



***Annual Consolidated Financial Statements***  
**for Provincial Departments and Public Entities**

**2022/23**



provincial treasury  
MPUMALANGA PROVINCE  
REPUBLIC OF SOUTH AFRICA



# ***Provincial Departments***



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**MPUMALANGA PROVINCIAL GOVERNMENT**  
**REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2023**

Report by the Accounting Officer to the Executive Authority.

I hereby present the mandatory Consolidated Financial Statements (CFS) for Mpumalanga Provincial Government for the year ended 31 March 2023 as required by Section 19(1) (a) of the Public Finance Management Act (PFMA) (Act No. 1 of 1999) as amended. There are two sets of Financial Statements being presented herewith the financials for the Provincial Departments including the Legislature and the Provincial Revenue Fund as well as those for the Public Entities.

The Provincial Treasury is striving to improve public accountability. The CFS have been prepared annually to comply with the requirements of the PFMA. There is a transition in progress from reporting on the modified cash basis of accounting to reporting on the accrual basis of accounting. Under the modified cash basis of accounting transactions and other events are recognized when cash is received or paid while disclosure notes which are recognized on accrual basis are provided in the Annual Financial Statements (AFS) such as contractual commitments, accruals, property plant and equipment, lease commitments, contingent liabilities etc. Under the accrual basis of accounting transactions and other events are recognized when incurred and not when cash is received or paid.

It is not presently possible to prepare a single consolidation for each economic entity. The Treasuries have agreed on the interim solution to split the economic entities into two parts – the consolidation of departments and the aggregation of the public entities. The two reports do not meet the definition of an economic entity and thus making it impossible to comply fully with the CFS requirements.

The entities within the CFS are usually under common control but have no controlling entity. These CFS are the aggregate of financial statements which does not meet the definition of an economic entity.

Currently different government sectors apply different bases of accounting to prepare financial statements. Departments prepare financial statements on a modified cash basis of accounting which consists of the set of statements and supplemented with additional disclosure items. Public entities prepare financial statements on the accrual basis. The two sets are prepared separately in view of different accounting basis used by these two groups of entities and accordingly were prepared separately to ensure credible and meaningful presentation of financial statements.

Normally consolidations are prepared for a group of entities under the control of a parent entity. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A parent entity is an enterprise that has one or more subsidiaries. Due to the matters set out above entities are combined which do not necessarily obtain benefits from each other's activities. Furthermore, there is no parent with the power to govern the financial and operating policies of these entities or to obtain benefits from their activities. In the absence of control and inter-entity transactions the CFS merely presents an aggregation of financial statements rather than a full consolidation.

The CFS should provide statements on the financial performance as well as provincial government's ability to meet current and future obligations by:

- Presenting the combined monetary values of provincial government (assets liabilities revenue and expenditure);
- Improving the users' understanding of public sector financial management in order to enhance the achievements of the Government's social objectives and priorities; and
- Creating uniformity in the presentation and analysis of public sector financial statements.

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2023**

**Process**

The implementation of the PFMA in 2000 resulted in improved reporting in provincial departments. Section 19 of the PFMA requires that the Provincial Treasury prepare and table Consolidated Annual Financial Statements for:

- (i) Provincial Departments in the Province;
- (ii) Public Entities under the control of the provincial executive of the Province;
- (iii) the Provincial Legislature and
- (iv) Provincial Revenue Fund.

The AFS of provincial departments are prepared using the modified cash basis of accounting whilst those of public entities are prepared using an accrual basis. Full compliance with Section 19 of the PFMA can only be achieved if a common basis of accounting is applied. Therefore, it was decided that departments and public entities would be consolidated separately for the 2022/23 financial year. The decision was based on the approval by the Minister of Finance who granted an exemption from the provision of the PFMA section 19 (1) which requires Consolidated Financial Statements in respect of the institutions mentioned in that section.

The CFS has been prepared in accordance with the Generally Recognized Accounting Practices (GRAP) established by National Treasury over time. The responsibility for the integrity and objectivity of the accompanying financial statements for the year ended 31 March 2023 and all statements contained in this report rests with the Branch: Financial Governance, a division led by the Provincial Accountant-General (PAG) within the Mpumalanga Provincial Treasury, which is responsible for the consolidations.

To improve the consolidation process AFS templates are published much earlier for both departments and public entities. Departments were further introduced to quarterly reporting. Training is provided to departments on the AFS template and the framework for the preparation of AFS. Training is also provided to the public entities on the latest GRAP standards as approved by the Minister of Finance and on completion of the AFS template. Where required the PAG provided additional assistance to provincial departments and public entities.

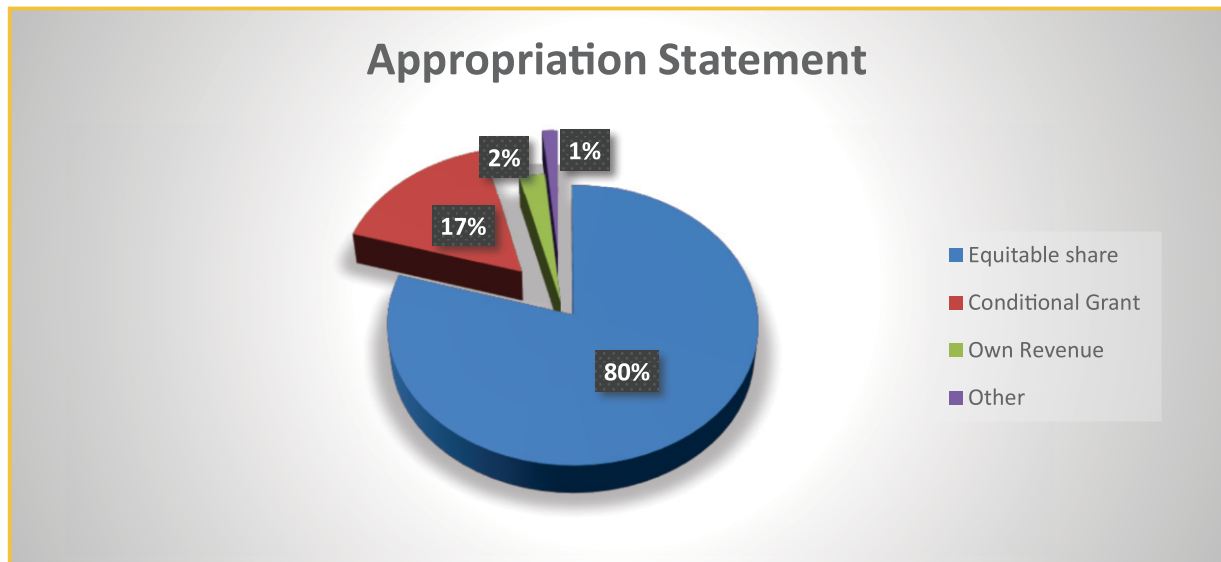
Provincial Legislature's assets are included in the consolidated financial statement at book value (accrual basis) while all other departments assets are consolidated at cost (modified cash standards).

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2023**

**PROVINCIAL PERFORMANCE**

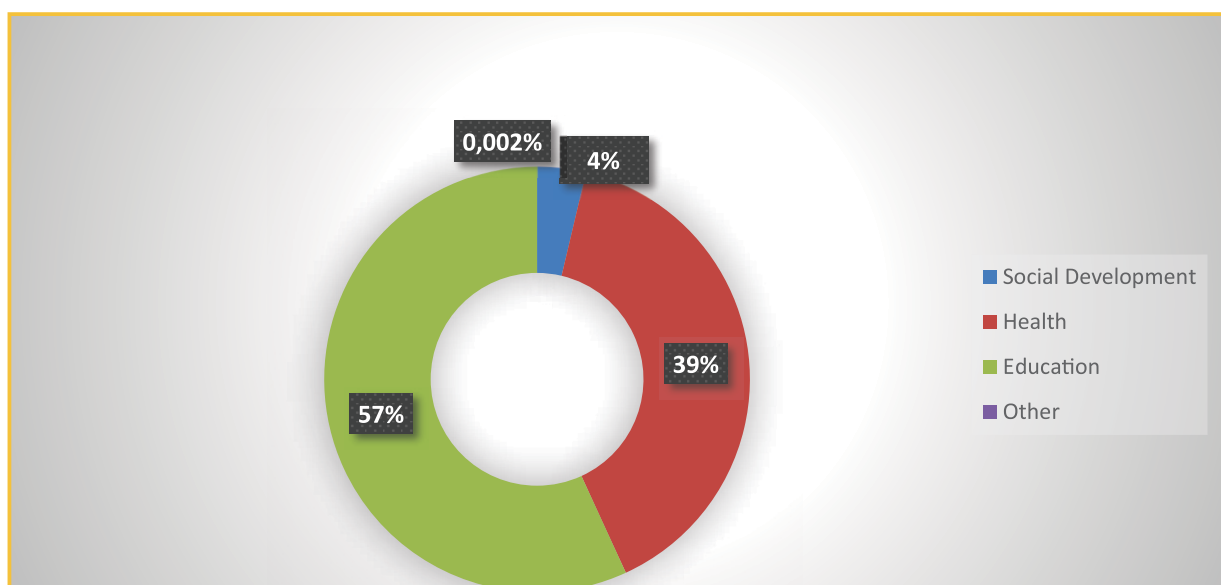
**Appropriated budget**

The total Provincial allocation for the financial year 2022/23 was R57 198 billion; which consists of R45 830 billion of equitable share R9 183 billion of conditional grants, R1 537 billion of own revenue and R 645 million for other revenue.



**Provincial equitable share distribution**

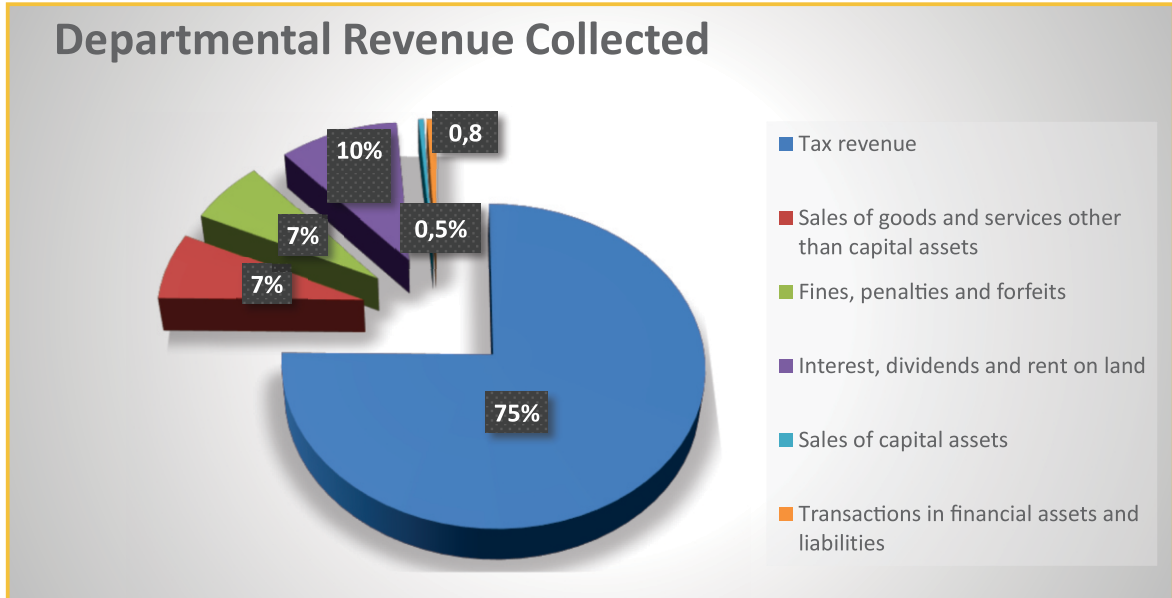
The Provincial equitable share was divided between the SHE (Social Development, Health and Education) departments; which were allocated R43 177 billion of the budget and the other departments were allocated R14 020 billion and the total amounting to R57 198 billion. The chart below indicates the percentage allocation.



**MPUMALANGA PROVINCIAL GOVERNMENT**  
**REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2023**

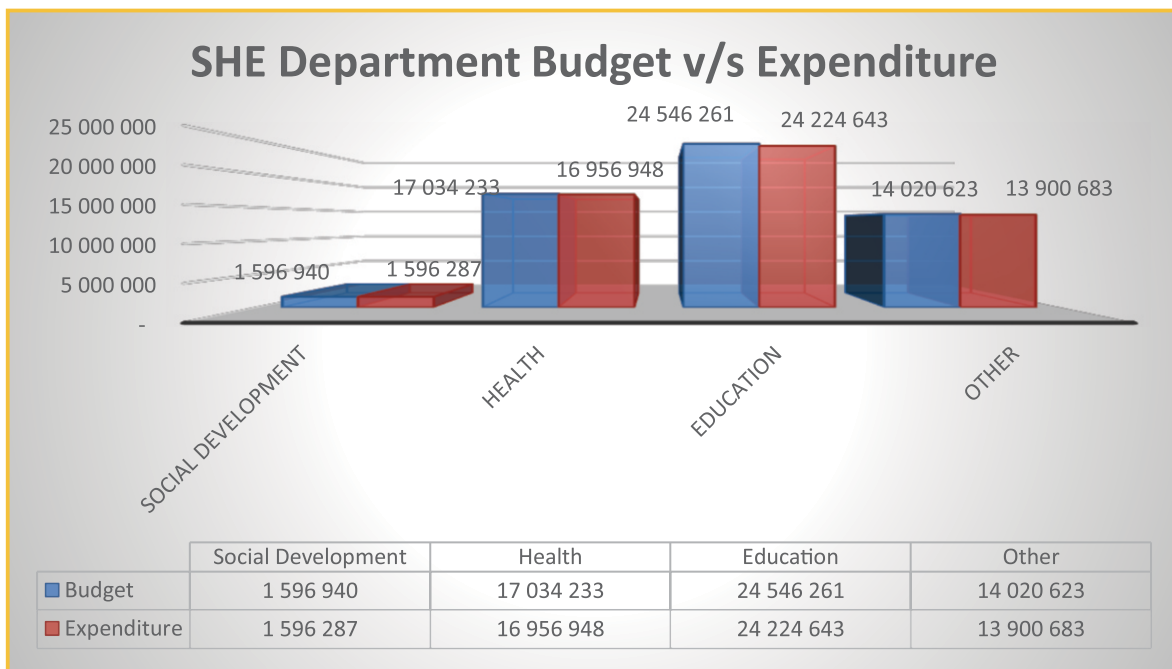
**Revenue collected**

The Provincial Departments collected R2 155 billion of revenue during the reporting period as compared to the R1 790 billion in 2021/22. There was an over collection of R365 million from the revenue target of R1 900 billion for 2022/23



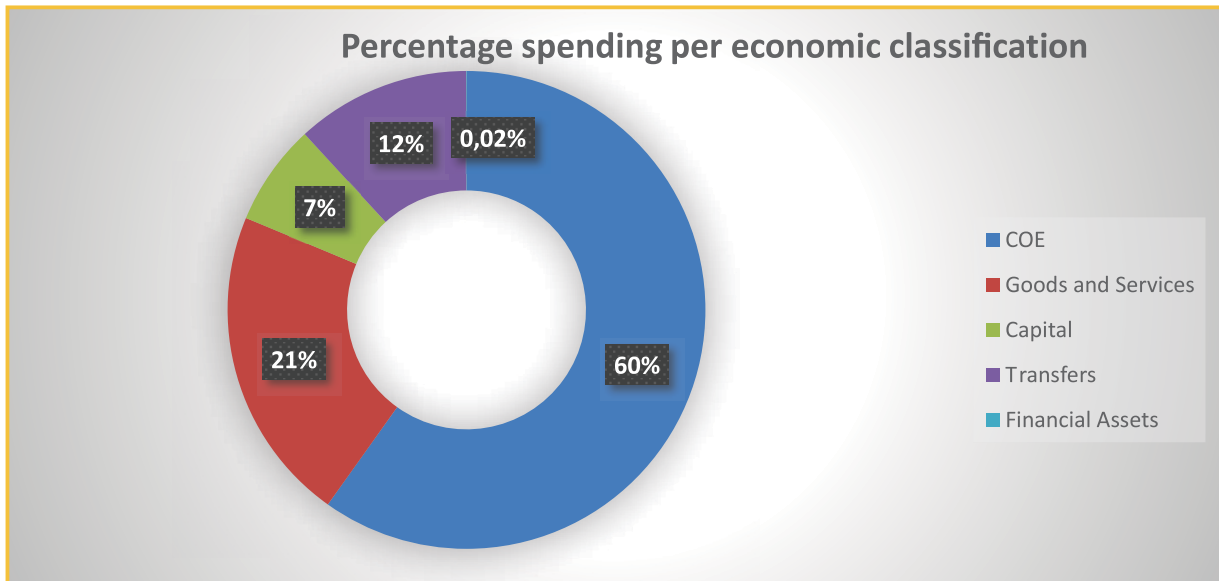
**Expenditure vs. Budget**

The Provincial Departments have spent on aggregate 99.1% of the R57 198 billion allocated budget. Department of Social Development has spent 100% of the R1 596 billion, the Department of Health has spent 99.5% of the R17 034 while the Department of Education spent 98.7% of the R24 546 billion and the other Departments spent 99.1% of the R14 020 billion budget allocated.



**MPUMALANGA PROVINCIAL GOVERNMENT**  
**REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2023**

**Spending per economic classification**



The Provincial Government spent R56 679 billion for the financial year 2022/23. Compensation of employees (COE) amounted to R33 925 billion which is 60% of the total expenditure of the Province. Departments of Education and Health are the biggest contributors to the COE costs. The expenditure on goods and services amounts to R12 143 billion, which is 21% of the total budget, spent. Capital expenditure amounted to R3 898 billion that is 7% while the transfers spending amounted to R6 694 billion, 12% and R 16 Million was spent on financial assets.

**Public/Trading Entities**

The public entity list per schedule 3 of the PFMA was used as a basis for public entities that were combined.

