

# ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

FOR PROVINCIAL  
DEPARTMENTS  
AND PUBLIC  
ENTITIES

**2023/24**



provincial treasury  
**MPUMALANGA PROVINCE**  
REPUBLIC OF SOUTH AFRICA





# PROVINCIAL DEPARTMENTS



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# REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2024

## **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 2024 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, being 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 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 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.

## **REPORT BY THE ACCOUNTING OFFICER CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

### **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. It was decided that departments and public entities would be consolidated separately for the 2023/24 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 2024 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.

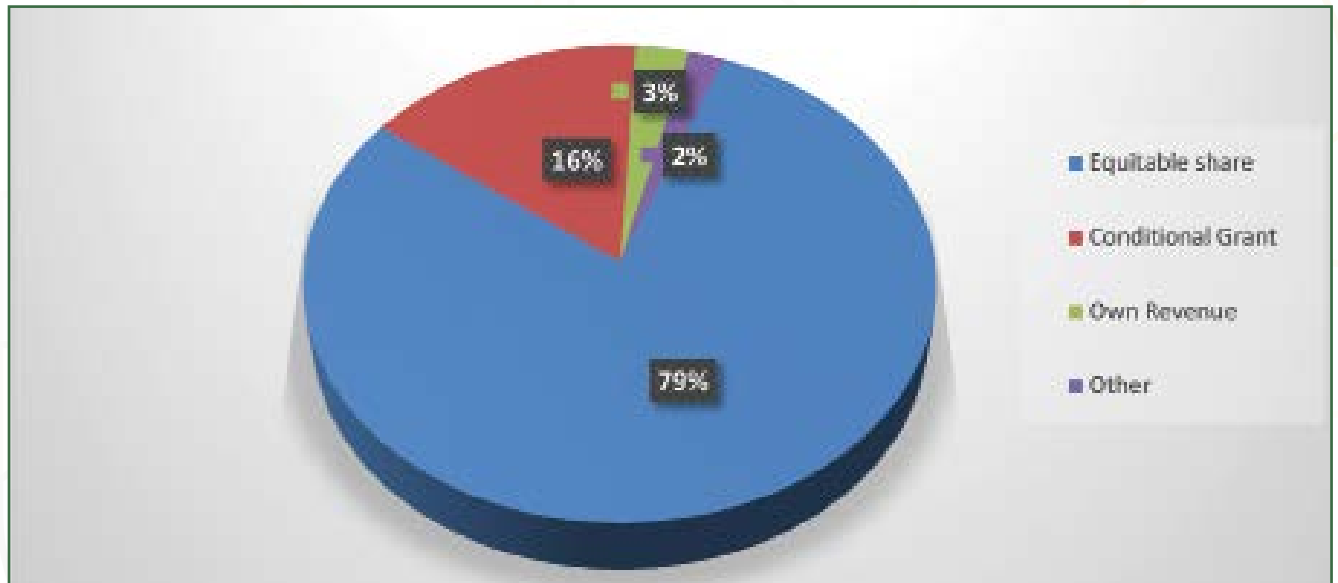
Provincial Legislature's assets are included in the consolidated financial statement at book value (accrual basis) while all other departments assets are consolidated at cost (modified cash standards).

**REPORT BY THE ACCOUNTING OFFICER CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

**APPROPRIATED BUDGET**

The total Provincial allocation for the financial year 2023/24 was R60 011 billion; which consists of R47 659 billion of equitable share R9 390 billion of conditional grants, R1 770 billion of own revenue and R 1 191 billion for other revenue.

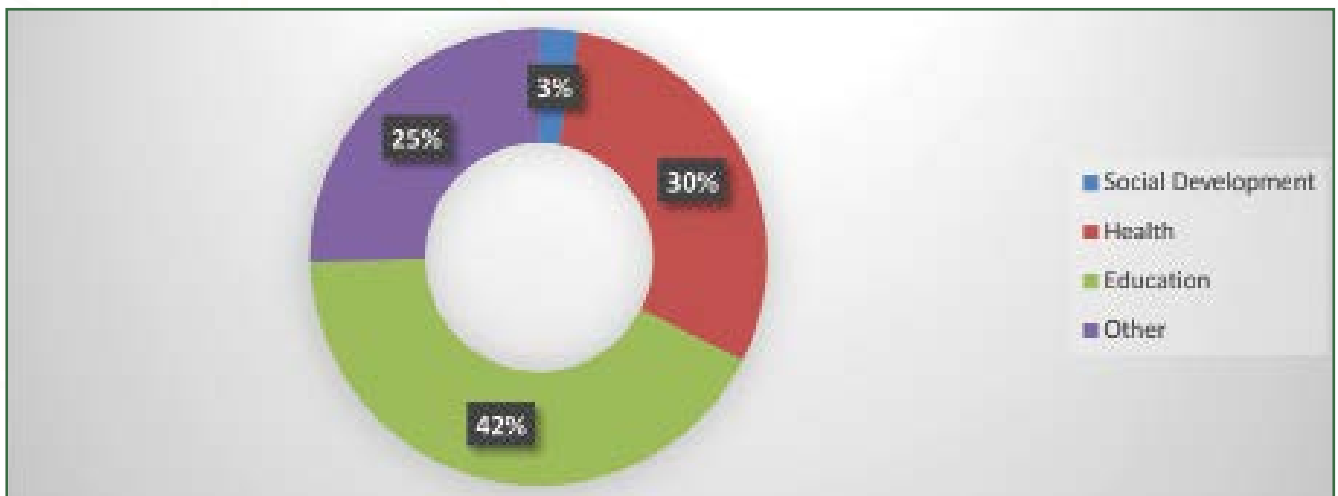
**Appropriation Statement**



**PROVINCIAL EQUITABLE SHARE DISTRIBUTION**

The Provincial equitable share was divided between the SHE (Social Development, Health, Education) and other Departments; The SHE Departments were allocated R44 795 billion of the budget and the other departments shared R15 091 billion and the total amount to R60 011 billion. The chart below indicates the percentage share.

