeting fees	Other activities	Total
Mr MA Mngomezulu	98,180	32,232	130,412
Mr E Blom	69,644	8,010	77,654
Ms N Zikalala-Mvelase	113,372	28,035	141,407
Mr G Serokane	64,248	24,030	88,278
Ms M Mosing	65,130	-	65,130
Adv N Van Rooyen	56,238	20,025	76,263
Mr S Mokoena	40,218	8,010	48,228
Ms K Macingwane	77,822	28,035	105,857
Ms N Dikwayo $	26,980	16,020	43,000
Ms N Munyai	137,284	32,040	169,324
Mr Z Fihlani	85,832	8,010	93,842
Mr R Molapo #	21,416	20,025	41,441
TOTAL NON-EXECUTIVE REMUNERATION	**856,364**	**224,472**	**1,080,836**

$ Independent member of the Finance, Audit and Risk Committee
 # Appointed on 01/07/2023
The Board term ended on 31 October 2023.

	31 March 2023		
	Meeting fees	Other activities	Total
Mr MA Mngomezulu	128,560	75,208	203,768
Mr E Blom	83,050	28,035	111,085
Ms N Zikalala-Mvelase	116,886	28,035	144,921
Mr G Serokane	77,654	28,035	105,689
Ms M Mosing	73,649	8,010	81,659
Adv N Van Rooyen	69,644	24,030	93,674
Mr S Mokoena	83,050	-	83,050
Ms K Macingwane	96,625	20,025	116,650
Ms N Dikwayo $	44,764	12,015	56,779
Ms N Munyai	82,200	20,025	102,225
Z Fihlani #	21,416	8,010	29,426
Mr V Magan ##	68,658	20,025	88,683
TOTAL NON-EXECUTIVE REMUNERATION	**946,156**	**271,453**	**1,217,609**

$ Independent member of the Finance, Audit and Risk Committee
 # Appointed 22/10/2022
Resigned on 31/08/2023



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2024 R	31 March 2023 Restated R

38. CONTINGENT LIABILITIES

38.1 Surplus funds

The public entities will identify the surpluses as at the reporting date as defined in this National Treasury Instruction and will either recognise a provision or contingent liability (as defined in GRAP 19 on Provisions, Contingent Liabilities and Contingent Asset.

The surplus is calculated in terms of National Treasury Instruction No. 12 of 2020/2021.

Contingent liability subject to approval by National Treasury	**62,020,844**	**77,058,274**

39. CONTINGENT ASSETS

39.1 High Court ruling in favor of SADPMR

In a matter between SADPMR and former managers, after an abitration award, they referred the matter to an incorrect court for reiew and later withdrew their application. The SADPMR applied for costs and were granted in our favour, however, there is no reliable estimates of the costs at reporting date.

39.2 Dispute between SADPMR and three former employees (managers)

The former managers have since referred their case to the Labour Court for review of the abitration award. They did not adhere to the court rules and the SADPMR applied for dismissal of the with costs. The probability of the former employees' review application being successful is very low according to the employer's legal representatives. The estimated legal costs for the institution are R40,000.00.

40. GOING CONCERN ASSESSMENT

The Accounting Authority has reviewed the entity's cash flow statement for the year ending 31 March 2024 and is satisfied that with the current financial position and the forecast, that the entity has adequate resources to operate in the foreseeable future. Although SADPMR has an approved budget deficit for the following financial year, The deficit was approved by National treasury and it will be funded from reserves.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.



ANNEXURES

1. ANNEXURE A: STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

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

All information and amounts disclosed in the Annual Report are consistent with the annual financial statements audited by the Auditor-General. The Annual Report is complete, accurate and free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury. The annual financial statements (Part F) have been prepared in accordance with the GRAP standards applicable to the public entity.

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

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

External auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2024.

Mr. C Khosa
Chief Executive

2. ANNEXURE B: REPORT OF THE FINANCE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2024.

FINANCE AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Finance Audit and Risk Committee ("the committee") is a committee of the Board and has discharged its responsibilities accordingly in terms of section 51 (1) a (ii) of the PFMA and 27.1.8 of the Treasury Regulations. The committee adopted formal terms of reference, and an Audit and Risk Committee charter. The committee acknowledges the attendance and participation of senior management including the Accounting Officer and Chief Finance Officer in the audit committee meetings.

EFFECTIVENESS OF INTERNAL CONTROLS

In line with the PFMA, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

During the year various reports of the Internal Auditors and Auditor General South Africa (AGSA) indicated that the system of internal control has shortcomings in limited areas and management are in the process of implementing the recommendations, the status of which is monitored by the committee.

INTERNAL AUDIT

The committee has an oversight responsibility for the in-house Internal Audit function. As delegated by the Board, the committee reviews and approves the Internal Audit Charter annually. The Internal Audit function has the responsibility of reviewing and providing assurance on the adequacy of internal controls. It therefore plays an integral role in sound corporate governance. The committee reviewed the activities of the Internal Audit function including its annual work programme, co-ordination with the external auditors, the reports of significant audit investigations and the responses of management to issues raised therein.

The Internal Audit completed their 2023/24 annual plan as approved by the Audit Committee.

RISK MANAGEMENT AND GOVERNANCE

The Board has assigned the oversight of the risk management function to the committee.

An approved risk management framework and policy has been adopted. A process of risk management was implemented by management wherein risk assessments are conducted on a quarterly basis and updated on an annual basis by the Internal Audit function at both senior management and Board level. The committee has reviewed the risk register and reports from management's risk committee.

THE QUALITY OF IN-YEAR MANAGEMENT AND MONTHLY REPORTS/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA.

The committee reviewed all quarters and is satisfied with the content and quality of quarterly financial reports prepared by management during the year under review, in compliance with the statutory reporting framework.

The committee has been advised that management have submitted quarterly financial reports prepared during the year under review, in compliance with the statutory reporting framework.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

7.1 The committee has reviewed the audited financial statements for the year ended 31 March 2024 for the South African Diamond and Precious Metals Regulator and has discussed matters of concern with management, the AGSA as well as the Chief Executive Officer.

7.2 The committee has reviewed the AGSA's Management Report and management response thereto and directed management to develop a comprehensive action plan to address all issues raised by the AGSA. The committee will review the action plan and monitor implementation thereof during the quarterly committee meetings.

7.3 The committee reviewed the compliance with legal and regulatory provisions during the quarterly committee meetings and management has been directed to implement remedial measures where instances of non-compliance were noted.



7.4 The committee has reviewed the information on predetermined objectives to be included in the annual report as part of the review of the audited financial statements.

7.5 The committee has reviewed adjustments resulting from the audit as part of the review of the audited financial statements and performance information

7.6 The committee hereby indicates its concurrence with the AGSA's conclusion on the annual financial statement and performance information as well as the unqualified audit opinion of the AGSA.

AUDITOR-GENERAL OF SOUTH AFRICA (AGSA)

The committee concurs with and accepts the conclusion and audit opinion of the Auditor General on the annual financial statements and performance information. The committee notes the independence of the AGSA.

We congratulate Management in obtaining an unqualified (with no material findings) audit opinion and wish to thank all the stakeholders for their cooperation and assistance.

We met with the Auditor-General South Africa to ensure that there are no unresolved issues.

On behalf of the Interim Finance Audit and Risk Committee



Ms N Mzamo
Chairperson: Interim Finance Audit and Risk Committee



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