The Provincial Treasury in fulfilling its oversight role has put in place the following strategies as interventions to assist departments and entities in improving financial management and consequently audit outcomes. These strategies *inter alia* include the following:

- Engagements with departments and entities in various forums in order to address pressing issues.
- Continuous training on Annual financial statements and involvement of internal auditors in reviewing the financial statements before they are submitted to the Auditor-General.
- Monitors turnaround strategies of departments and public entities to improve audit outcomes.

**Public Entities as listed in schedule 3 of the PFMA**

The Province had the following Public Entities for the period ended 2022/23:

- Mpumalanga Economic Growth Agency (MEGA)
- Mpumalanga Tourism and Parks Agency (MTPA)
- Mpumalanga Economic Regulator (MER)
- Mpumalanga Regional Training Trust (MRTT)

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The budgets for the public entities are included in their respective parent departments that own them. The entities report on performance and progress to their respective departments in terms of Section 32(2) of the PFMA.

### **Corporate Governance**

The Provincial Treasury is responsible for the appointment of Audit Committees for the shared service departments and has monitoring responsibility even to the non-shared service departments. This is done in terms of Section 77 of the PFMA. All departments' audit functions reported to an Audit Committee for the year under review. The effective functioning of the Audit Committees is reported in the respective annual reports of the departments.

The Provincial Treasury provides to National Treasury and the public where necessary monthly, quarterly and annual reports for the purpose of accountability compliance and transparency.

### **SCOPA Resolutions**

The Consolidated financial statement of the Province is the reflection of the departments and public entities' spending patterns. The resolutions by the Select Committee on Public Accounts (SCOPA) are addressed in the respective annual reports of the departments and public entities.

### **Approval**

The Consolidated Financial Statements for the Departments and the Public Entities have been approved by the Accounting Officer.

  
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**MS GUGU MASHITENG**  
**HEAD: PROVINCIAL TREASURY**  
**DATE: 31/ 08 / 2023**

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 31 MARCH 2023**

**Report of the auditor-general to Mpumalanga Provincial Legislature on vote no. 3:  
Provincial Treasury – Consolidated financial statements for Provincial Departments**

***Report on the Audit of the Consolidated Financial Statements***

**Qualified opinion**

1. I have audited the consolidated financial statements of the Mpumalanga Provincial Departments set out on pages 13 to 52, which comprise the appropriation statement, consolidated statement of financial position as at 31 March 2023, consolidated statement of financial performance, consolidated statement of changes in net assets and consolidated cash flow statement for the year then ended, as well as notes to the consolidated financial statements, including a summary of significant accounting policies.
2. In my opinion, except for effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Mpumalanga Provincial Departments as at 31 March 2023, and their consolidated financial performance and consolidated cash flows statement for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa Act No. 5 of 2022 (Dora) .

**Basis for qualified opinion**

**Accrued departmental revenue written off**

3. The financial statements of the Department of Community Safety, Security and Liaison included material misstatements. Traffic fines to the amount of R288 495 453 (2021-22: R19 759 437) that did not meet the requirements for write-off as per the department's revenue management policy were written off. In addition, I was unable to obtain sufficient appropriate audit evidence for accrued departmental revenue written off due to the write off that were made to rectify the previous years' misstatements but could not be supported due poor record keeping. I could not confirm the accrued departmental revenue written off by alternative means. Consequently, I was unable to confirm whether any adjustments were necessary to accrued departmental revenue of R1,6 billion (2021-22: R2 billion) disclosed in note 28 to the consolidated financial statements and the accrued departmental revenue written off of R1,2 billion (2021-22: R723 million) disclosed in note 28 to the consolidated financial statements.

**Context for opinion**

4. 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 consolidated financial statements section of my report.
5. I am independent of the department 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 31 MARCH 2023**

**Emphasis of matters**

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

**Irregular, unauthorised and fruitless and wasteful expenditure**

8. As disclosed in note 29 to the consolidated financial statements, irregular expenditure to the amount of R1,45 billion incurred in the current year.

**Exemption**

9. As disclosed in note 39 to the consolidated financial statements, the finance minister granted the provincial treasury an exemption from the provisions of section 19(1) of the PFMA, as section 19 of the PFMA can only be achieved if a common basis of accounting is applied. The exemption allows the provincial treasury to not prepare a single set of consolidated financial statements for departments and entities.

**Other matter**

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

**National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework**

11. On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 29 to the financial statements of the department. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

**Responsibilities of the accounting officer for the consolidated financial statements**

12. The accounting officer is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the MCS and the requirements of the PFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the consolidated financial statements, the accounting officer is responsible for assessing the department'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 department or to cease operations, or has no realistic alternative but to do so.

**Responsibilities of the auditor-general for the audit of the consolidated financial statements**

14. My objectives are to obtain reasonable assurance about whether the consolidated 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

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 31 MARCH 2023**

ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

***Other information in the annual report***

16. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the consolidated financial statements and the auditor's report.
17. My opinion on the consolidated financial statements 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.
18. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
19. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
20. I have nothing to report in this regard.

***Internal control deficiencies***

21. I considered internal control relevant to my audit of the consolidated financial statements; however, my objective was not to express any form of assurance on it.
22. The matter reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion included in this report.
23. Management of the Department of Community Safety, Security and Liaison did not adequately implement an action plan to address internal and external audit findings and the annual financial statements was not adequately reviewed by management.

Auditor - General

Auditor-General  
Mbombela  
30 September 2023



**MPUMALANGA PROVINCIAL GOVERNMENT**  
**CONSOLIDATED APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2023**

**CONSOLIDATED APPROPRIATION PER VOTE**

Departments	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>OFFICE OF THE PREMIER</b>	<b>361,826</b>	-	-	<b>361,826</b>	<b>357,146</b>	<b>4,680</b>	<b>98.7%</b>	<b>353,904</b>	<b>352,109</b>
Current payment	288,977	-	(338)	288,639	284,430	4,209	98.5%	252,719	251,170
Transfers and subsidies	64,976	-	(98)	64,878	64,420	458	99.3%	84,897	84,657
Payment for capital assets	7,873	-	436	8,309	8,296	13	99.8%	16,263	16,257
Payment for Financial assets	-	-	-	-	-	-	0.0%	25	25
<b>PROVINCIAL LEGISLATURE</b>	<b>412,760</b>	-	-	<b>412,760</b>	<b>408,767</b>	<b>3,993</b>	<b>99.0%</b>	<b>410,752</b>	<b>376,944</b>
Current payment	343,859	-	-	343,859	340,797	3,062	99.1%	333,217	308,356
Transfers and subsidies	55,486	-	-	55,486	55,486	-	100.0%	64,162	64,162
Payment for capital assets	13,415	-	-	13,415	12,484	931	93.1%	13,012	4,426
Payment for financial assets	-	-	-	-	-	-	0.0%	361	-
<b>PROVINCIAL TREASURY</b>	<b>480,018</b>	-	-	<b>480,018</b>	<b>479,797</b>	<b>221</b>	<b>100.0%</b>	<b>436,857</b>	<b>433,705</b>
Current payment	414,788	-	(70)	414,718	414,760	(42)	100.0%	374,420	377,094
Transfers and subsidies	17,249	-	-	17,249	17,242	7	100.0%	38,184	38,279
Payment for capital assets	47,976	-	-	47,976	47,721	255	99.5%	24,253	18,332
Payment for Financial assets	5	-	70	75	74	1	98.7%	-	-
<b>CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS</b>	<b>694,477</b>	-	-	<b>694,477</b>	<b>694,157</b>	<b>320</b>	<b>100.0%</b>	<b>801,241</b>	<b>776,574</b>
Current payment	589,864	1,838	(395)	591,307	591,300	7	100.0%	715,371	715,357
Transfers and subsidies	34,457	(2,279)	-	32,178	31,980	198	99.4%	21,262	20,444
Payment for capital assets	70,156	441	395	70,992	70,877	115	99.8%	64,608	40,773
<b>AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION</b>	<b>1,338,518</b>	-	-	<b>1,338,518</b>	<b>1,338,368</b>	<b>150</b>	<b>100.0%</b>	<b>1,266,403</b>	<b>1,244,520</b>
Current payment	1,122,844	(6,389)	(2,417)	1,114,038	1,113,965	73	100.0%	1,063,624	1,063,610
Transfers and subsidies	13,667	(2,580)	-	11,087	11,017	70	99.4%	16,011	16,010
Payment for capital assets	202,007	8,766	2,417	213,190	213,183	7	100.0%	186,706	164,838
Payment for financial assets	-	203	-	203	203	-	100.0%	62	62

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**CONSOLIDATED APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2023**

Departments	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM</b>	<b>1,583,847</b>	-	-	<b>1,583,847</b>	<b>1,571,742</b>	<b>12,105</b>	<b>99.2%</b>	<b>1,498,002</b>	<b>1,483,912</b>
Current payment	233,148	-	-	233,148	223,681	9,467	95.9%	206,056	199,802
Transfers and subsidies	814,252	-	-	814,252	816,876	(2,624)	100.3%	748,001	743,739
Payment for capital assets	536,447	-	-	536,447	531,185	5,262	99.0%	543,945	540,371
<b>EDUCATION</b>	<b>24,546,261</b>	-	-	<b>24,546,261</b>	<b>24,224,643</b>	<b>321,618</b>	<b>98.7%</b>	<b>23,477,263</b>	<b>23,536,976</b>
Current payment	21,705,044	(180,894)	(21,808)	21,502,342	21,247,334	255,008	98.8%	20,512,644	20,567,977
Transfers and subsidies	2,312,784	-	-	2,312,784	2,265,530	47,254	98.0%	2,206,827	2,204,952
Payment for capital assets	528,433	180,894	21,808	731,135	696,858	34,277	95.3%	757,792	764,047
Payment for financial assets	-	-	-	-	14,921	(14,921)	0.0%	-	-
<b>PUBLIC WORKS, ROADS AND TRANSPORT</b>	<b>4,932,851</b>	-	-	<b>4,932,851</b>	<b>4,926,973</b>	<b>5,878</b>	<b>99.9%</b>	<b>4,886,395</b>	<b>4,794,344</b>
Current payment	2,876,901	1	(93,475)	2,783,427	2,770,376	13,051	99.5%	2,674,379	2,638,051
Transfers and subsidies	1,123,952	(1)	75,750	1,199,701	1,195,705	3,996	99.7%	1,087,303	1,081,893
Payment for capital assets	931,998	-	17,725	949,723	960,892	(11,169)	101.2%	1,123,428	1,073,115
Payment for financial assets	-	-	-	-	-	-	0.0%	1,285	1,285
<b>COMMUNITY SAFETY, SECURITY AND LIAISON</b>	<b>1,683,528</b>	-	-	<b>1,683,528</b>	<b>1,682,586</b>	<b>942</b>	<b>99.9%</b>	<b>1,501,734</b>	<b>1,485,695</b>
Current payment	1,667,941	-	(352)	1,667,589	1,666,820	769	100.0%	1,477,452	1,467,223
Transfers and subsidies	5,302	-	(360)	4,942	4,868	74	98.5%	9,859	9,567
Payment for capital assets	10,285	-	602	10,887	10,798	89	99.2%	14,328	8,815
Payment for financial assets	-	-	110	110	100	10	90.9%	95	90
<b>HEALTH</b>	<b>17,034,233</b>	-	-	<b>17,034,233</b>	<b>16,956,948</b>	<b>77,285</b>	<b>99.5%</b>	<b>16,664,489</b>	<b>16,399,383</b>
Current payment	15,689,358	(60,544)	(44,903)	15,583,911	15,521,181	62,730	99.6%	15,143,020	14,996,279
Transfers and subsidies	165,493	58,645	44,903	269,041	268,646	395	99.9%	150,887	139,437
Payment for capital assets	1,179,382	1,899	-	1,181,281	1,166,287	14,994	98.7%	1,370,582	1,250,083
Payment for financial assets	-	-	-	-	834	(834)	0.0%	-	13,584
<b>CULTURE, SPORT AND RECREATION</b>	<b>638,547</b>	-	-	<b>638,547</b>	<b>566,168</b>	<b>72,379</b>	<b>88.7%</b>	<b>629,451</b>	<b>626,968</b>
Current payment	437,156	-	89	437,245	421,726	15,519	96.5%	405,319	446,854
Transfers and subsidies	37,550	-	-	37,550	32,671	4,879	87.0%	24,000	25,293
Payment for capital assets	163,841	-	(89)	163,752	111,771	51,981	68.3%	200,132	154,821

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**CONSOLIDATED APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2023**

Departments	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>SOCIAL DEVELOPMENT</b>	<b>1,596,940</b>	-	-	<b>1,596,940</b>	<b>1,596,287</b>	<b>653</b>	<b>100.0%</b>	<b>1,853,679</b>	<b>1,800,591</b>
Current payment	1,128,797	-	23,003	1,151,800	1,163,346	(11,546)	101.0%	1,124,642	1,113,387
Transfers and subsidies	392,828	-	(24,260)	368,568	369,590	(1,022)	100.3%	662,984	625,298
Payment for capital assets	75,315	-	1,257	76,572	63,351	13,221	82.7%	66,053	61,906
<b>HUMAN SETTLEMENTS</b>	<b>1,894,251</b>	-	-	<b>1,894,251</b>	<b>1,874,979</b>	<b>19,272</b>	<b>99.0%</b>	<b>1,616,518</b>	<b>1,562,868</b>
Current payment	311,821	-	(2,030)	309,791	309,792	(1)	100.0%	291,136	288,783
Transfers and subsidies	1,580,446	-	(730)	1,579,716	1,560,443	19,273	98.8%	1,205,528	1,154,231
Payment for capital assets	1,984	-	2,760	4,744	4,744	-	100.0%	119,854	119,854
<b>Subtotal</b>	<b>57,198,057</b>	-	-	<b>57,198,057</b>	<b>56,678,561</b>	<b>519,496</b>	<b>99.1%</b>	<b>55,396,688</b>	<b>54,874,589</b>
<b>Statutory Appropriation</b>	-	-	-	-	-	-	-	-	-
Current payments	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
<b>Total</b>	<b>57,198,057</b>	-	-	<b>57,198,057</b>	<b>56,678,561</b>	<b>519,496</b>	<b>99.1%</b>	<b>55,396,688</b>	<b>54,874,589</b>
<b>Reconciliation with Statement of Financial Performance</b>									
Prior year unauthorised expenditure approved with funding				-				-	
Departmental receipts				2,155,261				1,790,544	
Local and foreign aid assistance				-				-	
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				<b>59,353,318</b>				<b>57,187,232</b>	
Investments acquired and capitalised during the current financial year, but expensed for appropriation purposes									
Other payments in Appropriation Statement, not accounted for in the Statement of Financial Performance									
Local and foreign aid assistance									
Prior year unauthorised expenditure approved									
Prior year fruitless and wasteful expenditure authorised									
<b>Actual amounts per Statement of Financial Performance Expenditure</b>					<b>56,678,561</b>				<b>54,874,589</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**CONSOLIDATED APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2023**

APPROPRIATION PER ECONOMIC CLASSIFICATION for the year ended 31 March 2023									
CONSOLIDATED									
Departments	2022/23							2021/22	
	Adjusted Appropriation R'000	Shifting of Funds R '000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>	<b>46,810,498</b>	<b>(245,988)</b>	<b>(142,696)</b>	<b>46,421,815</b>	<b>46,069,508</b>	<b>352,307</b>	<b>99.2%</b>	<b>44,573,999</b>	<b>44,433,943</b>
Compensation of employees	34,338,891	(199,140)	(69,444)	34,070,307	33,925,822	144,485	99.6%	32,942,887	32,771,283
Goods and services	12,471,607	(46,848)	(73,252)	12,351,508	12,143,645	207,863	98.3%	11,631,112	11,661,948
Interest on land	-	-	-	-	41	(41)	0.0%	-	712
<b>Transfers &amp; subsidies</b>	<b>6,618,442</b>	<b>53,785</b>	<b>95,205</b>	<b>6,767,431</b>	<b>6,694,474</b>	<b>72,957</b>	<b>98.9%</b>	<b>6,319,905</b>	<b>6,207,962</b>
Provinces and municipalities	368,294	(487)	73,699	441,506	440,719	787	99.8%	345,217	343,454
Departmental agencies and accounts	614,769	(850)	1,445	615,364	619,214	(3,850)	100.6%	542,850	542,160
Public corporations and private enterprises	1,057,047	-	(1,489)	1,055,558	1,049,906	5,652	99.5%	1,071,584	1,064,397
Non-profit institutions	2,573,773	(2,255)	17,140	2,588,658	2,544,898	43,760	98.3%	2,706,565	2,666,347
Households	2,004,559	57,377	4,410	2,066,345	2,039,737	26,608	98.7%	1,653,689	1,591,604
<b>Payment for capital assets</b>	<b>3,769,112</b>	<b>192,000</b>	<b>47,311</b>	<b>4,008,423</b>	<b>3,898,447</b>	<b>109,976</b>	<b>97.3%</b>	<b>4,500,956</b>	<b>4,217,638</b>
Buildings and other fixed structures	3,312,614	(12,986)	41,569	3,341,197	3,438,807	(97,610)	102.9%	4,063,782	3,805,194
Machinery and equipment	389,997	223,973	(3,826)	610,144	402,451	207,693	66.0%	389,794	390,655
Software and other intangible assets	66,501	(18,987)	9,568	57,082	57,189	(107)	100.2%	47,380	21,789
<b>Payment for financial assets</b>	<b>5</b>	<b>203</b>	<b>180</b>	<b>388</b>	<b>16,132</b>	<b>(15,744)</b>	<b>4157.7%</b>	<b>1,828</b>	<b>15,046</b>
Payment for financial assets	5	203	180	388	16,132	(15,744)	4157.7%	1,828	15,046
<b>Total</b>	<b>57,198,057</b>	<b>-</b>	<b>-</b>	<b>57,198,057</b>	<b>56,678,561</b>	<b>519,496</b>	<b>99.1%</b>	<b>55,396,688</b>	<b>54,874,589</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2022/23 R'000	2021/22 R'000
<b>OPERATING INCOME</b>			
<b>REVENUE DISCLOSED BY THE REVENUE FUND</b>			
<b>OPERATING INCOME</b>			
Revenue from Taxes, Levies & Duties	2	1 832 424	1 529 432
Departmental Revenue	3	621 221	528 592
Other revenue	4	287 944	258 724
Receipts by National Departments from NRF	5	55 917 796	53 550 675
<b>TOTAL REVENUE</b>		<b>58 659 385</b>	<b>55 867 423</b>
<b>REVENUE FUND EXPENDITURE</b>		<b>(174 496)</b>	<b>(75 706)</b>
Appropriated Funds	6	(467 547)	(461 115)
Unspent conditional grants to be surrendered to National department		97 139	206 708
Other		195 912	178 701
<b>EXPENDITURE DISCLOSED BY DEPARTMENTS</b>			
<b>Current expenditure</b>		46 069 508	44 433 522
Compensation of employees	7	33 925 822	32 771 427
Goods and services	8	12 143 645	11 661 383
Interest and rent on land	9	41	712
<b>Transfers and subsidies</b>			
Transfer and subsidies	11	6 694 474	6 207 961
Total Transfers and subsidies		6 694 474	6 207 961
<b>Expenditure for capital assets</b>			
Tangible assets	10.1	3 840 717	4 195 892
Intangible assets	10.2	57 730	22 165
Total Expenditure for capital assets		3 898 477	4 218 057
Unauthorised expenditure approved without funding		51 948	87 282
Payments for financial assets	12	16 132	15 046
<b>TOTAL EXPENDITURE</b>		<b>56 556 013</b>	<b>54 886 162</b>
<b>SURPLUS FOR THE YEAR</b>		<b>2 103 372</b>	<b>981 261</b>
<b>Reconciliation of net surplus for the year</b>			
Voted Funds		2 103 372	981 261
Departmental revenue and NRF Receipts		-	-
<b>SURPLUS FOR THE YEAR</b>		<b>2 103 372</b>	<b>981 261</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT ENDED 31 MARCH 2023**