**SHE Departments**



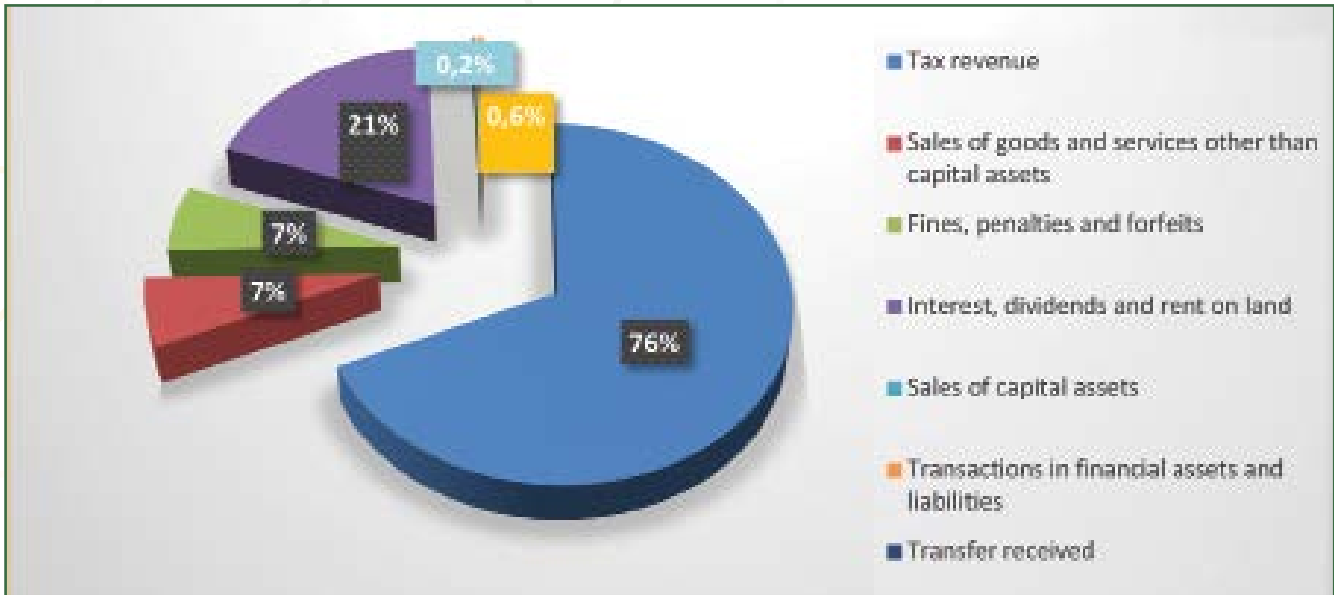


**REPORT BY THE ACCOUNTING OFFICER CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

**REVENUE COLLECTED**

The Provincial Departments collected R2 820 billion of revenue during the reporting period as compared to the R 2 155 billion in 2022/23. There was an over collection of R339 million from the revenue target of R2 481 billion for 2023/24

**Departmental Revenue Collected**



**EXPENDITURE VS. BUDGET**

The Provincial Departments have spent on aggregate 99.3% of the R60 011 billion allocated budget. Department of Social Development has spent 99.9% of the R1 705 billion, the Department of Health has spent 99.3% of the R17 784 while the Department of Education spent 99.4% of the R25 307 billion and the other Departments spent 99.2% of the R15 216 billion budget allocated.

**SHE Department Budget v/s Expenditure**



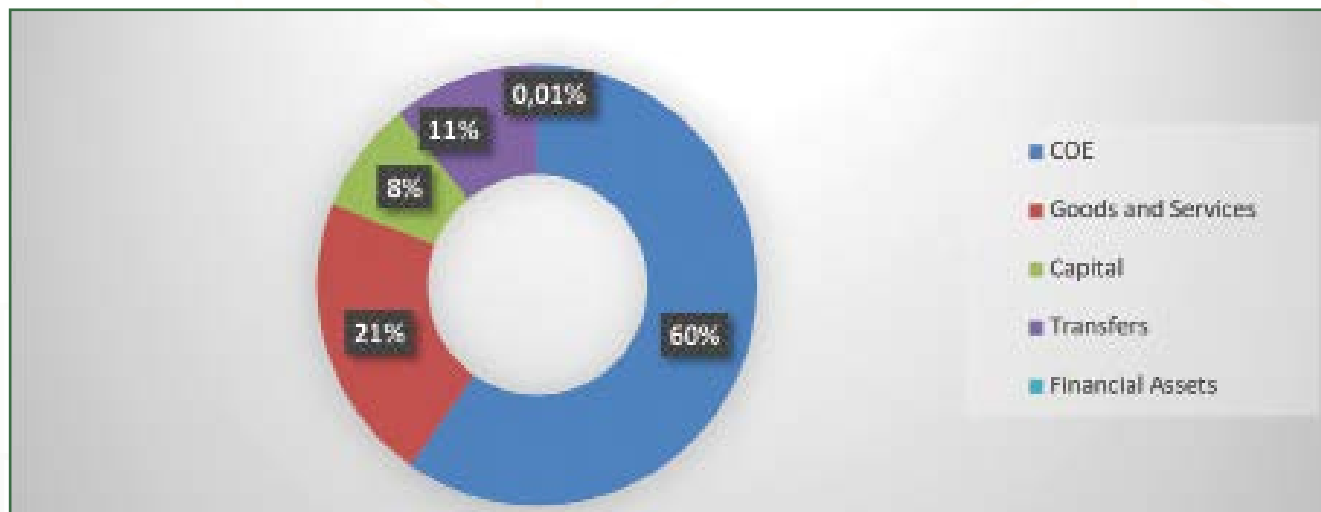


## REPORT BY THE ACCOUNTING OFFICER CONTINUED

FOR THE YEAR ENDED 31 MARCH 2024

### SPENDING PER ECONOMIC CLASSIFICATION

#### Spending per Economic Classification



The Provincial Government spent R59 617 billion for the financial year 2023/24. Compensation of employees (COE) amounted to R35 621 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 635 billion, which is 21% of the total budget, spent. Capital expenditure amounted to R4 936 billion that is 8% while the transfers spending amounted to R6 415 billion, 11 % and R 8 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 2023/24:

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

## **REPORT BY THE ACCOUNTING OFFICER CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

The budgets for the public entities are included in their respective parent departments. 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.



**MS GUGU MASHITENG**

HEAD: PROVINCIAL TREASURY

DATE: 31/08/2024

# INDEPENDENT AUDITOR'S REPORT 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

### OPINION

1. I have audited the consolidated financial statements of the Mpumalanga Provincial Departments set out on pages 14 - 52, which comprise the appropriation statement, consolidated statement of financial position as at 31 March 2024, consolidated statement of financial performance, statement of changes in net assets and 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, the consolidated financial statements present fairly, in all material respects, the financial position of the Mpumalanga Provincial Departments as at 31 March 2024, and their financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 5 of 2023 (Dora).

### BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of my report.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### EMPHASIS OF MATTER

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

#### **Irregular expenditure**

7. As disclosed in note 29 to the consolidated financial statements, irregular expenditure to the amount of R1,8 billion (2022-23 R1,5 billion), were incurred in the 2023-24 financial year.

#### **Unauthorised expenditure**

8. As disclosed in note 29 to the consolidated financial statements, unauthorised expenditure of R92,7 million (2022-23: R0), were incurred in the 23-24 financial year.

## **INDEPENDENT AUDITOR'S REPORT CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

### **Fruitless and wasteful expenditure**

9. As disclosed in note 29 to the consolidated financial statements fruitless and wasteful expenditure of R13,4 million (2022-23: R0,5 million), were incurred in the 2023-24 financial year.

### **Exemption**

10. 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 not to prepare a single set of consolidated financial statements for departments and entities.

### **RESPONSIBILITIES OF ACCOUNTING OFFICER FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

11. 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.
12. 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 FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

13. 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 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.
14. 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**

15. The accounting officer is responsible for the other information. The other information does not include the consolidated financial statements and the auditor's report.
16. My opinion on the financial statements do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

## **INDEPENDENT AUDITOR'S REPORT CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

17. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statement, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
18. 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.
19. I have nothing to report in this regard.

## **INTERNAL CONTROL DEFICIENCIES**

20. 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.
21. I did not identify any significant deficiencies in internal control.

Auditor- General

Auditor-General

03 October 2024



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# ANNEXURE TO THE AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2024

## AUDITOR'S RESPONSIBILITY FOR THE AUDIT

### *PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM*

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated financial.

### *FINANCIAL STATEMENTS*

In addition to my responsibility for the audit of the consolidated financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and determine whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**ANNEXURE TO AUDITOR'S CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# CONSOLIDATED APPROPRIATION STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2024

### CONSOLIDATED APPROPRIATION PER VOTE

Departments	2023/24						2022/23		
	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>498,132</b>	-	-	<b>498,132</b>	<b>474,535</b>	<b>23,597</b>	<b>95.3%</b>	<b>361,826</b>	<b>357,146</b>
Current payment	329,887	11,000	966	341,853	338,868	2,985	99.1%	288,639	284,429
Transfers and subsidies	134,275	-	(998)	133,277	131,726	1,551	98.8%	64,878	64,421
Payment for capital assets	33,970	(11,000)	14	22,984	3,923	19,061	171%	8,309	8,296
Payment for Financial assets	-	-	18	18	-	-	100.0%	-	-
<b>PROVINCIAL LEGISLATURE</b>	<b>445,216</b>	-	-	<b>445,216</b>	<b>432,891</b>	<b>12,325</b>	<b>97.2%</b>	<b>412,760</b>	<b>408,881</b>
Current payment	361,898	-	-	361,898	350,275	11,623	96.8%	343,859	340,911
Transfers and subsidies	77,859	-	-	77,859	77,859	-	100.0%	55,486	55,486
Payment for capital assets	5,459	-	-	5,459	4,757	702	87.1%	13,037	12,484
Payment for financial assets	-	-	-	-	-	-	0.0%	378	-
<b>PROVINCIAL TREASURY</b>	<b>550,712</b>	-	-	<b>550,712</b>	<b>543,622</b>	<b>7,090</b>	<b>98.7%</b>	<b>480,018</b>	<b>479,797</b>
Current payment	503,994	-	(11,302)	492,692	490,185	2,507	99.5%	414,718	414,760
Transfers and subsidies	21,388	-	11,300	32,688	32,682	6	100.0%	17,249	17,242
Payment for capital assets	25,330	-	-	25,330	20,753	4,577	81.9%	47,976	47,721
Payment for Financial assets	-	-	2	2	-	-	100.0%	75	-
<b>CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS</b>	<b>866,570</b>	-	-	<b>866,570</b>	<b>866,415</b>	<b>155</b>	<b>100.0%</b>	<b>694,477</b>	<b>694,157</b>
Current payment	652,903	(37,665)	(5,803)	609,435	609,368	67	100.0%	591,307	591,300
Transfers and subsidies	39,910	(2,260)	-	37,650	37,649	1	100.0%	32,178	31,980
Payment for capital assets	173,757	39,830	5,803	219,390	219,303	87	100.0%	70,992	70,877
Payment for financial assets	-	95	-	95	-	-	100.0%	-	-



**CONSOLIDATED APPROPRIATION STATEMENT CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

**CONSOLIDATED APPROPRIATION PER VOTE**

Departments	2023/24						2022/23		
	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>AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION</b>	<b>1,669,777</b>	-	-	<b>1,669,777</b>	<b>1,669,184</b>	<b>593</b>	<b>100.0%</b>	<b>1,338,518</b>	<b>1,338,368</b>
Current payment	1,260,658	(26,687)	(686)	1,233,285	1,232,907	378	100.0%	1,114,038	1,113,965
Transfers and subsidies	11,073	-	686	11,759	11,759	-	100.0%	11,087	11,017
Payment for capital assets	398,046	26,374	-	424,420	424,205	215	99.9%	213,190	213,183
Payment for financial assets	-	313	-	313	313	-	100.0%	203	203
<b>ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM</b>	<b>1,586,879</b>	-	-	<b>1,586,879</b>	<b>1,566,109</b>	<b>20,770</b>	<b>98.7%</b>	<b>1,583,847</b>	<b>1,571,741</b>
Current payment	241,914	-	(136)	241,778	236,082	5,696	97.6%	233,148	223,680
Transfers and subsidies	917,017	-	136	917,153	904,130	13,023	98.6%	814,252	816,876
Payment for capital assets	427,946	-	-	427,946	425,895	2,051	99.5%	536,447	531,185
Payment for financial assets	2	-	-	2	2	-	100.0%	-	-
<b>EDUCATION</b>	<b>25,306,556</b>	-	-	<b>25,306,556</b>	<b>25,155,650</b>	<b>150,906</b>	<b>99.4%</b>	<b>24,546,261</b>	<b>24,224,643</b>
Current payment	22,359,774	(103,089)	(83,000)	22,173,685	22,115,555	58,130	99.7%	21,502,342	21,247,336
Transfers and subsidies	2,330,499	(140,809)	-	2,189,690	2,149,650	40,040	98.2%	2,312,784	2,265,530
Payment for capital assets	616,283	243,898	83,000	943,181	882,521	60,660	93.6%	731,135	696,856
Payment for financial assets	-	-	-	-	7,924	(7,924)	0.0%	-	14,921
<b>PUBLIC WORKS, ROADS AND TRANSPORT</b>	<b>5,566,200</b>	-	-	<b>5,566,200</b>	<b>5,465,825</b>	<b>100,375</b>	<b>98.2%</b>	<b>4,932,851</b>	<b>4,926,973</b>
Current payment	3,058,613	5,278	28,272	3,092,163	3,102,402	(10,239)	100.3%	2,783,427	2,770,376
Transfers and subsidies	1,114,859	(5,328)	1,681	1,111,212	1,113,870	(2,658)	100.2%	1,199,701	1,195,705
Payment for capital assets	1,392,728	8	(29,953)	1,362,783	1,249,511	113,272	91.7%	949,723	960,892
Payment for financial assets	-	42	-	42	42	-	100.0%	-	-

**CONSOLIDATED APPROPRIATION STATEMENT CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

**CONSOLIDATED APPROPRIATION PER VOTE**

Departments	2023/24						2022/23		
	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>COMMUNITY SAFETY, SECURITY AND LIAISON</b>	<b>1,778,221</b>	-	-	<b>1,778,221</b>	<b>1,869,314</b>	<b>-91,093</b>	<b>105.1%</b>	<b>1,683,528</b>	<b>1,682,586</b>
Current payment	1,743,926	-	(806)	1,743,120	1,758,885	(15,765)	100.9%	1,667,589	1,666,820
Transfers and subsidies	4,569	-	806	5,375	80,901	(75,526)	1505.1%	4,942	4,868
Payment for capital assets	29,726	-	-	29,726	29,528	198	99.3%	10,887	10,798
Payment for financial assets	-	-	-	-	-	-	0.0%	110	100
<b>HEALTH</b>	<b>17,784,013</b>	-	-	<b>17,784,013</b>	<b>17,666,919</b>	<b>117,094</b>	<b>99.3%</b>	<b>17,034,233</b>	<b>16,956,948</b>
Current payment	16,045,359	(37,472)	(1,962)	16,005,925	15,999,671	6,254	100.0%	15,583,911	15,521,181
Transfers and subsidies	136,818	35,246	1,962	174,026	173,460	566	99.7%	269,041	268,646
Payment for capital assets	1,601,836	2,226	-	1,604,062	1,493,788	110,274	93.1%	1,181,281	1,166,287
Payment for financial assets	-	-	-	-	-	-	0.0%	-	834
<b>CULTURE, SPORT AND RECREATION</b>	<b>609,249</b>	-	-	<b>609,249</b>	<b>577,345</b>	<b>31,904</b>	<b>94.8%</b>	<b>638,547</b>	<b>566,168</b>
Current payment	454,351	-	(1,465)	452,886	443,157	9,729	97.9%	437,245	421,727
Transfers and subsidies	37,690	-	615	38,305	44,298	(5,993)	115.6%	37,550	32,671
Payment for capital assets	117,208	-	850	118,058	89,890	28,168	76.1%	163,752	111,770
<b>SOCIAL DEVELOPMENT</b>	<b>1,705,152</b>	-	-	<b>1,705,152</b>	<b>1,703,029</b>	<b>2,123</b>	<b>99.9%</b>	<b>1,596,940</b>	<b>1,596,287</b>
Current payment	1,183,779	-	26,667	1,210,446	1,237,782	(27,336)	102.3%	1,151,800	1,163,348
Transfers and subsidies	402,805	-	(26,667)	376,138	378,445	(2,307)	100.6%	369,568	369,588
Payment for capital assets	118,568	-	-	118,568	86,802	31,766	73.2%	75,572	63,351
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-

**CONSOLIDATED APPROPRIATION STATEMENT CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

**CONSOLIDATED APPROPRIATION PER VOTE**

Departments	2023/24						2022/23		
	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>HUMAN SETTLEMENTS</b>	<b>1,644,833</b>	-	-	<b>1,644,833</b>	<b>1,626,747</b>	<b>18,086</b>	<b>98.9%</b>	<b>1,894,251</b>	<b>1,874,979</b>
Current payment	342,565	(763)	(253)	341,549	341,549	-	100.0%	309,792	309,792
Transfers and subsidies	1,296,468	763	253	1,297,484	1,279,549	17,935	98.6%	1,579,715	1,560,443
Payment for capital assets	5,800	-	-	5,800	5,649	151	97.4%	4,744	4,744
Payment for financial assets	-	-	-	-	-	-	0.0%	-	-
<b>Subtotal</b>	<b>60,011,510</b>	-	-	<b>60,011,510</b>	<b>59,617,585</b>	<b>393,925</b>	<b>99.3%</b>	<b>57,198,057</b>	<b>56,678,674</b>
Statutory Appropriation	-	-	-	-	-	-	0.0%	-	-
Current payments	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
<b>Total</b>	<b>60,011,510</b>	-	-	<b>60,011,510</b>	<b>59,617,585</b>	<b>393,925</b>	<b>99.3%</b>	<b>57,198,057</b>	<b>56,678,674</b>
<b>Reconciliation with Statement of Financial Performance</b>									
Prior year unauthorised expenditure approved with funding	-				-				
Departmental receipts				2,820,466				2,155,261	
Local and foreign aid assistance				-				-	
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				62,831,976				59,353,318	
<b>Actual amounts per Statement of Financial Performance Expenditure</b>					59,617,585				56,678,674