	<b>Note</b>	<b>2022/23 R'000</b>	<b>2021/22 R'000</b>
<b>ASSETS</b>			
<b>Current assets</b>		<b>8 014 242</b>	<b>7 457 588</b>
Cash and cash equivalents	13	3 228 387	3 608 826
Other financial assets		1 200 000	-
Prepayments and advances	14	42	29 283
Receivables	15	3 585 813	3 819 479
<b>Non-current assets</b>		<b>3 027</b>	<b>3 702</b>
Receivables	15	3 027	3 702
<b>TOTAL ASSETS</b>		<b>8 017 269</b>	<b>7 461 290</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>215 466</b>	<b>1 061 499</b>
Voted funds to be surrendered to the Revenue Fund	16	-	-
Departmental revenue to be surrendered to the Revenue Fund	17	-	-
Bank Overdraft	18	52 907	803 776
Payables	19	162 559	257 723
<b>Non-current liabilities</b>		<b>951 749</b>	<b>1 003 697</b>
Unauthorised expenditure		951 749	1 003 697
<b>TOTAL LIABILITIES</b>		<b>1 167 215</b>	<b>2 065 196</b>
<b>NET ASSETS</b>		<b>6 850 054</b>	<b>5 396 094</b>
<b>Represented by:</b>			
Recoverable revenue		28 212	9 424
Retained funds		7 778 648	6 395 424
Unauthorised expenditure		(956 806)	(1 008 754)
<b>TOTAL</b>		<b>6 850 054</b>	<b>5 396 094</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>Recoverable revenue</b>		
Opening balance	9 424	9 138
Transfers	18 788	286
Irrecoverable amounts written off	15 984	13 736
Debts revised	-	1 452
Debts recovered	283	(269)
Debts raised	2 521	(14 633)
<b>Closing balance</b>	<b>28 212</b>	<b>9 424</b>
<b>Retained funds</b>		
Opening balance	2 770 144	2 225 454
Transfer from voted funds to be surrendered	-	-
Utilised during the year	-	-
Other	5 008 504	4 169 970
<b>Closing balance</b>	<b>7 778 648</b>	<b>6 395 424</b>
Unauthorised expenditure		
<b>Opening balance</b>	(1 008 754)	(961 805)
Unauthorised expenditure - current	-	(134 231)
Relating to overspending of the vote	-	(134 231)
Amounts approved by Parliament/Legislature without funding	51 948	87 282
Current	51 948	87 282
Closing balance	(956 806)	(1 008 754)
<b>TOTAL</b>	<b>6 850 054</b>	<b>5 396 094</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2022/23 R'000	2021/22 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND</b>		<b>59 095 717</b>	<b>56 234 647</b>
Equitable Share		46 754 220	44 543 017
Conditional Grants		9 061 337	9 007 658
Provincial taxes		1 766 148	1 521 143
Departmental revenue collected		611 680	455 409
Surrenders from departments		666 336	535 978
Other revenue received by the Revenue Fund		235 996	171 442
<b>RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS</b>		<b>2 426 175</b>	<b>2 047 543</b>
Annual appropriation funds received		-	-
Statutory Appropriation		-	-
Departmental revenue received		2 179 625	1 874 814
Interest received		246 550	172 729
<b>PAYMENTS DISCLOSED BY NATIONAL REVENUE FUND</b>		<b>300 576</b>	<b>271 797</b>
Annual appropriation		(11 228 068)	(11 307 743)
Statutory Appropriation		-	-
Conditional grants		9 163 575	9 007 658
Own funds appropriated		2 064 493	2 300 085
Other		300 576	271 797
Net (increase) /decrease in working capital		27 366	(67 484)
Surrendered to revenue fund		(3 031 404)	(2 397 656)
Current payments		(46 120 546)	(44 385 861)
Interest paid		(41)	(712)
Payment for financial assets		(16 132)	(15 046)
Transfers and subsidies paid		(6 694 475)	(6 207 961)
<b>Net cash flow available from operating activities</b>	<b>20</b>	<b>5 386 084</b>	<b>4 935 673</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		(3 898 447)	(4 218 057)
Proceeds from sale of capital assets		11 383	15 334
Other investing activities		(1 200 000)	302 647
(Increase)/decrease in non-current receivables		675	104
<b>Net cash flows from investing activities</b>		<b>(5 086 389)</b>	<b>(3 899 972)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		70 735	(1 096)
<b>Net cash flows from financing activities</b>		<b>70 735</b>	<b>(1 096)</b>
Net (decrease) in cash and cash equivalents		370 430	1 034 605
Cash and cash equivalents at the beginning of the period		2 805 050	1 770 445
<b>Cash and cash equivalents at end of period</b>	<b>21</b>	<b>3 175 480</b>	<b>2 805 050</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023**

## **1. Summary of significant policies**

The Annual Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and the Division of Revenue Act.

### **1.1. Presentation of the Consolidated Annual Financial Statements**

#### ***Basis of preparation***

The Annual Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

#### ***Presentation Currency***

All amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the province.

#### ***Rounding***

Unless otherwise stated, all financial figures have been rounded to the nearest one thousand Rand (R'000).

### **1.2. Revenue**

#### ***Appropriated funds***

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National/Provincial Expenditure. Unexpended voted funds are surrendered to the National/Provincial Revenue Fund, unless otherwise stated.

#### **Departmental revenue**

##### ***Tax revenue***

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

##### ***Sale of goods and services other than capital assets***

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

##### ***Fines, penalties and forfeits***

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipt of the funds.

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023**

***Interest, dividends and rent on land***

Interest and dividends received are recognised upon receipt of the funds, and no provision is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the Statement of Financial Performance of the department and then transferred to the National/Provincial Revenue Fund.

Revenue received from the rent of land is recognised in the statement of financial performance on receipt of the funds.

***Sale of capital assets***

The proceeds from the sale of capital assets is recognised as revenue in the statement of financial performance on receipt of the funds.

***Financial transactions in assets and liabilities***

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

***Local and foreign aid assistance***

Local and foreign aid assistance is recognised in the statement of financial performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance, a payable is raised. In the situation where the department is allowed to retain surplus funds, these funds are shown as a reserve.

**1.3. Expenditure**

***Compensation of employees***

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the payment is made. The expenditure is classified as capital where the employees were involved, on a full-time basis, on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the payment is made.

***Short-term employee benefits***

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

***Long-term employee benefits and other post-employment benefits***

***Should we explain the long-term benefits?***

***Termination benefits***

Termination benefits are recognised and expensed only when the payment is made.

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023**

*Medical benefits*

The Mpumalanga Province provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when money is paid to the fund. No provision is made for medical benefits in the Annual Financial Statements of the department.

*Post-employment retirement benefits*

The Mpumalanga Province provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the Annual Financial Statements of the department. Any potential liabilities are disclosed in the Annual Financial Statements of the National/Provincial Revenue Fund and not in the Annual Financial Statements of the employer department.

*Other employee benefits*

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end.

**Goods and services**

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the payment is made. The expense is classified as capital if the goods and services were used on a capital project.

**Interest and rent on land**

Interest and rental payments resulting from the use of land, are recognised as an expense in the Statement of Financial Performance when the payment is made. This item excludes rental on the use of buildings or other fixed structures.

**Financial transactions in assets and liabilities**

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

**Unauthorised expenditure**

Unauthorised expenditure is defined as:

- The overspending of a vote or a main division within a vote, or
- Expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.

**Irregular expenditure**

Irregular expenditure is defined as:

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

- The Public Finance Management Act

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023**

- Any provincial legislation providing for procurement procedures in that provincial government.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

***Fruitless and wasteful expenditure***

Fruitless and wasteful expenditure is defined as expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore

- It must be recovered from a responsible official (a debtor account should be raised), or the accounting officer.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

***Transfers and subsidies***

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the payment is made.

***Expenditure for capital assets***

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the payment is made.

**1.4. Assets**

***Investments***

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and other investments. Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

***Receivables***

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance, as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

***Cash and cash equivalents***

Cash and cash equivalents consist of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023**

## **1.5. Liabilities**

### ***Payables***

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial/National Revenue Fund or another party.

### ***Lease commitments***

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting.

Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

### ***Accruals***

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, OR an invoice has been received but remains unpaid at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

### ***Contingent liabilities***

This 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 department; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the Statement of Financial position, but the information is disclosed as part of the disclosure notes.

### ***Commitments***

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of financial position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

## **1.6. Net Assets**

### ***Capitalisation reserve***

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

### ***Recoverable revenue***

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance with an agreement, which have now

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023**

become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

**1.7. Comparative figures**

Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the departments may reasonably have available for reporting.

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>2. Revenue from Taxes, Levies and Duties</b>		
Taxation	1 832 424	1 529 432
<b>Total Taxation</b>	<u>1 832 424</u>	<u>1 529 432</u>
Total Revenue	<u><u>1 832 424</u></u>	<u><u>1 529 432</u></u>
<b>3. Departmental Revenue</b>		
Sales of goods and services other than capital assets	167 846	142 931
Fines, penalties and forfeits	159 541	160 903
Interest, dividends and rent on land	262 637	167 876
Sales of capital assets	11 383	15 334
Transactions in financial assets and liabilities	19 727	41 529
Transfer received	87	19
<b>Total revenue collected</b>	<u><u>621 221</u></u>	<u><u>528 592</u></u>
<b>3.1 Donation received in kind (not included in the main note) (Treasury Regulation 21.2.4)</b>		
Community Safety, Security and Liaison	480	21
Agriculture, Rural Development, Land and Environmental	155	59
Health	15 679	56 894
Education	<u>460</u>	<u>460</u>
<b>Total</b>	<u><u>16 314</u></u>	<u><u>57 434</u></u>
<b>4. Other Revenue</b>		
Surrenders	51 948	87 282
Other revenue received	235 996	171 442
<b>Total</b>	<u><u>287 944</u></u>	<u><u>258 724</u></u>
<b>5. Receipts by National Departments from NRF</b>		
Annual Appropriation	55 890 675	53 523 293
Statutory appropriation	27 121	27 382
<b>Total</b>	<u><u>55 917 796</u></u>	<u><u>53 550 675</u></u>
<b>6. Appropriated funds</b>		
Annual Appropriation	(11 625 597)	(11 569 099)
Statutory Appropriation	27 121	27 382
Conditional Grants	9 066 436	8 800 950
Own funds appropriated	2 064 493	2 279 652
<b>Total Annual Appropriation</b>	<u><u>(467 547)</u></u>	<u><u>(461 115)</u></u>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2022/23 R'000	2021/22 R'000
<b>7. Compensation of employees</b>			
<b>Salaries and Wages</b>			
Basic Salary		22 469 485	21 700 049
Performance Award		22 797	111 207
Service Based		100 476	82 267
Compensative/circumstantial		1 341 709	1 306 474
Periodic Payments		224 269	30 925
Other non-pensionable allowances		5 008 557	5 001 425
<b>Total</b>		<b>29 167 293</b>	<b>28 232 347</b>
<b>Social Contributions</b>			
<b>Employer contributions</b>			
Pension		2 800 049	2 711 063
Medical		1 922 629	1 796 048
UIF		454	434
Bargaining Council		4 003	3 882
Official unions and associations		4 165	3 144
Insurance		27 229	24 509
<b>Total</b>		<b>4 758 529</b>	<b>4 539 080</b>
<b>Total Compensation of employees</b>		<b>33 925 822</b>	<b>32 771 427</b>
<b>Average number of employees</b>		<b>80 386</b>	<b>80 230</b>
<b>8. Goods and services</b>			
Administrative fees		267 535	315 291
Advertising		74 529	78 610
Minor Assets less than R5,000	9.1	16 154	13 244
Bursaries (employees)		21 836	32 820
Catering		53 248	41 103
Communication		259 005	210 656
Computer services	9.2	571 874	326 158
Consultants, contractors and agency/outsourced services		109 775	82 502
Audit cost – external	9.3	127 338	111 125
Infrastructure and planning services		108 676	111 616
Laboratory services		706 970	744 572
Legal Services		130 735	187 777
Contractors		652 988	651 739
Agency and support/outsourced services		923 087	1 000 696
Entertainment		8	1 515
Fleet services		371 537	279 129
Inventory	9.4	3 022 453	3 353 501
Consumables	9.5	667 116	658 170
Operating leases		299 742	285 379
Property payments	9.6	2 174 022	1 850 174

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	<i>Note</i>	<b>2022/23 R'000</b>	<b>2021/22 R'000</b>
Rental and hiring		7 677	8 239
Transport provided as part of the departmental activities		543 539	507 239
Travel and subsistence	9.7	764 637	541 880
Venues and facilities		112 164	61 241
Training and staff development		84 169	90 726
Other operating expenditure	9.8	72 831	116 281
<b>Total</b>		<b>12 143 645</b>	<b>11 661 383</b>

**8.1 Minor assets**

**Tangible assets**

Machinery and equipment	16 107	13 244
Transport assets	-	-
<b>Total</b>	<b>16 107</b>	<b>13 244</b>

**Intangible assets**

Software	47	-
<b>Total</b>	<b>47</b>	<b>-</b>

**8.2 Computer services**

SITA computer services	127 822	108 741
External computer service providers	444 052	217 417
<b>Total</b>	<b>572 874</b>	<b>326 158</b>

**8.3 Audit cost-external**

Regularity audits	126 377	111 125
Investigations	961	-
<b>Total</b>	<b>127 338</b>	<b>111 125</b>

**8.4 Inventory**

Clothing material and accessories	21 788	11 894
Farming supplies	131 549	97 949
Food and food supplies	99 319	87 627
Fuel, oil and gas	23 739	16 832
Learning and teaching support material	521 857	341 726
Materials and supplies	198 637	198 993
Medical supplies	521 376	529 972
Medicine	1 351 151	1 788 978
Other supplies	153 037	279 530
<b>Total</b>	<b>3 022 453</b>	<b>3 353 501</b>

**8.4.1 Other suppliers**

Ammunition and security suppliers	-	-
Assets for distribution	128 495	275 421
Machinery and equipment	128 495	275 421
Other assets for distribution	-	-

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
Other	24 542	4 109
<b>Total</b>	<b>153 037</b>	<b>279 530</b>
<b>8.5 Consumables</b>		
Consumable supplies	480 600	571 607
Uniform and clothing	76 558	143 916
Household supplies	202 829	175 640
Building material and supplies	10 716	12 369
Communication accessories	-	47
IT consumables	2 217	3 338
Other consumables	188 280	236 297
Stationery, printing and office supplies	186 516	86 563
<b>Total</b>	<b>667 116</b>	<b>658 170</b>
<b>8.6 Property payments</b>		
Municipal services	373 821	352 995
Property management fees	483	25 728
Property maintenance and repairs	990 706	827 489
Other	809 012	643 962
<b>Total</b>	<b>2 174 022</b>	<b>1 850 174</b>
<b>8.7 Travel and subsistence</b>		
Local	751 807	539 732
Foreign	12 830	2 148
<b>Total</b>	<b>764 637</b>	<b>541 880</b>
<b>8.8 Other operating expenditure</b>		
Professional bodies, membership and subscription fees	10 054	8 952
Resettlement costs	3 029	1 619
Other	59 748	105 710
<b>Total</b>	<b>72 831</b>	<b>116 281</b>
<b>9. Interest and Rent on Land</b>		
Interest expense	41	712
<b>Total</b>	<b>41</b>	<b>712</b>
<b>10. Expenditure on capital assets</b>		
<b>10.1 Tangible assets</b>	<b>3 840 717</b>	<b>4 195 892</b>
Buildings and other fixed structures	3 438 805	3 805 193
Heritage Assets	-	-
Machinery and equipment	401 912	390 699
Land and subsoil assets	-	-