**CONSOLIDATED APPROPRIATION STATEMENT CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

**CONSOLIDATED APPROPRIATION PER VOTE**

Departments	2023/24						2022/23		
	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>48,539,621</b>	<b>(189,398)</b>	<b>(49,508)</b>	<b>48,300,715</b>	<b>48,256,686</b>	<b>44,029</b>	<b>99.9%</b>	<b>46,421,815</b>	<b>46,069,625</b>
Compensation of employees	35,877,480	(145,231)	(71,385)	35,660,864	35,621,110	39,754	99.9%	34,070,299	33,925,820
Goods and services	12,662,141	(44,167)	21,877	12,639,851	12,618,155	21,696	99.8%	12,351,516	12,143,764
Interest on land	-	-	-	-	17,421	(17,421)	0.0%	-	41
<b>Transfers &amp; subsidies</b>	<b>6,525,230</b>	<b>(112,388)</b>	<b>(10,226)</b>	<b>6,402,616</b>	<b>6,415,978</b>	<b>(13,362)</b>	<b>100.2%</b>	<b>6,768,431</b>	<b>6,694,473</b>
Provinces and municipalities	327,353	416	9,195	336,964	336,596	368	99.9%	441,531	440,745
Departmental agencies and accounts	690,011	1	(43)	689,969	679,036	10,933	98.4%	615,339	619,188
Public corporations and private enterprises	1,164,561	(5,790)	-	1,158,771	1,154,943	3,828	99.7%	1,055,558	1,049,906
Non-profit institutions	2,733,572	(142,636)	(27,874)	2,563,062	2,512,741	50,321	98.0%	2,589,658	2,544,896
Households	1,609,733	35,621	8,496	1,653,850	1,732,662	(78,812)	104.8%	2,066,345	2,039,738
<b>Payment for capital assets</b>	<b>4,946,657</b>	<b>301,336</b>	<b>59,714</b>	<b>5,307,707</b>	<b>4,936,525</b>	<b>371,182</b>	<b>93.0%</b>	<b>4,007,045</b>	<b>3,898,444</b>
Buildings and other fixed structures	4,288,287	197,835	57,420	4,543,542	4,230,980	312,562	93.1%	3,341,197	3,417,735
Machinery and equipment	560,970	98,097	(15,918)	643,149	603,912	39,237	93.9%	609,144	423,520
Software and other intangible assets	97,400	5,404	18,212	121,016	101,633	19,383	84.0%	56,704	57,189
Payment for financial assets	2	450	20	472	8,396	(7,924)	1778.8%	766	16 132
Payment for financial assets	2	450	20	472	8,396	(7,924)	1778.8%	766	16 132
<b>Total</b>	<b>60,011,510</b>	<b>-</b>	<b>-</b>	<b>60,011,510</b>	<b>59,617,585</b>	<b>393,925</b>	<b>99.3%</b>	<b>57,198,057</b>	<b>56 678 674</b>

# CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

## FOR THE YEAR ENDED 31 MARCH 2024

	Note(s)	2023/2024 R'000	2022/2023 R'000
<b>REVENUE DISCLOSED BY THE REVENUE FUND</b>			
<b>OPERATING INCOME</b>			
Revenue from Taxes, Levies & Duties	2	2 143 009	1 832 424
Departmental Revenue	3	996 255	621 335
Other revenue	4	470 824	287 944
Receipts by National Departments from NRF	5	57 441 724	55 917 796
<b>TOTAL REVENUE</b>		<b>61 051 812</b>	<b>58 659 499</b>
<b>REVENUE FUND EXPENDITURE</b>			
		<b>(239 185)</b>	<b>(169 377)</b>
Appropriated Funds	6	(393 925)	(467 433)
Unspent conditional grants to be surrendered to National department		126 780	102 144
Other		506 330	195 912
<b>EXPENDITURE DISCLOSED BY DEPARTMENTS</b>			
<b>Current expenditure</b>			
		48 256 688	46 071 717
Compensation of employees	7	35 621 111	33 925 822
Goods and services	8	12 618 156	12 145 854
Interest and rent on land	9	17 421	41
<b>Transfers and subsidies</b>			
Transfer and subsidies	11	6 415 978	6 694 473
Total Transfers and subsidies		6 415 978	6 694 473
<b>Expenditure for capital assets</b>			
Tangible assets	10.1	4 835 146	3 839 039
Intangible assets	10.2	101 377	57 313
Total Expenditure for capital assets		4 936 523	3 896 352
Unauthorised expenditure approved without funding		-	51 948
Payments for financial assets	12	8 396	16 132
<b>TOTAL EXPENDITURE</b>		<b>59 856 770</b>	<b>56 561 245</b>
<b>SURPLUS FOR THE YEAR</b>		<b>1 195 042</b>	<b>2 098 254</b>
<b>Reconciliation of net surplus for the year</b>			
Voted Funds		1 195 042	2 098 254
Departmental revenue and NRF Receipts		-	-
<b>SURPLUS FOR THE YEAR</b>		<b>1 195 042</b>	<b>2 098 254</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 31 MARCH 2024

	Note(s)	2023/2024 R'000	2022/2023 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	4 549 789	3 227 519
Other financial assets		653 000	1 200 000
Prepayments and advances	14	5	42
Receivables	15	3 289 178	3 585 814
		<b>8 491 972</b>	<b>8 013 375</b>
<b>Non-current assets</b>			
Receivables	15	3 518	3 027
		<b>3 518</b>	<b>3 027</b>
<b>TOTAL ASSETS</b>		<b>8 495 490</b>	<b>8 016 402</b>
<b>LIABILITIES</b>			
<b>Current liabilities</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
Payables	19	191 907	166 696
		<b>191 907</b>	<b>219 603</b>
<b>Non-current liabilities</b>			
Unauthorised expenditure		1 042 844	951 749
		<b>1 042 844</b>	<b>951 749</b>
<b>TOTAL LIABILITIES</b>		<b>1 234 751</b>	<b>1 171 352</b>
<b>NET ASSETS</b>			
		<b>7 260 739</b>	<b>6 845 050</b>
<b>Represented by:</b>			
Recoverable revenue		31 359	28 213
Retained funds		8 278 920	7 773 643
Unauthorised expenditure		(1 049 540)	(956 806)
<b>TOTAL</b>		<b>7 260 739</b>	<b>6 845 050</b>

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

	Note(s)	2023/2024 R'000	2022/2023 R'000
<b>RECOVERABLE REVENUE</b>			
Opening balance		28 213	9 424
Transfers		3 146	18 789
Irrecoverable amounts written off		8 330	15 984
Debts revised		1 494	472
Debts recovered		(811)	284
Debts raised		(5 867)	2 049
<b>Closing balance</b>		<b>31 359</b>	<b>28 213</b>
<b>Retained funds</b>			
Opening balance		4 400 963	2 770 144
Transfer from voted funds to be surrendered		-	-
Utilised during the year		-	-
Other		3 877 957	5 003 499
<b>Closing balance</b>		<b>8 278 920</b>	<b>7 773 643</b>
<b>Unauthorised expenditure</b>			
<b>Opening balance</b>		<b>(956 806)</b>	<b>(1 008 754)</b>
Unauthorised expenditure - current		(92 734)	-
Relating to overspending of the vote		(92 734)	-
Amounts approved by Parliament/Legislature without funding		-	51 948
Current		-	51 948
<b>Closing balance</b>		<b>(1 049 540)</b>	<b>(956 806)</b>
<b>TOTAL</b>		<b>7 260 739</b>	<b>6 845 050</b>