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>10.2 Software and other intangible assets</b>	<b>57 730</b>	<b>22 165</b>
Computer software	57 730	22 165
<b>Total</b>	<b>3 898 447</b>	<b>4 218 057</b>
<b>Compensation for capital expenditure</b>		
Goods and services	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Analysis of funds utilized to acquire capital assets</b>		
<b>Tangible assets</b>		
<b>Voted</b>	<b>3 841 584</b>	<b>4 195 892</b>
Buildings and other fixed structures	3 438 805	3 805 193
Heritage assets	-	-
Machinery and equipment	401 912	390 699
Special military assets	-	-
<b>Total</b>	<b>3 840 717</b>	<b>4 195 892</b>
<b>Software and other intangible</b>		
<b>Voted Funds</b>		
Computer software	57 730	22 165
<b>Total</b>	<b>57 730</b>	<b>22 165</b>
<b>10.3 Finance lease expenditure included in Expenditure for capital assets</b>		
Machinery and equipment	2 093	4 165
<b>Total</b>	<b>2 093</b>	<b>4 165</b>
<b>11. Transfers and subsidies</b>		
Provinces and municipalities	440 718	343 453
Departmental agencies and accounts	619 214	542 160
Public corporations and private enterprises	1 049 906	1 064 398
Non-profit institutions	2 544 896	2 666 347
Households	2 039 740	1 591 603
<b>Total</b>	<b>6 694 474</b>	<b>6 207 961</b>
<b>11.1 Donation made in kind (not included in the main note)</b>		
Agriculture, Rural Development, Land and Environmental	213 085	-
Office of The Premier	2 546	-
Provincial Treasury	194	-
Health	75	-
<b>Total</b>	<b>215 900</b>	<b>-</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2022/23 R'000	2021/22 R'000
<b>12. Payments for financial assets</b>			
Material losses through criminal conduct		-	1 285
Theft		-	1 285
Debts written off		16 132	13 761
Debt take overs		-	-
<b>Total</b>		<b>16 132</b>	<b>15 046</b>

**13. Cash and cash equivalents**

Consolidated Paymaster General Account	428 664	595 340
Cash Receipts	256 349	121 359
Disbursements	(15 905)	(12 437)
Cash on hand	7 920	36 489
Cash with SARB	16 087	-
Exchequer Account	2 535 272	2 868 075
<b>Total</b>	<b>3 228 387</b>	<b>3 608 826</b>

**14. Prepayments and Advances**

Travel and subsistence		42	42
Prepayments (Not expensed)	16.1	-	29 241
<b>Total</b>		<b>42</b>	<b>29 283</b>

**14.1 Prepayments (Not expensed)**

Capital assets balance at beginning of the year	29 241	
Capital assets expensed in current year	(29 241)	
Capital assets current year prepayments	-	29 241
<b>Total</b>	<b>-</b>	<b>29 241</b>

**15. Receivables**

Claims recoverable	15.1	63 713	57 637
Recoverable expenditure	15.3	20 292	3 134
Staff debt	15.4	44 390	55 971
Other debtors	15.5	70 608	67 331
Voted funds to be surrendered to the Revenue Fund		2 520 948	2 788 524
Conditional Grants to be surrendered to the Revenue Fund		96 322	226 322
Unauthorised expenditure to be surrendered		79 831	79 831
Departmental Revenue to be surrendered to the Revenue Fund		692 736	544 431
<b>Total</b>		<b>3 588 840</b>	<b>3 823 181</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>Current</b>		
Claims recoverable	63 712	57 637
Recoverable expenditure	20 292	3 134
Staff debt	41 363	53 006
Other receivables	70 609	66 594
<b>Total Current</b>	<b>195 976</b>	<b>180 371</b>
<b>Non-current</b>		
Staff debt	-	2 965
Other receivables	3 027	737
<b>Total Non-current</b>	<b>3 027</b>	<b>3 702</b>

**15.1 Claims receivable**

National Departments	257	-
Provincial Departments	35 141	28 822
Public Entities	14 163	14 698
Private enterprises	-	20
Local Governments	14 152	14 097
<b>Closing balance</b>	<b>63 713</b>	<b>57 637</b>

**15.2 Trade Receivables**

Trade receivables	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**15.3 Recoverable expenditure**

Agriculture, Rural Development, Land and Environmental	-	4
Community Safety, Security and Liaison	6	-
Co-Operative Governance and Traditional Affairs	-	-
Economic Development and Tourism	83	8
Education	755	1 485
Human Settlement	17 823	-
Office of the Premier	1 625	1 637
<b>Closing balance</b>	<b>20 292</b>	<b>3 134</b>

**15.4 Staff debt**

Agriculture, Rural Development, Land and Environmental	488	438
Community Safety, Security and Liaison	107	163
Co-operative Governance and Traditional Affairs	117	33
Economic Development and Tourism	146	139
Culture Sport and Recreation	259	263
Education	22 106	35 615
Provincial Treasury	74	167

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
Health	17 057	16 031
Human Settlements	417	182
Social Development	2 054	1 377
Office of the Premier,	1 440	1 434
Public Works, Roads and Transport	125	103
	<b>44 390</b>	<b>55 945</b>

**15.5 Other debt**

Agriculture, Rural Development, Land and Environmental	1 792	2 012
Community Safety, Security and Liaison	353	345
Co-operative Governance and Traditional Affairs	71	2
Culture Sport and Recreation	46	41
Economic Development and Tourism	-	4 760
Education	4 774	871
Provincial Treasury	557	7 642
Health	13 519	2 632
Office of The Premier	421	48 893
Public Works and Transport	48 942	133
Social Development	133	
<b>Closing balance</b>	<b>70 608</b>	<b>67 331</b>

**15.6 Impairment of receivables**

Estimate of impairment of receivables	26 863	27 603
<b>Total</b>	<b>26 863</b>	<b>27 603</b>

**16. Voted Funds to be surrendered to the Revenue Fund**

Opening balance	-	-
Prior period errors	-	-
As restated	-	-
Transfer from Statement of Financial Performance	-	-
Add: Unauthorised expenditure for current year	-	-
Voted funds not requested/ not received	-	-
Paid during the year	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>

**16.1 Prior period error (affecting Voted funds to be surrendered)**

**Nature of prior period error**

Relating to 2018/19	(1 382)
	<b>(1 382)</b>

**16.2 Reconciliation of unspent conditional grants**

Total conditional grants received	7 558 506	7 319 978
Total conditional grants spent	(7 458 318)	(7 124 696)
Unspent conditional grants to be surrendered	100 188	195 282
<b>Due by Provincial Revenue Fund</b>	<b>100 188</b>	<b>195 282</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

Note	2022/23 R'000	2021/22 R'000
<b>17. Departmental revenue and NRF receipts to be surrendered to the Revenue Fund</b>		
Opening balance	-	735
Prior period errors	-	(735)
As restated	-	-
Transfer from Statement of Financial Performance	-	-
Own revenue included in appropriation	-	-
Transfer from aid assistance	-	-
Transfer to voted funds to defray expenditure (Parliament/Legislatures ONLY)	-	-
Paid during the year	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>

**18. Bank Overdraft**

Consolidated Paymaster General Account	52 907	803 776
<b>Total</b>	<b>52 907</b>	<b>803 776</b>

**19. Payables**

**19.1. Payables – current**

Amounts owed to other entities	5 650	6 777
Advances received	1 839	1 839
Clearing accounts	27 378	26 252
Other payables	30 553	15 954
Unauthorised expenditure not funded by Revenue Fund	-	-
Unused conditional grant to be transferred back to National Government	97 139	206 901
<b>Total</b>	<b>162 559</b>	<b>257 723</b>

**19.1.1. Advances received**

Public entities	1 839	1 839
Other institutions	-	-
<b>Closing balance</b>	<b>1 839</b>	<b>1 839</b>

**19.1.2. Clearing accounts**

Agriculture, Rural Development, Land and Environmental	280	136
Co-operative Governance and Traditional Affairs	227	488
Culture Sport and Recreation	50	-
Education	9 253	13 974
Health	15 416	9 617
Human Settlements	177	-
Office of the Premier	6	-
Public Works, Roads and Transport	1 969	2 037
<b>Total</b>	<b>27 378</b>	<b>26 252</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>19.1.3. Other payables</b>		
Agriculture, Rural Development, Land and Environmental	14 751	-
Community Safety, Security and Liaison	9 129	11 099
Culture Sport and Recreation	-	-
Education	12	652
Provincial Treasury	16	40
Human Settlements	97	171
Co-operative Governance and Traditional Affairs	30	-
Public Works, Roads and Transport	5 546	2 759
Social Development	868	1 200
Economics Development and Tourism	104	33
<b>Total</b>	<b>30 553</b>	<b>15 954</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>20. Net cash flow from operating activities</b>		
Net surplus as per Statement of Financial Performance	2 103 374	981 261
Add back non-cash/ cash movements not deemed operating activities	3 282 710	3 642 762
Increase in receivables – current	107 366	(122 711)
Decrease in prepayments and advances	29 241	(29 106)
Decrease in other current assets	-	87 282
Increase / (decrease) in payables – current	(147 980)	(160 647)
Proceeds from sale of capital assets	(11 251)	(14 703)
Proceeds from sale of investments	-	-
Expenditure of capital assets	3 899 314	4 217 426
Surrenders to revenue fund	(3 031 407)	(2 397 656)
Voted funds not requested/not received	(1)	-
Own revenue included on the appropriation	282 412	272 333
Other non-cash items	2 155 016	1 790 544
<b>Net cash flow generated by operating activities</b>	<b>5 386 084</b>	<b>4 935 673</b>

**21. Reconciliation of cash and cash equivalents for cash flow purpose**

Consolidated Paymaster General Account	2 911 029	2 659 639
Cash receipts	256 349	121 359
Disbursements	(15 905)	(12 437)
Cash on hand	7 920	36 489
Cash with SARB	16 087	-
<b>Total Cash</b>	<b>3 175 480</b>	<b>2 805 050</b>
Cash and cash equivalent for cash flow purpose	<b>3 175 480</b>	<b>2 805 050</b>

**22. Contingent Liabilities and Contingent Assets**

**22.1 Contingent liabilities**

Housing loan guarantees	196	196
Claims against the department	9 448 336	9 265 010
Other departments (interdepartmental unconfirmed balances)	8 598	29 430
Other	-	-
<b>Total</b>	<b>9 457 130</b>	<b>9 294 636</b>

**22.2 Contingent Assets**

Co-operative governance & traditional affairs	15 129	13 336
Economic Development and Tourism	9 477	9 477
Human Settlement	20 860	20 860
Social Development	529	414
Health	1 753	-
Culture Sport and Recreation	2 995	2 995
<b>Total</b>	<b>50 743</b>	<b>47 082</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>23. Capital Commitments</b>		
<b>Capital expenditure</b>		
Building and other fixed structures	4 186 087	4 091 179
Machinery and equipment	109 294	58 327
Intangible assets	113 287	7 825
<b>Total</b>	<b>4 408 668</b>	<b>4 157 331</b>
<b>24. Accruals not recognized</b>		
Goods and services	498 214	511 279
Transfers and subsidies	68 581	6 962
Capital assets	67 602	101 393
Other	30 084	4 173
<b>Total</b>	<b>664 481</b>	<b>623 807</b>
<b>24.1 Accruals less than 30 days</b>		
<b>Accruals not recognised</b>		
Goods and services	478 422	431 151
Transfer and subsidies	65 979	6 799
Capital assets	49 457	84 294
Other	29 994	4 150
<b>Total</b>	<b>623 852</b>	<b>526 394</b>
<b>30+ Days</b>		
<b>Accruals not recognised</b>		
Goods and services	19 792	76,798
Transfers and subsidies	2 602	163
Capital assets	18 145	17,099
Other	90	23
<b>Total</b>	<b>40 629</b>	<b>94 083</b>
<b>25. Payables not recognised</b>		
Goods and services	459 362	261 323
Transfers and subsidies	14 205	13 796
Capital assets	228 834	167 017
Other	2 227	20 798
<b>Total</b>	<b>704 626</b>	<b>462 934</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>25.1 Less than 30 days</b>		
<b>Payables not recognised</b>		
Goods and services	390 478	261 323
Transfers and subsidies	14 200	7 546
Capital assets	166 466	164 123
Other	2 227	20 798
<b>Total</b>	<b>573 371</b>	<b>399 071</b>

<b>30+ Days</b>		
<b>Payables not recognised</b>		
Goods and services	68 884	54 719
Transfers and subsidies	5	6 250
Capital assets	62 368	2 894
Other	-	-
<b>Total</b>	<b>131 257</b>	<b>63 863</b>

**25.2 Confirmed balances**

Confirmed balances with departments	13 715	6 924
Confirmed balances with other government entities	6 569	5 268
<b>Total</b>	<b>20 284</b>	<b>12 192</b>

**26. Employee benefits**

Leave entitlement	1 019 713	1 003 636
Service bonus (Thirteenth cheque)	938 977	905 985
Performance awards	-	-
Capped leave commitments	1 270 417	1 370 086
Other	55 766	57 792
<b>Total</b>	<b>3 284 873</b>	<b>3 337 499</b>

**27. Lease Commitments**

**27.1 Operating leases**

**Building and other fixed structures**

Not later than 1 year	175 848	159 270
Later than 1 year and not later than 5 years	530 372	550 161
Later than five years	315 999	341 423
<b>Total present value of lease liabilities</b>	<b>1 022 219</b>	<b>1 050 854</b>

**Machinery and equipment**

Not later than 1 year	28 572	28 662
Later than 1 year and not later than 5 years	14 847	23 334
<b>Total present value of lease liabilities</b>	<b>43 419</b>	<b>51 996</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>27.2 Finance Lease expenditure</b>		
<b>Machinery and equipment</b>		
Not later than 1 year	11 710	9 503
Later than 1 year and not later than 5 years	5 922	13 460
<b>Total present value of lease liabilities</b>	<b>17 632</b>	<b>22 963</b>

**27.3 Operating lease revenue**

<b>Machinery and equipment</b>		
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	-
<b>Total present value of lease liabilities</b>	<b>-</b>	<b>-</b>

**28. Accrued for departmental revenue**

Tax revenue	156 829	571 681
Sales of goods and services other than capital assets	295 431	236 319
Fines, penalties and forfeits	1 209 638	1 144 160
Interest, dividends and rent on land	17 495	76 701
Sales of capital assets	191	-
Transactions in financial assets and liabilities	744	744
Other	840	5 269
<b>Total</b>	<b>1 681 168</b>	<b>2 034 874</b>

**Analysis of receivables for departmental revenue**

Opening balance	2 034 874	1 900 130
Less: Amounts received	715 915	625 110
Add: Amounts recognised	1 606 113	1 515 619
Less: Amounts written-off/reversed as irrecoverable	1 243 904	755 773
Closing balance	<b>1 681 168</b>	<b>2 034 874</b>

**Accrued departmental revenue written off**

Department of Community Safety, Security & Liaison	1 243 904	722 540
Health	-	33 233
<b>Total</b>	<b>1 243 904</b>	<b>755 773</b>

**Impairment of accrued departmental revenue**

Estimate of impairment of accrued departmental revenue	1 282 231	1 679 170
<b>Total</b>	<b>1 282 231</b>	<b>1 679 170</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>29. Unauthorized, Irregular and Fruitless and wasteful expenditure</b>		
Unauthorized expenditure	-	134 231
Irregular expenditure	1 445 443	1 991 216
Fruitless and wasteful expenditure	492	2 704
<b>Total</b>	<b>1 445 935</b>	<b>2 128 151</b>
<b>30. Related party transactions</b>		
Tax revenue (paid)	577 883	332 666
<b>Total</b>	<b>577 883</b>	<b>332 666</b>
<b>Payments made</b>		
Transfers and subsidies	877 270	814 566
<b>Total</b>	<b>877 270</b>	<b>814 566</b>
<b>Year end balances arising from revenue/payments</b>		
Receivables from related parties	87 691	113 414
Payables to related parties	-	(61 879)
<b>Total</b>	<b>87 691</b>	<b>51 535</b>
<b>In kind goods and services provided/received</b>		
Co-operative Governance and Traditional Affairs	287	62
	<b>287</b>	<b>62</b>
<b>31. Key management personnel</b>		
<b>Description</b>		
Political Office Bearers	23 854	21 016
Officials:		
Levels 15 to 16	27 117	25 425
Level 14 (include CFO if at lower lever)	100 724	99 736
Level 11 to13	36 615	37 161
Family members of key management	8 198	8 216
<b>Total</b>	<b>196 508</b>	<b>191 554</b>
<b>32. Provisions</b>		
Retention	509 642	491 597
Provision for Cuban students	46 465	11 746
Provision for Litigation	215 148	291 844
<b>Total</b>	<b>771 255</b>	<b>795 187</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>33. Agent-principal arrangement</b>		
<b>33.1 Department acting as the principal</b>		
Community Safety, Security and Liaison	177 137	161 332
Education	29 063	22 119
Health	189 038	253 097
<b>Total</b>	<b>395 238</b>	<b>436 548</b>
<b>33.2 Department acting as the agent</b>		
Community Safety, Security and Liaison	68 070	66 567
<b>Total</b>	<b>68 070</b>	<b>66 567</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**34. Movable Tangible Capital Assets**

**a. MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023**

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	<b>1 388 050</b>	<b>-</b>	<b>210</b>	<b>-</b>	<b>1 388 050</b>
Heritage assets	1 388 050	-	-	-	1 388 050
<b>MACHINERY AND EQUIPMENT</b>	<b>59 138 392</b>	<b>-</b>	<b>392 803</b>	<b>(124 575)</b>	<b>59 406 620</b>
Transport assets	17 292 061	-	85 337	(42 201)	17 335 197
Computer equipment	15 649 491	-	105 468	(35 497)	15 917 462
Furniture and office equipment	3 917 496	-	86 951	(9 308)	3 995 049
Other machinery and equipment	22 279 344	-	115 047	(37 479)	22 356 912
<b>SPECIALISED MILITARY ASSETS</b>	<b>4 439</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 439</b>
Specialised military assets	4 439	-	-	-	4 439
<b>BIOLOGICAL ASSETS</b>	<b>4 141</b>	<b>626</b>	<b>637</b>	<b>(4 055)</b>	<b>1 349</b>
Biological assets	4 141	626	637	(4 055)	1 349
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>60 535 022</b>	<b>626</b>	<b>393 650</b>	<b>(128 630)</b>	<b>60 800 668</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**Movable Tangible Capital Assets under investigation**  
**Included in the above total of the movable tangible capital assets per the asset**  
**register are assets that are under investigation:**

	Number	Value
		R'000
Heritage assets	-	-
Machinery and equipment	402	3 364
Biological assets	-	-

**b. MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022**

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	<b>1 388 050</b>	-	-	-	<b>1 388 050</b>
Heritage assets	1 388 050	-	-	-	1 388 050
<b>MACHINERY AND EQUIPMENT</b>	<b>58 525 058</b>	<b>110 721</b>	<b>4 991 202</b>	<b>(4 488 589)</b>	<b>59 138 392</b>
Transport assets	19 481 397	1 094	988 459	(3 176 700)	17 292 061
Computer equipment	15 020 329	18 743	1 664 236	(1 053 817)	15 649 491
Furniture and office equipment	3 181 501	10 942	856 630	(131 577)	3 917 496
Other machinery and equipment	20 841 832	82 130	1 481 877	(126 495)	22 279 344
<b>SPECIALISED MILITARY ASSETS</b>	<b>4 439</b>	-	-	-	<b>4 439</b>
Specialised military assets	4 439	-	-	-	4 439
<b>BIOLOGICAL ASSETS</b>	<b>3 612</b>	193	<b>506</b>	<b>(170)</b>	<b>4 141</b>
Biological assets	3 612	193	506	(170)	4 141
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>59 921 159</b>	<b>110 914</b>	<b>4 991 708</b>	<b>(4 488 759)</b>	<b>60 535 022</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	<b>1,330</b>	<b>-</b>	<b>59,429</b>	<b>-</b>	<b>60,759</b>
Heritage assets	1,330	-	59,429	-	60,759
<b>MACHINERY AND EQUIPMENT</b>	<b>29,267,333</b>	<b>13,342</b>	<b>1,218,714</b>	<b>121,230</b>	<b>30,351,475</b>
Transport assets	13,041,301	27,655	105,723	56,886	13,062,483
Computer equipment	3,175,819	452	470,126	26,890	3,619,507
Furniture and office equipment	1,546,152	681	251,125	4,539	1,793,419
Other machinery and equipment	11,504,061	13,180	391,740	32,915	11,876,066
<b>SPECIALISED MILITARY ASSETS</b>	<b>4,439</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,439</b>
Specialised military assets	4,439	-	-	-	4,439
<b>BIOLOGICAL ASSETS</b>	<b>3,609</b>	<b>-</b>	<b>295</b>	<b>1,483</b>	<b>2,421</b>
Biological assets	3,609	-	295	1,483	2,421
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>29,276,711</b>	<b>13,342</b>	<b>1,278,438</b>	<b>122,713</b>	<b>30,419,094</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**Prior period error**

Nature of prior period error  
 Relating to: 2021/22 affecting the opening balances  
 Relating to 2019/20  
**Total**

R'000
110 722
-
<b>110 722</b>

**35. Minor Assets**

**a. MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023**

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	7	25	514 038	1 008	495 582
Value adjustments	-	-	-	78	78
Additions	-	-	18 239	89	18 328
Disposals	-	-	(12 027)	(554)	(12 581)
<b>Total Minor Assets</b>	<b>7</b>	<b>25</b>	<b>520 250</b>	<b>621</b>	<b>520 903</b>

**b. MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022**

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	7	25	493 771	887	494 690
Prior period error	-	-	21 356	-	21 356
Additions	-	-	14 936	330	17 726
Disposals	-	-	(16 025)	(209)	(16 234)
	<b>7</b>	<b>25</b>	<b>514 038</b>	<b>1 008</b>	<b>515 078</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**c. MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2022**

Assets written off

Machinery and equipment	Biological assets	Total
R'000	R'000	R'000
4 220	-	4 220
<b>4 220</b>	<b>-</b>	<b>4 220</b>

**d. MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2021**

Assets written off

Machinery and equipment	Biological assets	Total
R'000	R'000	R'000
8 986	-	8 986
<b>8 986</b>	<b>-</b>	<b>8 986</b>

**Prior period error**

Nature of prior period error

Relating to: 2021/23 affecting the opening balances

Relating to 2021/22

**Total**

R'000
21 220
-
<b>21 220</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**36. Intangible Capital Assets**

**a. MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023**

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Software	175 405	-	38 480	(2 792)	211 093
Recipes, Formulae, Prototypes, Designs, Models	4 388	-	-	-	4 388
<b>Total Intangible Capital Assets</b>	<b>179 793</b>	<b>-</b>	<b>38 480</b>	<b>(2 792)</b>	<b>215 481</b>

**Intangible Capital Assets under investigation**

Included in the above total of the intangible capital assets as per assets register, are assets which are under investigation :

	Number	Value
		R'000
Software	7	201

**b. MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022**

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Software	141 479	-	33 926	-	175 405
Recipes, formulae, prototypes, designs, models	4 388	-	-	-	4 388
<b>Total Intangible Capital Assets</b>	<b>145 867</b>	<b>-</b>	<b>33 926</b>	<b>-</b>	<b>179 793</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**Prior period error**

Nature of prior period error

Relating to: 2020/21 affecting the opening balances

Relating to 2019/20

**Total**

-
(6 169)
<u>(6 169)</u>

**37. Immovable Tangible Capital Assets**

**a. MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>63 953 154</b>	<b>1 941 853</b>	<b>(1 176 266)</b>	<b>64 718 741</b>
Dwellings	950 530	42 121	(1 030)	991 621
Non-residential buildings	10 348 391	690 434	(1 092 241)	9 946 584
Other fixed structures	52 654 233	1 209 298	(82 995)	53 780 536
<b>HERITAGE ASSETS</b>	<b>6 793</b>	<b>-</b>	<b>(2 860)</b>	<b>3 933</b>
Heritage assets	6 793	-	(2 860)	3 933
<b>LAND AND SUBSOIL ASSETS</b>	<b>245 542</b>	<b>-</b>	<b>(1 100)</b>	<b>244 442</b>
Land	245 542	-	(1 100)	244 442
<b>Total Immovable Tangible Capital Assets</b>	<b>64 205 489</b>	<b>1 941 853</b>	<b>(1 180 226)</b>	<b>64 967 116</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**b. MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022**

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>63 554 675</b>	<b>39 756</b>	<b>1 878 510</b>	<b>(1 519 787)</b>	<b>63 953 154</b>
Dwellings	829 751	-	120 779	-	950 530
Non-residential buildings	10 772 365	35 845	944 905	(1404 724)	10 348 391
Other fixed structures	51 952 559	3 911	812 826	(115 063)	52 654 233
<b>HERITAGE ASSETS</b>	<b>6 793</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 793</b>
Heritage assets	6 793	-	-	-	6 793
<b>LAND AND SUBSOIL ASSETS</b>	<b>245 542</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245 542</b>
Land	245 542	-	-	-	245 542
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>63 807 010</b>	<b>39 756</b>	<b>1 878 510</b>	<b>(1 519 797)</b>	<b>64 205 489</b>

**CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2023**

	Opening Balance 2022	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing Balance 2023
	R'000	R'000	R'000	R'000
Buildings and other fixed structures	4 039 939	1 678 193	(522 103)	5 196 029
<b>TOTAL</b>	<b>4 039 939</b>	<b>1 678 193</b>	<b>(522 103)</b>	<b>5 196 029</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>Accruals and payables not recognised relating to Capital WIP</b>		
[Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress]	<u>198 809</u>	<u>105 609</u>
<b>Payables not recognised relating to Capital WIP</b>	<u>198 809</u>	<u>105 609</u>

**CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2022**

	Opening Balance 2021	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing Balance 2022
	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	3 141 661	(35 488)	1 765 101	(831 335)	4 039 939
<b>Total</b>	<u>3 141 661</u>	<u>(35 488)</u>	<u>1 765 101</u>	<u>(831 335)</u>	<u>4 039 939</u>

**Prior period error**

Nature of prior period error

Relating to: 2021/22 affecting the opening balances

Relating to 2020/21

**Total**

Nature of prior period error

Relating to: 2020/21 affecting the opening balances

Relating to 2019/20

**Total**

35 845

1 989

**37 834**

32 809

-

**32 809**

**38. Prior Period Error**

	Amount before error correction R'000	Prior period error R'000	2021 / 2022 Restated amount R'000
<b>Correction of prior period errors</b>			
Revenue: (e.g. Annual appropriation, Departmental revenue, Aid assistance, etc)	3 143 035	(3 377)	3 139 658
Expenditure: (e.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)	114 252	(29 937)	84 315
Assets: (e.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)	9 613 252	183 580	9 796 832
Liabilities: (e.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)	12 439 013	(1 502 802)	10 936 211
Other: (e.g. Irregular expenditure, fruitless and wasteful expenditure, etc)	361 847	(3 961)	357 886

**39. Exemption**

The Annual Financial Statements (AFS) of provincial departments are prepared using the modified cash basis of accounting whilst those of public entities are prepared using an accrual basis.

Full compliance with Section 19 of the PFMA can only be achieved if a common basis of accounting is applied. Therefore, it was decided that departments and public entities would be consolidated separately for the 2022/23 financial year.

The decision was based on the approval by the Minister of Finance, who granted an exemption from the provision of the PFMA, section 19 (1) which requires consolidated financial statements in respect of the institutions mentioned in that section.

# ***Public Entities***



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**MPUMALANGA PROVINCIAL GOVERNMENT**  
**REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 31 MARCH 2023**

**Report of the Auditor-General to the Mpumalanga Provincial Legislature on Vote No. 3:  
Provincial Treasury – Consolidated Financial Statements for Public Entities**

***Report on the audit of the consolidated financial statements***

**Qualified opinion**

1. I have audited the consolidated financial statements of the public entities set out on pages 58 to 96, which comprise the consolidated statement of financial position as at 31 March 2023, consolidated statement of financial performance, consolidated statement of changes in net assets and consolidated cash flow statement for the year then ended, as well as notes to the consolidated and financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the public entities as at 31 March 2023, as well as their consolidated financial performance and consolidated cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

**Basis for qualified opinion**

**Property, plant and equipment**

3. The financial statements of the Mpumalanga Regional Training Trust included material misstatements. The entity did not assess the useful lives of assets in accordance with GRAP 17, Property, plant and equipment. A general rate was applied for all classes of property, plant and equipment, without considering the condition of the assets (including Rnil- and R1-value assets. Consequently, I was unable to determine the full extent of the misstatement of property, plant and equipment, stated at R85,9 million (2021-22: R91,9 million) in note 20 to the consolidated financial statements, and the depreciation of the property, plant and equipment expense stated at R6,2 million (2021-22: R6,6 million) in note 32 to the consolidated financial statements, as it was impracticable to do so. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

**Context for opinion**

4. 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 consolidated financial statements section of my report.
5. I am independent of the public entities 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**Material uncertainty relating to going concern**

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.
8. I draw attention to note 54 to the consolidated financial statements, which indicates that the Mpumalanga Regional Training Trust (MRTT) entity incurred a net loss of R9,4 million during the year ended 31 March 2023 and, as of that date, the entity's current liabilities exceeded its total assets by R8,6 million. As stated in note 54, these events or conditions, along with other matters as set forth in note 54, indicate that a material uncertainty exists that may cast significant doubt on the entities' ability to continue as a going concern.

**Emphasis of matters**

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 31 MARCH 2023**

**Irregular expenditure, Fruitless and Wasteful expenditure**

10. As disclosed in note 41 to the consolidated financial statements, irregular expenditure of R251,7 million (2021-22: R725,2 million), was incurred in the 2022-23 financial year.

**Uncertainty relating to the future of uncertain litigation**

11. With reference to note 44 to the consolidated financial statements, the Mpumalanga Tourism and Parks Agency (MTPA) is the defendant in a lawsuit of R740 million. The matter is before the North High Court in Pretoria. An uncertainty about the amount claimed exists until the court has made a ruling. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

**Restatement of corresponding figures**

12. As disclosed in note 51 to the consolidated financial statements, the corresponding figures for 31 March 2022 have been restated as a result of an error in the consolidated financial statements of the public entities at, and for the year ended, 31 March 2023

**Exemption**

13. As disclosed in note 55 to the consolidated financial statements, the finance minister granted the provincial treasury an exemption from the provisions of section 19(1) of the PFMA, as section 19 of the PFMA can only be achieved if a common basis of accounting is applied. The exemption allows the provincial treasury to not prepare a single set of consolidated financial statements for departments and entities.

**Other matter**

14. I draw attention to the matter below. My opinion is not modified in respect of this matter.

**National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework**

15. On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note XX to the financial statements of the entity. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

**Responsibilities of the accounting officer for the consolidated financial statements**

16. The accounting officer is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the SA standards of GRAP and the requirements of the PFMA; and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
17. In preparing the consolidated financial statements, the accounting officer is responsible for assessing the public entities' 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 entities or to cease operations, or has no realistic alternative but to do so.

**Responsibilities of the auditor-general for the audit of the consolidated financial statements**

18. My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error;

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 31 MARCH 2023**

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 consolidated financial statements.

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

***Other information in the annual report***

20. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the consolidated financial statements and the auditor's report.
21. My opinion on the consolidated financial statements 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 consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
23. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
24. I have nothing to report in this regard.

***Internal control deficiencies***

25. I considered internal controls relevant to my audit of the consolidated financial statements; however, my objective was not to express any form of assurance on it.
26. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion included in this report.
27. The management at the Mpumalanga Regional Training Trust did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial reporting and the entity developed a plan to address internal and external audit findings, but the appropriate level of management did not monitor adherence to the plan in a timely manner.

Auditor - General

Auditor-General  
Mbombela  
30 September 2023



**MPUMALANGA PROVINCIAL GOVERNMENT**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT YEAR ENDED**  
**31 MARCH 2023**

<b>ASSETS</b>		<b>2022/23 R'000</b>	<b>2022/21 R'000</b>
<b>Current assets</b>		<b>315 841</b>	<b>258 716</b>
Cash and cash equivalents	1	122 209	108 582
Trade and other receivables from exchange transactions	2	65 908	47 997
Other receivables from non-exchange transactions	3	2 154	1 854
Other current financial assets	4	12 738	14 559
Inventories	5	47 628	48 455
Prepayments	6	22	98
Non-current assets held for sale	7	5 260	-
Statutory Receivables	8	59 921	37 170
<b>Non-current assets</b>		<b>1 759 030</b>	<b>1 550 812</b>
Non-Current Investment	9	11 270	14 922
Other non-current financial assets	10	33 430	24 112
Investments in Associates	11	9 106	8 257
Property plant and equipment	20	979 192	989 753
Heritage assets	21	35 283	35 283
Intangible assets	22	9 360	9 445
Investment property	23	420 630	469 040
Operating lease Assets		260 759	-
<b>TOTAL ASSETS</b>		<b>2 074 871</b>	<b>1 809 528</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>578 830</b>	<b>455 937</b>
Trade and other payables from exchange transactions	12	433 077	322 207
Taxes and transfers payables	13	64 004	41 560
Other current financial liabilities	14	25 339	26 937
Current provisions	15	22 736	19 518
Current portion of unspent conditional grants and receipts	16	31 160	44 977
Short-Term Borrowings	17	1 806	30
Service Concession Arrangement	48	708	708
<b>Non-current liabilities</b>		<b>289 531</b>	<b>9 657</b>
Non-current provisions	18	14 166	3 424
Other non-current financial liabilities	19	275 366	6 233
<b>TOTAL LIABILITIES</b>		<b>868 361</b>	<b>465 594</b>
<b>Net assets</b>		<b>1 206 510</b>	<b>1 343 934</b>
Revaluation Reserve		237 432	217 308
Contributed Capital		70 015	70 015
Accumulated Surplus/ (Deficit)		899 062	1 056 611
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>2 074 871</b>	<b>1 809 528</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**CONSOLIDATED STATEMENT OF THE FINANCIAL PERFORMANCE FOR THE YEAR**  
**ENDED 31 MARCH 2023**

	Note	2022/23 R'000	2021/22 R'000
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>		<b>836 772</b>	<b>726 118</b>
Government grants and subsidies	24	725 448	625 317
Legislative and Oversight functions	25	111 324	100 801
<b>Revenue from exchange transactions</b>		<b>271 028</b>	<b>239 978</b>
Sale of Goods & Rendering of Services	26	162 094	130 003
Rental of facilities and equipment	27	42 917	39 623
Interest earned - external investments	28	4 833	2 570
Interest earned - outstanding receivables	29	45 594	44 129
Other income	30	15 590	23 652
Licenses and permits			
<b>TOTAL REVENUE</b>		<b>1 107 799</b>	<b>966 096</b>
<b>EXPENSES</b>			
Employee related costs	31	(637 010)	(580 303)
Repairs and maintenance	30	(9 132)	(5 324)
Depreciation and amortization expense	32	(64 737)	(55 361)
Contracted services	33	(19 494)	(23 834)
Finance costs	34	(11 061)	(1 720)
General expenses	39	(415 328)	(418 659)
Bad debts		(66 279)	(78 261)
<b>TOTAL EXPENSES</b>		<b>(1 223 041)</b>	<b>(1 163 462)</b>
<b>OTHER GAINS / (LOSSES)</b>		<b>(22 183)</b>	<b>(7 848)</b>
Loss on sale of assets	35	(6)	(326)
Impairment Loss	36	(1 313)	(197)
Gain/Loss on revaluation of asset	37	(48 324)	18 712
Gain/Loss on revaluation of asset	38	(27 459)	(26 037)
<b>TOTAL DEFICIT FOR THE PERIOD NET OF TAX</b>		<b>(137 425)</b>	<b>(205 213)</b>
<b>DEFICIT FOR THE PERIOD NET OF TAX</b>		<b>(137 425)</b>	<b>(205 213)</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**CONSOLIDATED STATEMENT OF NET ASSETS FOR THE YEAR ENDED 31 MARCH 2023**