# CONSOLIDATED CASH FLOW STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2024

	Note(s)	2023/2024 R'000	2022/2023 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND</b>			
Equitable Share		48 051 071	46 754 220
Conditional Grants		9 352 567	9 061 337
Provincial taxes		2 143 009	1 766 148
Departmental revenue collected		1 139 714	611 680
Surrenders from departments		491 670	666 336
Other revenue received by the Revenue Fund		470 824	235 996
		<b>61 648 855</b>	<b>59 095 717</b>
<b>RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS</b>			
Annual appropriation funds received		-	-
Statutory Appropriation		-	-
Departmental revenue received		2 540 241	2 179 627
Interest received		585 397	246 544
		<b>3 125 638</b>	<b>2 426 171</b>
<b>PAYMENTS DISCLOSED BY NATIONAL REVENUE FUND</b>			
Annual appropriation		(12 352 167)	(11 228 068)
Statutory Appropriation		-	-
Conditional grants		9 390 653	9 163 575
Own funds appropriated		2 961 514	2 064 493
Other		570 396	300 576
Net (increase) /decrease in working capital		(830)	27 368
Surrendered to revenue fund		(3 766 356)	(3 031 409)
Current payments		(48 239 267)	(46 123 623)
Interest paid		(17 421)	(41)
Payment for financial assets		(8 396)	(16 132)
Transfers and subsidies paid		(6 415 978)	(6 694 472)
<b>Net cash flow available from operating activities</b>	<b>20</b>	<b>5 755 849</b>	<b>5 383 003</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		(4 936 523)	(3 896 352)
Proceeds from sale of capital assets		6 140	11 502
Other investing activities		547 000	(1 200 000)
(Increase)/decrease in non-current receivables		(435)	674
<b>Net cash flows from investing activities</b>		<b>(4 383 818)</b>	<b>(5 084 176)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		3 146	70 735
<b>Net cash flows from financing activities</b>		<b>3 146</b>	<b>70 735</b>
Net (decrease) in cash and cash equivalents		1 375 177	369 562
Cash and cash equivalents at the beginning of the period		3 174 612	2 805 050
<b>Cash and cash equivalents at end of period</b>	<b>21</b>	<b>4 549 789</b>	<b>3 174 612</b>



# ACCOUNTING POLICIES

## FOR THE YEAR ENDED 31 MARCH 2024

### 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.

## ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 31 MARCH 2024

### *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.

## **ACCOUNTING POLICIES CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

### **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.

#### *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.

## ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 31 MARCH 2024

### 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.

## **ACCOUNTING POLICIES CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

### **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 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

## ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 31 MARCH 2024

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 R'000	2022/2023 R'000
<b>2. REVENUE FROM TAXES, LEVIES AND DUTIES</b>		
Taxation	2 143 009	1 832 424
Total Taxation	2 143 009	1 832 424
<b>Total Revenue</b>	<b>2 143 009</b>	<b>1 832 424</b>
<b>3. DEPARTMENTAL REVENUE</b>		
Sales of goods and services other than capital assets	195 973	167 846
Fines, penalties and forfeits	185 411	159 541
Interest, dividends and rent on land	592 883	262 631
Sales of capital assets	6 140	11,503
Transactions in financial assets and liabilities	15 848	19 727
Transfer received	-	87
<b>Total revenue collected</b>	<b>996 255</b>	<b>621 335</b>
<b>3.1 Donation received in kind (not included in the main note) (Treasury Regulation 21.2.4)</b>		
Community Safety, Security and Liaison	3 273	480
Agriculture, Rural Development, Land and Environmental	-	155
Public Works, Roads and Transport	50	-
<b>Total</b>	<b>3 323</b>	<b>635</b>
<b>4. OTHER REVENUE</b>		
Surrenders	-	-
Other revenue received	470 824	287 944
<b>Total</b>	<b>470 824</b>	<b>287 944</b>
<b>5. RECEIPTS BY NATIONAL DEPARTMENTS FROM NRF</b>		
Annual Appropriation	57 414 098	55 890 675
Statutory appropriation	27 626	27 121
<b>Total</b>	<b>57 441 724</b>	<b>55 917 796</b>
<b>6. APPROPRIATED FUNDS</b>		
Annual Appropriation	(12 646 940)	(11 620 471)
Statutory Appropriation	27 626	27 121
Conditional Grants	9 263 875	9 061 431
Own funds appropriated	2 961 514	2 064 486
<b>Total Annual Appropriation</b>	<b>(393 925)</b>	<b>(467 433)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

		<b>2023/2024</b>	<b>2022/2023</b>
		<b>R'000</b>	<b>R'000</b>
<b>7.</b>	<b>COMPENSATION OF EMPLOYEES</b>		
	<b>Salaries and Wages</b>		
	Basic Salary	24 472 705	22 466 635
	Performance Award	16 916	22 797
	Service Based	91 980	100 476
	Compensative/circumstantial	1 462 388	1 344 974
	Periodic Payments	48 071	224 269
	Other non-pensionable allowances	4 340 233	5 008 143
	<b>Total</b>	<b>30 432 293</b>	<b>29 167 294</b>
	<b>Social Contributions</b>		
	Employer contributions		
	Pension	3 055 143	2 800 045
	Medical	2 098 174	1 922 629
	UIF	472	454
	Bargaining Council	3 985	4 006
	Official unions and associations	4 363	4 165
	Insurance	26 681	27 229
	<b>Total</b>	<b>5 188 818</b>	<b>4 758 528</b>
	<b>Total Compensation of employees</b>	<b>35 621 111</b>	<b>33 925 822</b>
	<b>Average number of employees</b>	<b>80 773</b>	<b>80 387</b>
<b>8.</b>	<b>GOODS AND SERVICES</b>		
	Administrative fees	298 385	269 519
	Advertising	72 885	74 529
	Minor Assets less than R5,000	9.1 16 903	16 154
	Bursaries (employees)	10 614	21 836
	Catering	80 131	53 251
	Communication	353 824	259 006
	Computer services	9.2 503 779	571 874
	Consultants, contractors and agency/outsourced services	86 319	109 775
	Audit cost – external	9.3 121 232	127 338
	Infrastructure and planning services	140 638	108 675
	Laboratory services	676 823	706 970
	Legal Services	112 559	130 736
	Contractors	611 003	652 989
	Agency and support/outsourced services	943 968	923 087
	Entertainment	19	8
	Fleet services	339 543	371 537
	Inventory	9.4 3 203 282	3 022 453
	Consumables	9.5 519 750	667 115
	Operating leases	311 272	301 833



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

		<b>2023/2024</b>	<b>2022/2023</b>
		<b>R'000</b>	<b>R'000</b>
<b>8.</b>	<b>GOODS AND SERVICES CONTINUED</b>		
	Property payments	2 620 151	2 174 020
	Rental and hiring	10 544	7 677
	Transport provided as part of the departmental activities	555 577	543 539
	Travel and subsistence	766 186	764 637
	Venues and facilities	132 405	110 293
	Training and staff development	68 449	84 170
	Other operating expenditure	61 915	72 833
	<b>Total</b>	<b>12 618 156</b>	<b>12 145 854</b>
<b>8.1</b>	<b>Minor assets</b>		
	Tangible assets		
	Machinery and equipment	16 903	16 107
	Transport assets	-	-
	<b>Total</b>	<b>16 903</b>	<b>16 107</b>
	Intangible assets		
	Software	-	47
	<b>Total</b>	<b>-</b>	<b>47</b>
<b>8.2</b>	<b>Computer services</b>		
	SITA computer services	127 021	127 823
	External computer service providers	376 758	444 051
	<b>Total</b>	<b>503 779</b>	<b>571 874</b>
<b>8.3</b>	<b>Audit cost-external</b>		
	Regularity audits	121 232	126 377
	Investigations	-	961
	<b>Total</b>	<b>121 232</b>	<b>127 338</b>
<b>8.4</b>	<b>Inventory</b>		
	Clothing material and accessories	25 493	21 789
	Farming supplies	111 509	131 549
	Food and food supplies	97 714	99 319
	Fuel, oil and gas	23 373	23 739
	Learning and teaching support material	483 123	521 857
	Materials and supplies	226 073	198 636
	Medical supplies	585 924	521 376
	Medicine	1 541 898	1 351 151
	Other supplies	108 175	153 037
	<b>Total</b>	<b>3 203 282</b>	<b>3 022 453</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 R'000	2022/2023 R'000
<b>8.4.1 Other suppliers</b>		
Ammunition and security suppliers	410	-
Assets for distribution	91 135	128 495
Machinery and equipment	89 053	128 495
Other assets for distribution	2 082	-
Other	16 630	24 542
<b>Total</b>	<b>108 175</b>	<b>153 037</b>
<b>8.5 Consumables</b>		
Consumable supplies	369 946	480 600
Uniform and clothing	62 220	76 557
Household supplies	189 077	202 829
Building material and supplies	6 390	2 954
Communication accessories	4	-
IT consumables	5 339	2 217
Other consumables	106 916	196 043
Stationery, printing and office supplies	149 804	186 515
<b>Total</b>	<b>519 750</b>	<b>667 115</b>
<b>8.6 Property payments</b>		
Municipal services	393 890	373 821
Property management fees	113	483
Property maintenance and repairs	1 352 482	469 701
Other	873 666	1 330 015
<b>Total</b>	<b>2 620 151</b>	<b>2 174 020</b>
<b>8.7 Travel and subsistence</b>		
Local	752 060	751 807
Foreign	14 126	12 830
<b>Total</b>	<b>766 186</b>	<b>764 637</b>
<b>8.8 Other operating expenditure</b>		
Professional bodies, membership and subscription fees	6 492	10 058
Resettlement costs	4 195	3 028
Other	51 228	59 747
<b>Total</b>	<b>61 915</b>	<b>72 833</b>
<b>9. INTEREST AND RENT ON LAND</b>		
Interest expense	17 421	41
<b>Total</b>	<b>17 421</b>	<b>41</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 R'000	2022/2023 R'000
<b>10. EXPENDITURE ON CAPITAL ASSETS</b>		
<b>10.1 Tangible assets</b>	<b>4 835 146</b>	<b>3 839 039</b>
Buildings and other fixed structures	4 230 979	3 438 806
Heritage Assets	-	-
Machinery and equipment	604 167	400 233
Land and subsoil assets	-	-
<b>10.2 Software and other intangible assets</b>	<b>101 377</b>	<b>57 313</b>
Computer software	101 377	57 313
<b>Total</b>	<b>4 936 523</b>	<b>3 896 352</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>		
Voted	4 834 891	3 839 039
Buildings and other fixed structures	4 230 979	3 438 806
Heritage assets	-	-
Machinery and equipment	603 912	400 233
Special military assets	-	-
<b>Total</b>	<b>4 834 891</b>	<b>3 839 039</b>
<b>Software and other intangible</b>		
<b>Voted Funds</b>		
Computer software	101 632	57 313
<b>Total</b>	<b>101 632</b>	<b>57 313</b>
<b>10.3 Finance lease expenditure included in Expenditure for capital assets</b>		
Machinery and equipment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>11. TRANSFERS AND SUBSIDIES</b>		
Provinces and municipalities	414 414	440 718
Departmental agencies and accounts	679 076	619 214
Public corporations and private enterprises	1 154 943	1 049 906
Non-profit institutions	2 434 883	2 544 896
Households	1 732 662	2 039 739
<b>Total</b>	<b>6 415 978</b>	<b>6 694 473</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