	Revaluation Reserve	Contributed Capital	Accumulated Surplus/ (deficit)	TOTAL: Net Assets
	R'000	R'000	R'000	R'000
<b>Balance at 31 March 2021</b>	<b>249 883</b>	<b>70 015</b>	<b>1 220 709</b>	<b>1 540 607</b>
Changes in accounting policy correction of prior year error	251	-	13 258	13 509
<b>Balance at April 2021 – Restated balance</b>	<b>250 134</b>	<b>70 015</b>	<b>1 233 967</b>	<b>1 554 116</b>
Transfers to/from other reserves	(3 394)	-	3 394	-
Net of Tax Surplus/(deficit) on revaluation of property Plant & Equipment	(26 037)	-	-	(26 037)
Surplus/(Deficit) for the period as per Statement of Financial Performance	-	-	(205 213)	(205 213)
Other movements	(3 395)	-	29 433	26 038
<b>Balance at 1 April 2022</b>	<b>217 308</b>	<b>70 015</b>	<b>1 061 581</b>	<b>1 348 904</b>
Transfer to/from other reserve	-	-	(4 970)	(4 970)
Balance at 1 April 2022	<b>217 308</b>	<b>70 015</b>	<b>1 056 611</b>	<b>1 343 943</b>
Surplus/(Deficit) for the period as per Statement of Financial Performance	-	-	(137 425)	(137 425)
	(7 335)		7 334	1
Transfers to /from accumulated surplus/(deficit)	27 458	-		27 458
Other movements	-	-	(27 458)	(27 458)
<b>Balance at 31 March 2023</b>	<b>237 431</b>	<b>70 015</b>	<b>899 062</b>	<b>1 206 510</b>

Notes

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023/22 R'000	2022/21 R'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>		<b>1 064 568</b>	<b>988 699</b>
Transfers and Subsidies		509 023	419 843
Sale of goods and rendering of services		190 019	204 176
Grants		349 212	320 855
Interest Dividends and Rent on land		16 300	14 825
Other Receipts		14	-
<b>Payments</b>		<b>(1 025 319)</b>	<b>(1 030 760)</b>
Compensation of Employees		(625 196)	(629 355)
Goods and Services		(400 120)	(348 128)
Interest and Rent on land		(3)	(15)
<b>Net cash flows from operating activities</b>	<b>40</b>	<b>39 249</b>	<b>(17 799)</b>
<b>Cash flows from investing activities</b>		<b>(24 024)</b>	<b>(14 582)</b>
Purchase of Property Plant and Equipment		(22 990)	(9 219)
Purchase of Intangible Assets		(1 484)	(1 397)
Purchase of Investment Property		(386)	(1 260)
Proceeds of Property Plant and Equipment		769	-
Dividend income		-	59
Loan repayments received from associates / other economic enti		67	(2 765)
<b>Net cash flows from investing activities.</b>		<b>(24 024)</b>	<b>(14 582)</b>
<b>Cash flows from financing activities</b>		<b>(1598)</b>	<b>(21 584)</b>
Proceeds from borrowings		(1415)	(21 584)
Repayment of borrowings		(183)	-
<b>Net cash flows from financing activities</b>		<b>(3 912)</b>	<b>(21 584)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13 627</b>	<b>(53 965)</b>
Cash and cash equivalents at the beginning of the year		108 582	137 216
Effect of exchange rate movement on cash balances		-	25 331
<b>Cash and cash equivalents at the end of the year</b>	<b>1</b>	<b>122 209</b>	<b>108 582</b>

## **1. Summary of significant policies**

The Annual Financial Statements have been prepared in accordance with the following policies which have been applied consistently in all material aspects unless otherwise indicated however, where appropriate and meaningful additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the statutory requirements of the Public Finance Management Act Act 1 of 1999 (as amended by Act 29 of 1999) the Treasury Regulations for Departments and the Division of Revenue Act.

### **1.1. Presentation of the Consolidated Annual Financial Statements**

#### ***Basis of preparation***

The Annual Financial Statements have been prepared on a modified cash basis of accounting except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

#### ***Presentation Currency***

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the province.

#### ***Rounding***

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

### **1.2. Revenue**

#### ***Appropriated funds***

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National/Provincial Expenditure. Unexpended voted funds are surrendered to the National/Provincial Revenue Fund unless otherwise stated.

#### **Departmental revenue**

##### ***Tax revenue***

A tax receipt is defined as compulsory irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

***Sale of goods and services other than capital assets***

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

***Fines penalties and forfeits***

Fines penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipt of the funds.

***Interest dividends and rent on land***

Interest and dividends received are recognised upon receipt of the funds and no provision is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the Statement of Financial Performance of the department and then transferred to the National/Provincial Revenue Fund.

Revenue received from the rent of land is recognised in the statement of financial performance on receipt of the funds.

***Sale of capital assets***

The proceeds from the sale of capital assets is recognised as revenue in the statement of financial performance on receipt of the funds.

***Financial transactions in assets and liabilities***

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

***Local and foreign aid assistance***

Local and foreign aid assistance is recognised in the statement of financial performance on receipt of funds. Where amounts are expensed before funds are received a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance a payable is raised. In the situation where the department is allowed to retain surplus funds these funds are shown as a reserve.

**1.3. Expenditure**

***Compensation of employees***

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the payment

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023**

is made. The expenditure is classified as capital where the employees were involved on a full-time basis on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the payment is made.

*Short-term employee benefits*

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the payment is made. Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

*Long-term employee benefits and other post-employment benefits*

*Termination benefits*

Termination benefits are recognised and expensed only when the payment is made.

*Medical benefits*

The Mpumalanga Province provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when money is paid to the fund. No provision is made for medical benefits in the Annual Financial Statements of the department.

*Post-employment retirement benefits*

The Mpumalanga Province provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the Annual Financial Statements of the department. Any potential liabilities are disclosed in the Annual Financial Statements of the Provincial Revenue Fund and not in the Annual Financial Statements of the employer department.

*Other employee benefits*

Obligations arising from leave entitlement thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end.

**Goods and services**

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the payment is made. The expense is classified as capital if the goods and services were used on a capital project.

### ***Interest and rent on land***

Interest and rental payments resulting from the use of land are recognised as an expense in the Statement of Financial Performance when the payment is made. This item excludes rental on the use of buildings or other fixed structures.

### ***Financial transactions in assets and liabilities***

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

### ***Unauthorised expenditure***

Unauthorised expenditure is defined as:

- The overspending of a vote or a main division within a vote or
- Expenditure that was not made in accordance with the purpose of a vote or in the case of a main division not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority recovered or written off as irrecoverable.

### ***Irregular expenditure***

Irregular expenditure is defined as:

expenditure other than unauthorised expenditure incurred in contravention or not in accordance with a requirement of any applicable legislation including:

- The Public Finance Management Act
- Any provincial legislation providing for procurement procedures in that provincial government.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

### ***Fruitless and wasteful expenditure***

Fruitless and wasteful expenditure is defined as expenditure that was made in vain and would have been avoided had reasonable care been exercised therefore

- It must be recovered from a responsible official (a debtor account should be raised) or the accounting officer.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

***Transfers and subsidies***

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the payment is made.

***Expenditure for capital assets***

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the payment is made.

**1.4. Assets**

***Investments***

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and other investments. Investments are shown at cost. On disposal of an investment the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

***Receivables***

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

***Cash and cash equivalents***

Cash and cash equivalents consist of cash on hand and balances with banks short term investments in money market instruments and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**1.5. Liabilities**

***Payables***

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial/National Revenue Fund or another party.

***Lease commitments***

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the Statement of Financial Position as a liability or as

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023**

expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting.

Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

***Accruals***

This amount represents goods/services that have been received but no invoice has been received from the supplier at the reporting date OR an invoice has been received but remains unpaid at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting but are however disclosed as part of the disclosure notes.

***Contingent liabilities***

This 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 department; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the Statement of Financial position but the information is disclosed as part of the disclosure notes.

***Commitments***

This amount represents goods/services that have been approved and/or contracted but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of financial position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting but are however disclosed as part of the disclosure notes.

**1.6. Net Assets**

***Capitalisation reserve***

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal repayment or recovery such amounts are transferred to the Revenue Fund.

***Recoverable revenue***

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance with an agreement which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

**1.7. Comparative figures**

Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the departments may reasonably have available for reporting.

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>1. Cash and Cash Equivalents</b>		
Cash on hand	13	12
Cash at bank	122 064	107 051
Call deposits	132	1 519
<b>Total Cash and cash Equivalents</b>	<b>122 209</b>	<b>108 582</b>

**2. Trade and Other Receivables from Exchange Transactions**

	<b>BALANCE AS AT 31 MARCH 2023</b>		
	Gross Balances R'000	Provision for Doubtful Debts R'000	Net Balance R'000
Other Trade Receivables	318 650	(252 742)	65 908
<b>Total</b>	<b>318 650</b>	<b>(252 742)</b>	<b>65 908</b>

	<b>BALANCE AS AT 31 MARCH 2022</b>		
	Gross Balances R'000	Provision for Doubtful Debts R'000	Net Balance R'000
Other Trade Receivables	439 530	(391 533)	47 997
<b>Total</b>	<b>439 530</b>	<b>(391 533)</b>	<b>47 997</b>

**Ageing of Trade & Other Receivables from Exchange Transactions (Net of Provision For Doubtful Debts)**

Current (0 – 30 days)	23 412	7 748
31 - 60 Days	9 115	15 576
61 - 90 Days	1 296	200
91 - 120 Days	4 697	4 800
121 + Days	27 388	19 673
<b>Total</b>	<b>65 908</b>	<b>47 997</b>

***Summary of Debtors by Classification***

Other Trade Receivables		
Current (0 – 30 days)	24 726	8 892
31 - 60 Days	14 280	19 456
61 - 90 Days	7 172	1 591
91 - 120 Days	6 955	6 203
121 + Days	265 516	403 388

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>Total</b>	<u>318 650</u> (252 742) <u>65 908</u>	<u>439 530</u> (391 533) <u>47 997</u>
<b>Reconciliation of the doubtful debt</b>		
Balance at beginning of the year	(391 533)	(329 319)
Contributions to provision	457	1 378
Reversal of provision	2 210	631
Increase/ (Decrease) due to change in	136 124	(64 223)
<b>Balance at end of year</b>	<u>(252 742)</u>	<u>(391 533)</u>
<b>3. Other Receivables from Non-Exchange</b>		
Other receivables	2 154	1 854
<b>Total Other receivables</b>	<u>2 154</u>	<u>1 854</u>
<b>4. Other Current Financial Assets</b>		
Other current financial assets	<u>12 738</u>	<u>14 559</u>
<b>5. Inventories</b>		
<b>Carrying value of inventory</b>	<b>47 628</b>	<b>48 455</b>
Consumable stores	2 330	3 176
Work in Progress	45 298	45 279
<b>Inventory carried at Net Realizable Value</b>		
Consumable stores	1 877	2 389
Raw Materials	457	787
Work in Progress	45 298	45 279
Write-downs of inventory to Net Realisable	(4)	-
<b>Total</b>	<u>47 628</u>	<u>48 455</u>
<b>6. Prepayments</b>		
Prepaid expenses	22	98
<b>Total</b>	<u>22</u>	<u>98</u>
<b>7. Current Assets held for sale</b>		
Current assets classified as held for sale	5 260	-
<b>Total</b>	<u>5 260</u>	<u>-</u>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>8. Statutory Receivables - Non-Exchange</b>		
Opening balance	37 170	17 590
Current year receivables	59 921	37 170
Accrued interest, fines, penalties or other		
Accumulated Impairment losses		
Amounts derecognized/Settled amounts	(37 170)	(17 590)
<b>Total</b>	<b>59 921</b>	<b>37 170</b>
<b>9. Non-current Investments</b>		
Other Investments	11 270	14 922
<b>Total</b>	<b>11 270</b>	<b>14 922</b>
<b>10. Other Non-Current Financial Assets</b>		
Other Non-Current Financial Assets	33 430	24 112
<b>Total</b>	<b>33 430</b>	<b>24 112</b>
<b>11. Investments in Associates</b>		
<b>9.Share of the associate's statement of</b>		
Non-current liabilities	9 106	8 257
<b>Total</b>	<b>9 106</b>	<b>8 257</b>
<b>12. Trade and Other Payables from Exchange Transactions</b>		
Trade Payables	56 055	43 892
Payments received in advance	2 224	5 177
Staff leave	4 086	7 175
Other payables	370 712	265 963
<b>Total payables</b>	<b>433 077</b>	<b>322 207</b>
<b>13. Taxes and Transfers Payable</b>		
Taxes and transfers payable (Non-Exchange)	64 004	41 560
<b>Total Taxes and transfers payable</b>	<b>64 004</b>	<b>41 560</b>
<b>14. Other Current Financial Liabilities</b>		
Other Current Financial liabilities	25 339	26 937
<b>Total Other Current Financial Liabilities</b>	<b>25 339</b>	<b>26 937</b>

## 15. Current Provisions

### Reconciliation of Movement in Current Provisions - 2023

	Performance Bonus	Provision for Leave Pay	Current portion of Other non-current Provisions	Total
	R'000	R'000	R'000	R'000
Opening Balance	4 092	14 781	645	19 518
Provisions Raised	(52)	12 592		12 540
Unused Amounts Reversed	(7)	(551)	-	(558)
Amounts Used	(2 498)	(9 793)	(680)	(12 971)
Other Movements	3 561	23	623	4 207
<b>Total</b>	<b>5 096</b>	<b>17 052</b>	<b>588</b>	<b>22 736</b>

### 15.1 Reconciliation of Movement in Current Provisions - 2022

	Performance Bonus	Provision for Leave Pay	Current portion of Other non-current Provisions	Total
	R'000	R'000	R'000	R'000
Opening Balance	4 338	14 754	558	19 650
Provisions Raised	(112)	1 480		1 368
Unused Amounts Reversed	(64)	(584)		(648)
Amounts Used	(2 575)	(1 351)	(629)	(4 555)
Other Movements	2 505	482	716	3 703
<b>Total</b>	<b>4 092</b>	<b>14 781</b>	<b>645</b>	<b>19 518</b>

**2022/23**  
**R'000**

**2021/22**  
**R'000**

## 16. Unspent Conditional Grants and receipts

Current portion of unspent conditional grants and receipts	31 160	44 977
<b>Total</b>	<b>31 160</b>	<b>44 977</b>

## 17. Short-Term Borrowings

Short-Term Borrowings	1 806	30
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## 18. Non-Current Provisions

### Reconciliation of Movement in Non-Current Provisions - 2023

	Provision for long service awards	Other non-current Provisions	Total
	R'000	R'000	R'000
Opening Balance	2 404	1 020	3 424
Provisions Raised	34	-	34
Unused Amounts Reversed	(40)	-	(40)
Amounts used	12 112	-	12 112
Change in Provision due to change in Estimation inputs	46	41	87
Other Movements	(1 451)	-	(1 451)
<b>Total</b>	<b>13 105</b>	<b>1 061</b>	<b>14 451</b>

### Reconciliation of Movement in Non-Current Provisions - 2022

	Provision for long service awards	Other non-current Provisions	Total
	R'000	R'000	R'000
Opening Balance	2 688	981	3 649
Provisions Raised	34	-	34
Unused Amounts Reversed	3	-	3
Amounts used	(358)	-	(358)
Change in Provision due to change in Estimation inputs	43	39	82
Other Movements	14	-	14
<b>Total</b>	<b>2 404</b>	<b>1 020</b>	<b>3 424</b>

## 19. Other Non-Current Financial Liabilities

Other non-current financial liabilities	<b>275 366</b>	<b>6 233</b>
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**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**20. Property plant and equipment**  
**Reconciliation of carrying value**

	2023			2022		
	Accumulated Depreciation & Impairment		Carrying Value	Accumulated Depreciation & Impairment		Carrying Value
	R'000	R'000	R'000	Cost	R'000	R'000
Land	49 328	-	49 328	49 328	-	49 328
Building	605 087	(159 436)	445 651	604 542	(135 850)	468 692
Service Concession Asset	4 249	(1 730)	2 519	4 249	(1 384)	2 865
Vehicles	36 820	(23 735)	13 085	37 622	(21 778)	15 844
Infrastructure	568 580	(163 084)	405 496	552 950	(150 193)	402 757
Capital Work in Progress (Infrastructure)	15 635	-	15 635	489	-	489
Finance Lease Assets	151	(151)	-	151	(151)	-
Furniture & Fittings	16 544	(8 796)	7 748	15 517	(8 158)	7 359
Plant Machinery & Equipment	38 754	(22 825)	15 929	38 864	(20 319)	18 545
Office Equipment	6 704	(3 616)	3 088	5 634	(3 282)	2 352
Computer equipment	25 919	(14 365)	11 554	23 087	(12 876)	10 211
Other Assets	18 350	(9 191)	9 159	18 352	(7040)	11 312
<b>Total</b>	<b>1 386 121</b>	<b>(406 929)</b>	<b>979 192</b>	<b>1 350 785</b>	<b>(361 031)</b>	<b>989 753</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**20.1 Reconciliation of property plant and equipment – 2023**

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment (Loss)/ Reversal of impairment loss	Revaluation	Discontinued Operations	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land	49 328	-	-	-	-	-	-	-	49 328
Service Concession Asset	2 865	-	-	-	(346)	-	-	-	2 519
Buildings	468 692	545	-	-	(28 961)	(1 313)	-	-	445 651
Vehicles	15 844	-	(458)	-	(2 300)	-	-	-	13 085
Infrastructure	402 757	585	(870)	-	(24 436)	-	27 460	-	405 496
Capital Work in progress (Infrastructure)	489	15 146	-	-	-	-	-	-	15 635
Furniture & Fittings	7 359	1 189	(43)	-	(757)	-	-	-	7 748
Plant Machinery & Equipment	18 544	485	(144)	(175)	(2 781)	-	-	-	15 929
Office Equipment	2 352	1 088	(6)	(1)	(345)	-	-	-	3 088
Computer Equipment	10 211	4 111	(392)	-	(2 376)	-	-	-	11 554
Other Assets	11 312	-	(1)	-	(867)	(1 285)	-	-	9 159
<b>Total</b>	<b>989 753</b>	<b>23 149</b>	<b>(1 914)</b>	<b>(176)</b>	<b>(63 169)</b>	<b>(2 598)</b>	<b>27 460</b>	<b>-</b>	<b>979 192</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**20.2 Reconciliation of Property Plant and Equipment – 2022**

	Carrying Value Opening Balance	Additions	Disposals	Transfers In / (Out)	Depreciation	Impairment (Loss)/ Reversal of impairment loss	Revaluation	Discontinued Operations	Prior Period Errors	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land	48 837	-	-	(900)	-	-	1 391	-		49 328
Service Concession Asset	3 211	-	-	-	(346)	-	-	-		2 865
Buildings	475 220	672	(1)	(1 388)	(20 581)	(197)	11 541	2 200	1 226	468 692
Vehicles	18 428		(237)	-	(2 391)	-	-		44	15 844
Infrastructure	461 088	1 693	(585)	1 007	(23 356)	-	(38 969)	464	1 415	402 757
Capital Work in Progress										489
(Infrastructure)	475	1 147	-	(1 133)	-	-	-	-		
Furniture & Fittings	7 143	587	(1)	-	(815)	-	-	168	277	7 359
Plant Machinery & Equipment	19 451	1 627	(1)	-	(2 701)	-	-	-	168	18 544
Office Equipment	2 083	1	-	-	(329)	-	-	-	597	2 352
Computer Equipment	8 922	3 394	(128)	115	(2 370)	-	-	-	278	10 211
Other Assets	12 207	-	-	-	(886)	-	-	-	(9)	11 312
<b>Total</b>	<b>1 057 065</b>	<b>9 121</b>	<b>(953)</b>	<b>(2 299)</b>	<b>(53 775)</b>	<b>(197)</b>	<b>(26 037)</b>	<b>2 832</b>	<b>3 996</b>	<b>989 753</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

2022/23                      2021/22  
R'000                              R'000

**20.3 Disclosure on assets in the process of being constructed or developed**

Cumulative expenditure recognized in the carrying value of PPE per class of asset.

15 639                      489

**20.4 Expenditure incurred to repair and maintain property plant and equipment**

Property plant and equipment

9 132                      5 324

***Repairs and maintenance***

Property Plant and Equipment

8 487                      5 244

Buildings

6 287                      4 097

Vehicles

989                      825

Infrastructure

857                      29

Office Equipment

103

Other Assets

644                      80

Computer Equipment

251                      253

Aircraft

-                      39

Other Assets

644                      80

**Total**

**9 132                      5 324**

**21 Heritage Assets**

**21.1 Reconciliation of carrying value**

	2023			2022		
	Cost	Accumulated Amortisation & Impairment	Carrying Value	Cost	Accumulated Amortisation & Impairment	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Other Assets	35 283	-	35 283	35 283	-	35 283
<b>Total</b>	<b>35 283</b>	<b>-</b>	<b>35 283</b>	<b>35 283</b>	<b>-</b>	<b>35 283</b>

**21.2 Reconciliation of Heritage Assets – 2023**

	Carrying Value Opening Balance	Addition	Disposals	Revaluation	Depreciation	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Other Assets	35 283	-	-	-	-	35 283
<b>Total</b>	<b>35 283</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35 283</b>

### 21.3 Reconciliation of Heritage Assets – 2022

	Carrying Value Opening Balance	Addition	Disposals	Revaluation	Depreciation	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Other Assets	35 283	-	-	-	-	35 283
<b>Total</b>	<b>35 283</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35 283</b>

## 22 Intangible assets

### 22.1 Reconciliation of carrying value

	2023				2022		
	Cost	Accumulated Amortisation & Impairment	Carrying Value		Cost	Accumulated Amortisation & Impairment	Carrying Value
	R'000	R'000	R'000		R'000	R'000	R'000
Computer software	2 302	(1 371)	135		3 956	(2 941)	1 015
Other	8 430	-	8 430		8 430	-	8 430
<b>Total</b>	<b>10 732</b>	<b>(1 371)</b>	<b>9 360</b>		<b>12 386</b>	<b>( 2 941)</b>	<b>9 445</b>

### 22.2 Reconciliation of intangible assets – 2023

	Carrying Value Opening Balance	Additions	Amortisation	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000
Computer software	1 015	1484	(1 568)	930
Licenses				
Other	8 430	-	-	8 430
<b>Total</b>	<b>9 445</b>	<b>1 484</b>	<b>(1 568)</b>	<b>9 360</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23	2021/22
Notes	R'000	R'000

**22.3 Reconciliation of intangible Assets – 2022**

	Carrying Value Opening Balance	Additions	Amortisation	Impairment (Loss) / Reversal of impairment loss	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000
Computer software	1 025	1 493	(1 586)	82	1 015
Other	8 430	-	-	-	8 430
<b>Total</b>	<b>9 455</b>	<b>1 493</b>	<b>(1 586)</b>	<b>82</b>	<b>9 455</b>

**23 Investment property Carried at Fair Value**

**23.1 Reconciliation of carrying value**

2023			2022		
Cost	Accumulated amortisation & impairment	Carrying Value	Cost	Fair Value Adjustments	Carrying Value
R'000	R'000	R'000	R'000	R'000	R'000
Investment property	462 360	-	462 630	469 040	-
<b>Total</b>	<b>420 630</b>	<b>-</b>	<b>420 630</b>	<b>469 040</b>	<b>-</b>

**23.2 Reconciliation of Investment Property Carried at Fair Value – 2023**

	Balance	Additions	Transfers (Out)/ In	Disposal	Fair value adjustment	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Investment property	469 040	386	5 500	(41 530)	(1 766)	430 630
<b>Total</b>	<b>469 040</b>	<b>386</b>	<b>5 500</b>	<b>(41 530)</b>	<b>(1 766)</b>	<b>420 630</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23	2021/22
Notes	R'000	R'000

**23.3 Reconciliation of Investment Property Carried at Fair Value – 2022**

	Additions	Transfers	Disposal	Fair value adjustment	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000
Investment property	459 470	1 260	2 300	-	469 040
<b>Total</b>	<b>459 470</b>	<b>1 260</b>	<b>2 300</b>	<b>6 010</b>	<b>469 040</b>

**24 Government Grants and Subsidies**

**24.1 Reconciliation of Movement in Grant - 2023**

	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Conditions still to be met - remain liabilities
	R'000	R'000	R'000	R'000
<b>Total Government Grants and Subsidies</b>	<b>(199 084)</b>	<b>512 940</b>	<b>725 448</b>	<b>(411 592)</b>

**24.2 Reconciliation of Movement in Grant - 2022**

	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Conditions still to be met - remain liabilities
	R'000	R'000	R'000	R'000
<b>Total Government Grant and Subsidies</b>	<b>-</b>	<b>426 233</b>	<b>625 317</b>	<b>(199 084)</b>

**25 Legislative and oversight functions**

Statutory Appropriation	111 324	100 801
<b>Total</b>	<b>111 324</b>	<b>100 801</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2022/23 R'000	2021/22 R'000
<b>26 Sale of goods and Rendering of Services</b>			
Sale of goods and services		162 094	130 003
<b>Total</b>		<b>162 094</b>	<b>130 003</b>
<b>27 Income from Rental of Facilities and Equipment</b>			
Rental of facilities		42 917	39 623
<b>Total</b>		<b>42 917</b>	<b>39 623</b>
<b>28 Interest Earned – External Investments</b>			
Bank		2 738	1 548
Financial		2 095	963
Other		-	59
<b>Total</b>		<b>4 833</b>	<b>2 570</b>
<b>29 Interest Earned - Outstanding Receivables</b>			
Interest Earned - Outstanding Receivables		45 594	44 129
<b>Total</b>		<b>45 594</b>	<b>44 129</b>
<b>30 Other income</b>			
Other income		15 467	23 636
		123	16
<b>Total</b>		<b>15 590</b>	<b>23 652</b>
<b>31 Employee Related Costs</b>			
Salaries - Employees - Salaries and Wages		378 094	346 791
Salaries - Employees - UIF Pensions and Medical Aid		90 395	84 428
Salaries - Employees - Performance and other bonuses		10 244	9 461
Salaries - Employees - Overtime payments		12 983	11 137
Salaries - Employees - Other employee related costs		121 139	109 201
Salaries – Employees – Long Service Awards		12 229	-
Salaries – Accounting Authority – Periodic Payments		647	823
Salaries - Employees - Allowances		1 440	6 717
Salaries - Accounting Authority - Basic remuneration		1 529	2 194
Salaries - Accounting Authority - Gratuities		5 445	9 108
Employee benefits expensed - Other		107	107
Movement in Provision - Provision for Leave Pay		2 463	273
Movement in Long-term Provisions - Other Long-term		293	63
<b>Total</b>		<b>637 009</b>	<b>580 303</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>32 Depreciation and Amortization Expense</b>		
Property plant and equipment	63 169	53 775
Biological assets carried at cost	1 588	1 586
<b>Total</b>	<b>63 737</b>	<b>55 361</b>
<b>33 Contracted Services</b>		
Consultants on various projects	19 494	23 834
<b>Total</b>	<b>19 494</b>	<b>23 834</b>
<b>34 Finance Costs</b>		
Interest Charged on Overdue Trade and other	11 061	1 720
<b>Total</b>	<b>11 061</b>	<b>1 720</b>
<b>35 Loss on Sale of asset</b>		
Property plant and equipment	(6)	(326)
<b>Total</b>	<b>(6)</b>	<b>(326)</b>
<b>36 Impairment Loss</b>		
Property plant and equipment	(1 313)	(197)
<b>Total</b>	<b>(1 313)</b>	<b>(197)</b>
<b>37 Gain / (Loss) on Fair Value Adjustment</b>		
Other financial assets	(48 324)	18 712
<b>Total</b>	<b>(48 324)</b>	<b>18 712</b>
<b>38 Profit/ (Loss) on revaluation Asset</b>		
Other financial assets	27 459	(26 037)
<b>Total</b>	<b>27 459</b>	<b>(26 037)</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23 R'000	2021/22 R'000
<b>39 General Expenses</b>		
<i>Included in general expenses are the following:</i>		
Advertising	3 168	749
Admin fees	311	306
Audit fees	30 938	22 302
Bank charges	1 142	1 068
Bursaries	48	71
Cleaning	647	992
Consulting fees	-	-
Consumables	1 754	1 482
Cost of sales	126 551	137 766
Entertainment	75	126
Electricity	25 903	24 228
Fuel and Oil	5 107	3 707
Insurance	11 479	11 968
Legal expenses	-	-
License fees - Vehicles	265	137
License fees - Computers	4 012	2 311
Membership fees	-	-
Parking	252	437
Postage	49	38
Printing and stationery	2 601	1 470
Professional Fees	1 310	5 235
Rental of buildings	3 833	8 259
Rental of office equipment	736	1 514
Rental of computer equipment	974	449
Security Costs	44 851	42 515
Stocks and materials	-	3 275
Subscription and Publication	6 569	4 768
Telephone costs	4 274	4 671
Training	11 989	7 040
Transport claims	6 419	4 526
Travel and subsistence – Local	7 995	5 833
Uniforms	414	1 171
Water	1 500	6 507
Other	110 162	113 738
<b>Total</b>	<b>415 328</b>	<b>418 659</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**2022/23**      **2021/22**  
**R'000**      **R'000**

**40 Cash flow from operating activities**

**Surplus/(deficit) for the year**

Continuing operations

(137 425)      (205 213)

**Adjustments for:**

(Gain)/loss on sale of tangible assets

42 672      951

Amortization

1 518      1 403

Depreciation

63 220      53 957

Dividend income

-      (59)

Fair value losses on financial instruments

5 658      (19 338)

Finance cost: Service concession

11 058      1 705

Increase/(decrease) in provisions

2 406      (1 179)

Interest received-Held to maturity investments

(2 095)      (964)

Movements in other employee benefit items

1 376      (104)

Share of income/Loss from associate and Joint ventures

(849)      (101)

Impairment loss/ (reversal of impairment loss)

1 698      3 205

Other non-cash item

(2 632)      35 483

**Operating surplus before working capital changes:**

**(13 395)      (130 254)**

(Increase)/ decrease in inventories

827      (775)

Increase in trade and other receivables

(79 041)      37 962

(Increase)/ decrease in conditional grants and receipts

(300)      (832)

Decrease in trade and other payables

132 467      78 154

Increase in other payables

-      -

Increase in payments received in advance

-      -

Other working capital movements

(1 309)      (2 054)

**Net cash flow from operating activities**

**39 249      (17 799)**

**41 Irregular, Fruitless and Wasteful Expenditure**

Irregular expenditure

251 734      725 231

Fruitless and wasteful expenditure

492      4 399

Total

**252 226      729 630**

**42 Capital commitments**

**Commitments in respect of capital expenditure**

**Approved and contracted for**

Building and other fixed structures

13 741      4 383

Other

29 430      43 034

**Sub-total**

**43 171      47 417**

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	2022/23	2021/22
	R'000	R'000

**This expenditure will be financed from**

Government Grant	31 825	28 953
Own Resources	11 346	18 464
<b>Total Operating lease arrangement</b>	<b>43 171</b>	<b>47 417</b>

**43 Operating leases**

**Lessee**

Up to 1 year	3 332	21 870
1 to 5 years	1 640	42 612
More than 5 years	1 735	1
<b>Total</b>	<b>6 707</b>	<b>64 483</b>

**Lessor**

Up to 1 year	-	5 485
1 to 5 years	-	42 054
More than 5 years	-	-
<b>Total</b>		<b>47 539</b>

**44 Contingent liabilities**

**Other contingent liabilities**

Court proceedings (MRTT)	107	107
Other contingent liabilities (MEGA)	163 124	14 450
Other contingencies (MTPA)	748 199	741 499
<b>Total</b>	<b>911 430</b>	<b>756 056</b>

**45 Contingent Assets**

**Lessor**

Other Contingent Assets	4 437 322	-
<b>Total</b>	<b>4 437 322</b>	<b>-</b>

## **MRTT**

A labour court matter between MRTT and a former employee who is contesting compensation after being dismissed in 2012. Amount being contested is R106 956.

The matter is still in the court roll for a date to be determined in the future.

## **MEGA**

### **1. Roadspan - Claim amount: R4, 784,315 (2022: R4, 784,315a)**

On or about 28 February 2020, Roadspan instituted action proceedings claiming that MEGA owes it R4 784 315.52 plus interest of 9.5% per annum for work done at the Mpumalanga International Fresh Produce Market.

MEGA is opposing Roadspan's claim. Our response thereto was communicated to applicant on 23 April 2020 wherein we denied being indebted to Roadspan nor Liviero Civils in respect of the amount claimed. MEGA is defending the matter.

### **2. Mr. EL Potgieter - Claim amount: R1, 930,217 (2022: R1,930,2} 7)**

Mr. Potgieter, former CFO lodged a grievance after the expiry of his 5 years fixed term of employment contract on the 31 January 2021, wherein he alleged unfair dismissal due to non-renewal of the fixed-term employment contract.

Applicant subsequently referred a dispute for unfair dismissal and unfair labour practice to the CCMA and an arbitration award was rendered on 16 August 2021, in terms of which MEGA was ordered to pay the Applicant R1 930 217.16 compensation in respect of unfair dismissal. MEGA has filed an affidavit simply to request that the matter be remitted back to the CCMA in the event the award is set aside.

### **3. I@Consulting (Pty)Ltd - Claim amount: R3,298,833 (2022: R3,298,833)**

On or about 29 March 2022, I @ Consulting (Pty) Ltd instituted action proceedings against MEGA for breach of contract for the provision of technical and advisory support to the Project Management Unit of the Nkomazi Economic Zones (SEZ) following its appointment through a competitive bidding process on 16 November 2022.

The matter was subsequently referred to DEDT to settle since the budget for the SEZ was transferred to the Department. Furthermore, the Opponent had also not taken the matter further after our attorneys of record requested some time to engage DEDT for a possible out of court settlement.

### **4. Coega Development Corporation (Pty) Ltd - Claim amount: R4, 774,394 (2022: R0)**

Coega Development Corporation (Pty) Ltd instituted action proceedings against MEGA on 21 April 2022, in which they claim payment of an amount of R3 206 548.58 plus interest of R1 567 845.92. The claim is predicated upon a written agreement for provision of technical services, including program management fees. MEGA is defending the matter.

### **5. LONA Citrus (Pty) Ltd - Claim amount: R26, 851,227 (2022: R0)**

LONA Citrus Ltd has instituted action proceedings seeking for a judgement on the allegation that MEGA owes the company an amount of R26 851 226.86. This is allegedly a cumulative debt from the funds the company has used in the management of Thekwane Citrus Farm.

### **6. Slip Knot Investments (Pty) Ltd - Claim amount: R22, 833, 009 (2022: R0)**

SLIP KNOT Investments (Pty) Ltd instituted action proceedings against MEGA on 19 April 2023 for alleged breach of contract by MEGA in respect of the ABSA Square Building lease agreement which MEGA officially terminated on 30 September 2023 prior to moving to the new MEGA Head offices situated at No. 02 Eastern Boulevard, Riverside, Mbombela. Plaintiff alleges that MEGA is still liable for the rentals and all other charges that the Plaintiff would have been entitled to receive from the Defendant (MEGA) from 01 October 2022 to date of termination of the lease renewal by effluxion of time which is December 2025. MEGA is disputing the allegation and thus defending the matter.

**7. ENZA Construction (Pty) Ltd - C/aim amount: R43 548 910 + R50 666 432 (2022: R0)**

ENZA instituted action against MEGA as well as the Department of Public Works and the Department of Economic Development and Tourism. As Public works have taken over the Mpumalanga International Fresh Produce Market project from MEGA it is unclear whether MEGA is liable in part or at all. Public Works is currently assessing the situation and has been requested to advise by the end of May 2023 whether there is any liability of MEGA in respect of this action.

**MTPA**

There is a civil suit against the MTPA by Inzalo for the cancellation of a head lease at Mthethomusha Nature Reserve (Bongani Lodge). This matter has not been pursued for a considerable period. The legal costs for this claim is not known at this stage.

Fred Daniel Case A: Case No. 34502/2010 in the North High Court in Pretoria

This court case which is fully cited as Grand Valley Estates and 11 others versus Mpumalanga Tourism and Parks Agency & 24 others: Case No: 34502/2010 has been instituted by one businessman, namely IVlr Frederick Coenraad Daniel 6 11 others, against various governmental bodies in the North Gauteng High Court in Pretoria in 2010.

The case is being defended through the Office of the State Attorney in Pretoria. This court case involves 12 Plaintiffs (parties instituting the action) which are mostly companies associated with Mr Daniels and a few of his individual fellow business associates. It has 25 Defendants, which include various National, and Provincial government departments, state entities, state officials and individuals. The National department cited in the matter is Environmental Affairs; Provincial department cited is Agriculture and Land Affairs; and state entities cited include

MTPA, Regional Land Claims Commissioner: Mpumalanga Province and national Commissioner of South African Police. Most state officials and individuals are sued herein in vicarious liability as at all times they were acting within the course and scope of their duties in relation to the allegations made against them.

The cause of action set out in the issued summons is broadly alleged to be unlawful actions and numerous breaches of legal duties by Defendants, which allegedly resulted in Plaintiffs suffering damages mainly through loss of profit and prospective profit, among others.

The total amount sued for as contained in the issued summons is currently in the sum of R 1 094 330 740. 00, which is jointly and severally payable by the Defendants to the Plaintiffs. The amount computed to be payable by the MTPA as an entity is the sum of about R740 million as set out in the issued summons. Only once the court decides on the matter shall it be certain as to how much the MTPA is liable for. Similarly, only after the finalization of the court case shall be it known for sure the legal costs, if any, that will be payable by the MTPA.

(The amount of R740 million reflecting on previous Annual Financial Statements relates to a Frederick Daniel and 11 others (plaintiffs) versus MTPA and 24 others — Case No: 34502/2010. The total claim

by the plaintiff s amount to R1 094 330 740 of which R740 000 000 has been computed as a claim against MTPA in the issued summons. The matter is before the North High Court in Pretoria, which provides uncertainty about the amount claimed until the court makes a ruling.)

The trial is ongoing since 2020. The newly allocated court dates for trial are 02 May to 15 June 2023. It is unclear if the trial shall be finalized by 15 June 2023.

**The legal fees incurred and paid in this matter thus far is more than R12.2million. The future payable fees are not known but would be substantial given the complex nature of this matter and the likely period of time it may take to finalize this court case.**

**Tinswalo Lodges (Pty) Ltd/ The MTPA and 11 others MVS/M492/ 380821: case no: 39/2020**

Tinswalo Lodges instituted this application in the Land claims court to set aside the concluded land settlement agreement regarding manyeleti Nature Reserve claim. The MTPA is cited as the 8<sup>th</sup> respondent. In February when the court heard the interim application herein, it had ordered that the parties negotiate an inter-parties. The MTPA has incurred legal costs amounting to R923 521.23 to date. Future legal costs are unknown

**Wildlife closeup (pty) ltd/The MTPA MVS/M490/ 360 138 CASE NO: 3957/2019**

This was an interdict application instituted by Wildlife Up-case against some of its employees. Wildlife is the applicant who holds a short-term concession agreement with MTPA. The MTPA successfully opposed the matter and was awarded legal costs against the concerned respondents. The MTPA is in the process of recovering those legal costs. The legal fees incurred amount to R136 743.15

**Hazyview Arial cable Trial case NO: 1401/2020**

Hazyview Arial cable trial the applicant instituted this application against MTPA. The matter has since become mutually settled between the parties and each party should pay its legal costs. The legal costs amount to 177 396.97

**Labour/ Employment related**

An employee is claiming R1 075 398 against MTPA for breach of contract.

An employee as sued MTPA for equal pay for work of equal value. In November 2021, the court dismissed this case. The legal fees had to be paid by MTPA amounting to 263 431

An employee of MTPA instituted a claim against MTPA citing unfair Labour practices of demotion. The employee took the matter to CCMA and won the case. MTPA is disputing the amount of 123 946.35 for settlement

Different plaintiffs instituted several court cases at the Labour court against the MTPA because of unfair dismissal. These cases have not been pursued for long

**NEW MATTERS**

At the end of March 2023, there is a new court case instituted against the MTPA in High Court, Mpumalanga Division, Mbombela for damages for R7 million. The citation of the case is BANELE GCINA LUBISI Versus THE MTPA: CASE NO.

The High Court, Mpumalanga Division, Mbombela Main Seat. The MTPA is sued for various liabilities following an incident where its officials are alleged to have unlawfully assaulted the plaintiff. The MTPA is defended the matter through its appointed lawyers as it concerns the resistance of lawful arrest

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**2022/23**      **2021/22**  
**R'000**      **R'000**

which necessitated minimum force. There is no allocation for it on the budget and there are not legal costs incurred yet.

### Contingent Asset

Other Contingent assets	4 437 322	-
<b>Total</b>	<b>4 437 322</b>	<b>-</b>

### Mire Beck Properties (Pty) Ltd - Claim amount: R0 (2022: R4, 437,322)

MEGA instituted action proceedings against Mire Beck Properties (Pty) Ltd (Mire Beck) emanating from a development agreement between MEGA and the Defendant/ Respondent due to alleged failure to complete the construction work for the MEGA Head Office situated at Riverside Park, Nelspruit. A letter of demand was issued to the Defendant/ Respondent on 15-09-2021. A without prejudice round table discussion which took place virtually on 12-10-2021 did not succeed to resolving the dispute. The matter has since been referred to arbitration and we await an agreement in terms of an arbitrator to preside over the dispute.

### 46 Contributed Capital

Opening balance	70 015	-
Contributions	-	70 015
<b>Total</b>	<b>70 015</b>	<b>70 015</b>

### 47 Service Concession Arrangements

Concession Service - Liabilities	1 416	2 124
Concession Service – short term	(708)	(708)
<b>Total Service Concession liability</b>	<b>708</b>	<b>1 416</b>

The lodge concessions entail allowing private operators to build and operate tourism facilities within the protected areas on the basis of a defined period usually over a 15-year concession contract. Investors take over and upgrade specified existing. Lodge facilities or build new ones. The contractual mechanism is a concession contract which enables the private operator to use a defined concession area plus any building that may already exist on that concession area over a specific time period in return for payment of concession fees.

Against these rights of occupation and commercial use of facilities there is a set of obligations on the part of the concessionaire regarding financial terms environmental management social objectives empowerment and other factors. Infringement of these requirements carries specified penalties underpinned by performance bonds and finally termination of the contract with the assets reverting to the MTPA. The minimum concession fee or variable concession fee payable in terms of the concession transaction with effect from the Occupation Date and for the duration of this Agreement to the MTPA shall be the higher of the fixed monthly as defined by the concession agreement which will be escalated on an annual basis on actual gross revenue expressed as percentage of the gross income.

The annual concession fee payable by the concessionaire to The MTPA for any given concession year shall be the higher of a minimum rental as determined by the agreement for the concession year or a calculated annual concession fee based on the bid percentage of gross revenue for the concession year.

At the end of the concession period the concessionaires shall hand over the concession area the reserve and all concession assets and its rights or interest in the developments to the MTPA free of charges lines claims or encumbrances of any kind whatsoever and free of any liabilities in good condition fair wear and tear excepted. The concessionaire shall not other than as provided for in respect of the residual value be entitled to payment of any compensation in connection therewith.

The calculated annual concession fee is based on the bid percentage of actual gross revenue for that concession year. The specific obligations per concession are detailed in the schedule. Honey Guide (Khokha Moya) - the agreement is deemed as automatically renewed for another 15 years in the interim. The final view will be confirmed in line with the court outcome in the Tintswalo's litigation.

Blyde Adventure Boat Cruise - The entity cannot appoint a long-term operator until a MoU is signed between the MTPA & Department of Water and Sanitation (DWS). The MTPA has been following up with DWS for a very long time. The contract is deemed active until the conclusion of the agreement between the parties.

Tintswalo - the tenure of the contract is a subject of pending litigation. In the interim the contract continues as if it is automatically renewed pending the outcome of litigation.

Public Private Partnership programme: Retail and Restaurant Facility Rental Income

The concession contracts for retail and restaurant operations entail allowing private operators to operate The MTPA's existing facilities on the basis of a medium-term operating agreement.

Concession is the Operation Management and Maintenance of the MTPA's Lodges or Restaurant or activities in the protected areas under the terms of this agreement to achieve the Concession Deliverables;

Investors to upgrade; operate and manage new and existing facilities such as lodges retail tourism activities and restaurant facilities.

The agreements enable the operators to use a defined concession area over a pre-determined term in return for payment of concession fees. Funding of new or for the refurbishment of ageing infrastructure is for the concessionaire's account.

Against the right of occupation and commercial use of facilities there are set obligations on the part of the concessionaire regarding financial terms environmental management social objectives empowerment and other factors. Infringement of these requirements carries specified penalties including termination of the contract with the assets reverting to the MTPA.

The minimum concession Fee or variable concession fee payable in terms of the concession transaction with effect from the Occupation Date and for the duration of this Agreement to the MTPA shall be the higher of the fixed monthly as defined by the concession agreement which will escalated on an annual basis on actual gross revenue expressed as a percentage of the gross income.

The monthly rental payable for the facilities by the private operator to the MTPA for any given month shall be the higher of the fixed monthly rental as defined by the agreements escalating on an annual basis; or the rental based on actual gross revenue realized expressed as a percentage of gross revenue.

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**2022/23**      **2021/22**  
**R'000**      **R'000**

On or before the Occupation date the Concessionaire shall provide to the concessor a bank guarantee as agreed in the concession agreement issued by a financial institution in a manner acceptable to the concessor.

The private operators have provided the MTPA with Performance in the form of Performance Guarantees that secure the operators performance under the Operating Agreement on the basis set out in the concession agreement.

**Service Concession Liability**

Concession service Liability	1 416	2 124
Concession service short-term	(708)	(708)
<b>Total</b>	<b>708</b>	<b>1 416</b>
<b>Current Liability</b>	<b>708</b>	<b>708</b>
<b>Non-current Liability</b>	<b>708</b>	<b>708</b>
<b>Total Liability</b>	<b>-</b>	<b>-</b>

**48 Risk Management**

**49.1 Financial Assets carried at amortized cost**

Cash and cash equivalents	122 209	108 582
Trade and other receivables from exchange transactions	65 908	47 997
Other receivables from non-exchange transactions	2 154	1 854
Other current financial assets	12 738	14 559
Non-current Investments	11 270	14 922
Other non-current financial assets	33 420	24 112

**49 Liquidity risk**

**2023**

	<b>Not later than one month</b>	<b>Later than one month and not later than three months</b>	<b>Later than three months and not later than one year</b>	<b>Later than one year and not later than five years</b>
	<b>R 000</b>	<b>R 000</b>	<b>R 000</b>	<b>R 000</b>
Borrowings		1 392	14 906	4 816
Bank Overdraft			353 936	
Trade and other payables	-	39 057	22 094	
Other	-	1 806	5 217	283 276

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

2022	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
	R 000	R 000	R 000	R 000
Borrowings	-	1 369	15 089	4 816
Trade and other payables	-	33 301	272 682	
Other		30	5 460	749

**50 Change in Accounting Policy**

Other	-	(12 231)
<b>Total</b>	<b>-</b>	<b>(12 231)</b>

**51 Correction of Prior year error**

The Net effect of prior period error(s) relating to the Statement of Financial Performance are as follows:

	Amount before correction	Prior period error	Restated amount
	(R'000)	(R'000)	(R'000)
Revenue	200 648	7 172	207 820
Other operating income	18 662	37	18 699
Other operating expenses	333 793	1 127	334 920
<b>Net effect on Surplus/(Deficit) for the year</b>	<b>553 103</b>	<b>8 336</b>	<b>561 439</b>

The Net effect of prior period error(s) relating to the Statement of Financial Position are as follows:

	Amount before correction	Prior period error	Restated amount
	R'000	R'000	R'000
Property Plant and equipment	477 019	(79 512)	397 507
VAT receivables not previously recognised	40 786	(927)	39 859
Provisions	255 659	692	256 351
Accruals	462 360	6 680	469 040
<b>Net effect on Surplus/(Deficit) for the year</b>	<b>1 235 824</b>	<b>(73 067)</b>	<b>1 162 757</b>

**MPUMALANGA PROVINCIAL GOVERNMENT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

Statement of changes in Net Assets are as follows:

	Amount before correction	Prior period error	Restated amount
	R'000	R'000	R'000
Accumulated Surplus/(Deficit)	(707 468)	13 258	720 726
Other	(104 625)	1 059	105 684
<b>Net Effect on Statement of changes in Net Assets</b>	<b>812 093</b>	<b>14 317</b>	<b>826 410</b>

Change in estimate

	Value driven using the original estimate	Value driven using amended estimate	Value impact of change in estimate
	(R'000)	(R'000)	(R'000)
Infrastructure assets	91 458	91 932	475
<b>Change in depreciation /amortisation resulting from a re-assessment of useful lives. The above categories are affected</b>	<b>91 458</b>	<b>91 932</b>	<b>475</b>

## 52 Principal-agent arrangements

Revenue received from agency activities	2 560	1 394
<b>Total</b>	<b>2 560</b>	<b>1 394</b>

## 53 Related Party Transactions and balances

2023

	Transaction	Balances/ Commitments	Provisions for doubtful debts
	(R'000)	(R'000)	(R'000)
Controlling Entity	107 036	9 937	(94)
Close Member of family to person with significant influence over the entity		2 027	(2 027)
Controlled Entity		21 701	(11 152)
Associates	1 223	18 187	
Other Related Party	60 546	(45 684)	

**2022**

Controlling Entity  
 Close Member of family to person with significant influence over the entity  
 Associates  
 Other Related Party

Transaction	Balances/ Commitments	Provisions for doubtful debts
R'000	R'000	R'000
	2 027	(2 027)
1 150	20 860	-
83 252	(60 034)	-

## 54 Going Concern –

### MEGA

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

The directors believe that the entity has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the entity is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the entity. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the entity.

The following events or conditions (financial indicators) cast doubt on the entity's ability to continue as going concern and therefore the need to adequately disclose the material uncertainty (i.e. all these negative financial indicators need to be adequately disclosed in this note) and mitigating measures which need to be supported and audited as part of the going concern assessment:

a) Losses for the year in the current

i. The losses for the year are mainly attributed by the inability of the entity to collect its revenue. The following measures have been put in place to improve revenue collection

ii. Debt collection Company has been appointed for the Debt collection for all overdue account from MEGA Debtors

iii. Long overdue account are also handed over to MEGA Legal Division for collection

iv. Regarding municipal services, the Entity is implementing stringent measures to ensure that, overdue accounts relating municipal services are effectively managed. This include continuous assessment on Debtors payments and implementation of disconnection measures to Debtors who are not paying.

b) Net current liability position

i. The R353 million for trade and other payables includes amongst other payables, the outstanding account with the City of Tshwane with a balance of around R280 million. The entity will ensure that, trade and other payables (except for the City of Tshwane outstanding account) are settled during 2023-24 financial year.

ii. The following mitigations are in place to deal with the city of Tshwane outstanding account:

- The Entity is implementing the Ekandustria Industrial Park revitalization programme to improve the park and ensure the attraction of investments to the park and also ensuring that the outstanding municipal account for the City of Tshwane is paid.
- Utilities management company will be appointed to manage the municipal services at the Ekandustria Industrial park.

c) Cash flows from operating activities

- i. The entity is in a process to deal with the City of Tshwane outstanding municipal account. The account has a balance of around R280 million and the only account resulting in the entity having a negative cash flow from operations.
- ii. The following mitigations are in place to deal with the city of Tshwane outstanding account:
  - The Entity is implementing the Ekandustria Industrial Park revitalization programme to improve the park and ensure the attraction of investments to the park and also ensuring that the outstanding municipal account for the City of Tshwane is paid.
  - Utilities management company will be appointed to manage the municipal services at the Ekandustria Industrial park.

## **MRTT**

We draw attention to the fact that at 31 March 2023, the entity had an accumulated deficit of R (9 446 214) and that the MRTT's, current liabilities exceed its current assets which avers the solvency of the entity. The grant allocation by the Department of Education has been reduced over the years however the entity has a budget adjustment in December 2022 and March 2023 for the year under review, the entity has losses for 2 consecutive years (2022 – R52 910 240 and 2023 – R 1 448 495)

The indicators above indicate that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern however the solvency ratio covers the entity for the long term. It is therefore the entity's conclusion that the entity is still a going concern as the total assets exceeds current liability and the management has plans to deal with these events and conditions as listed below.

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

## **MTPA**

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

The MTPA is not liquid as the current liabilities exceed current assets with (R 32 436 817) (31 March 2022 "Restated": (R 25 427 809). As a going concern, the MTPA's total assets exceeds its total liabilities. The MTPA has a net asset value of R 449 175 475 (31 March 2022 "Restated": R 481 314 407)

The MTPA's ability to continue operating as a going concern is heavily dependent on grant income received from the Department of Economic Development and Tourism as this grant constitutes over 85% of the total revenue of the MTPA for the current reporting period.

Contrary to the MTPA showing an adverse liquidity ratio in the current year, the organisation still has access to funds to continue financing their operations 12 months subsequent to the last day of the current reporting period. As such, after factoring in all of the aforementioned considerations, the factors that may cast doubt on the entity's ability to continue operating as a going concern have been mitigated. The MTPA's operations are financed through the grant received from the Department of Economic Development and Tourism ("the Department"). The grant allocation for the 2022/23 financial year has increased from R 384 million to R434 million, which is made up of R431 million in grant funding and the Expanded Public Works Programme (EPWP) of R3 million.

### **MER**

The MER continues to adopt the going concern basis in preparing its Annual financial statements. The MER is solvent and liquid. As a going concern, its total assets exceed its total liabilities and its current assets also exceed its current liabilities. The board reviewed and resolved that the projected cash flow and management's assessment of the MER's ability to operate as a going concern for the foreseeable future.

Management has considered current events and conditions that could impact MER, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Entity's ability to continue as a going concern.

## **55 Exemption**

The Annual Financial Statements (AFS) of provincial departments are prepared using the modified cash basis of accounting whilst those of public entities are prepared using an accrual basis. Full compliance with Section 19 of the PFMA can only be achieved if a common basis of accounting is applied.

Therefore, it was resolved that departments and public entities would be consolidated separately for the 2022/23 financial year. The decision was based on the approval by the Minister of Finance who granted an exemption from the provision of the PFMA section 19 (1) which requires consolidated financial statements in respect of the institutions mentioned in that section



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