		2023/2024 R'000	2022/2023 R'000
<b>11.1</b>	<b>Donation made in kind (not included in the main note)</b>		
	Agriculture, Rural Development, Land and Environmental Office of The Premier	391 573	213 085
	Economic Development and Tourism	-	2 546
	Provincial Treasury	2 274	-
	Health	231	194
	<b>Total</b>	<b>394 206</b>	<b>215 900</b>
<b>12.</b>	<b>PAYMENTS FOR FINANCIAL ASSETS</b>		
	Material losses through criminal conduct	44	-
	Theft	44	-
	Debts written off	8 352	16 132
	Debt take overs	-	-
	<b>Total</b>	<b>8 396</b>	<b>16 132</b>
<b>13.</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Consolidated Paymaster General Account	345 614	428 664
	Cash Receipts	85 780	256 349
	Disbursements	(63 875)	(15 905)
	Cash on hand	16 962	7 052
	Cash with SARB	23 573	16 087
	Exchequer Account	4 141 735	2 535 272
	<b>Total</b>	<b>4 549 789</b>	<b>3 227 519</b>
<b>14.</b>	<b>PREPAYMENTS AND ADVANCES</b>		
	Staff advances	5	-
	Travel and subsistence	-	42
	Prepayments (Not expensed)	-	-
	<b>Total</b>	<b>5</b>	<b>42</b>
<b>14.1</b>	<b>Prepayments (Not expensed)</b>		
	Capital assets balance at beginning of the year	-	29 241
	Capital assets expensed in current year	-	(29 241)
	Capital assets current year prepayments	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>14.2</b>	<b>Prepayments (expensed)</b>		
	Capital assets balance at beginning of the year	33 783	33 783
	Capital assets expensed in current year	-	-
	Capital assets current year prepayments	-	-
	<b>Total</b>	<b>33 783</b>	<b>33 783</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

		2023/2024 R'000	2022/2023 R'000
<b>14.3</b>	<b>Advances (expensed)</b>		
	Other Institutions balance at beginning of the year	-	-
	Other institutions current year advances	201 278	-
	<b>Total</b>	<b>201 278</b>	<b>-</b>
<b>15.</b>	<b>RECEIVABLES</b>		
	Claims recoverable	81 722	63 712
	Recoverable expenditure	2 823	20 292
	Staff debt	40 063	44 390
	Other debtors	76 280	70 610
	Voted funds to be surrendered to the Revenue Fund	2 479 527	2 515 715
	Conditional Grants to be surrendered to the Revenue Fund	125 956	101 327
	Unauthorised expenditure to be surrendered	79 831	79 831
	Departmental Revenue to be surrendered to the Revenue Fund	406 494	692 736
	<b>Total</b>	<b>3 292 696</b>	<b>3 588 841</b>
	<b>Current</b>		
	Claims recoverable	81 722	63 712
	Recoverable expenditure	2 200	20 292
	Staff debt	37 168	41 363
	Other receivables	76 280	70 610
	<b>Total Current</b>	<b>197 370</b>	<b>195 977</b>
	<b>Non-current</b>		
	Staff debt	2 895	-
	Other receivables	3 518	3 027
	<b>Total Non-current</b>	<b>623</b>	<b>3 027</b>
<b>15.1</b>	<b>Claims receivable</b>		
	National Departments	515	256
	Provincial Departments	35 916	35 141
	Public Entities	15 202	14 163
	Local Governments	11 972	14 152
	<b>Closing balance</b>	<b>63 713</b>	<b>63 712</b>
<b>15.2</b>	<b>Trade Receivables</b>		
	Trade receivables	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 R'000	2022/2023 R'000
<b>15.3 Recoverable expenditure</b>		
Community Safety, Security and Liaison	242	6
Economic Development and Tourism	76	83
Education	623	755
Human Settlement	-	17 823
Office of the Premier	1 882	1 625
<b>Closing balance</b>	<b>2 823</b>	<b>20 292</b>
<b>15.4 Staff debt</b>		
Agriculture, Rural Development, Land and Environmental	568	488
Community Safety, Security and Liaison	114	107
Co-operative Governance and Traditional Affairs	180	117
Economic Development and Tourism	131	146
Culture Sport and Recreation	228	259
Education	15 607	22 106
Provincial Treasury	71	74
Health	19 500	17 057
Human Settlements	336	417
Social Development	1 665	2 054
Office of the Premier,	1 475	1 440
Public Works, Roads and Transport	188	125
	<b>40 063</b>	<b>44 390</b>
<b>15.5 Other debt</b>		
Agriculture, Rural Development, Land and Environmental	2 499	1 792
Community Safety, Security and Liaison	355	353
Co-operative Governance and Traditional Affairs	19	71
Culture Sport and Recreation	65	46
Economic Development and Tourism	-	-
Education	7 618	4 7745
Provincial Treasury	666	557
Health	15 151	13 519
Office of The Premier	421	421
Public Works and Transport	49 349	48 943
Social Development	137	133
<b>Closing balance</b>	<b>76 280</b>	<b>70 619</b>
<b>15.6 Impairment of receivables</b>		
Estimate of impairment of receivables	22 785	26 863
<b>Total</b>	<b>22 785</b>	<b>26 863</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

		2023/2024 R'000	2022/2023 R'000
<b>16.</b>	<b>VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND</b>		
	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>
<b>16.1</b>	<b>Prior period error (affecting Voted funds to be surrendered)</b>		
	<b>Nature of prior period error</b>		
	Relating to 2018/19	-	-
<b>16.2</b>	<b>Reconciliation of unspent conditional grants</b>		
	Total conditional grants received	9 390 653	9 183 816
	Total conditional grants spent	(9 263 875)	(9 081 665)
	Unspent conditional grants to be surrendered	126 778	102 151
	Due by Provincial Revenue Fund	126 778	102 151
<b>17.</b>	<b>DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND</b>		
	Opening balance	-	-
	Prior period errors	-	-
	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>
<b>18.</b>	<b>BANK OVERDRAFT</b>		
	Consolidated Paymaster General Account	-	52 907
	<b>Total</b>	<b>-</b>	<b>52 907</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

		2023/2024 R'000	2022/2023 R'000
<b>19.</b>	<b>PAYABLES</b>		
<b>19.1.</b>	<b>Payables – current</b>		
	Amounts owed to other entities	4 865	5 650
	Advances received	19.1.1 10 777	16 590
	Clearing accounts	19.1.2 17 238	27 378
	Other payables	19.1.3 32 255	14 934
	Unauthorised expenditure not funded by Revenue Fund	126 772	102 144
	<b>Total</b>	<b>191 907</b>	<b>166 696</b>
	<b>19.1.1. Advances received</b>		
	Public entities	1 839	1 839
	Other institutions	8 938	14 751
	<b>Closing balance</b>	<b>10 777</b>	<b>16 590</b>
	<b>19.1.2. Clearing accounts</b>		
	Agriculture, Rural Development, Land and Environmental	160	280
	Co-operative Governance and Traditional Affairs	152	227
	Culture Sport and Recreation	-	50
	Education	5 933	9 253
	Health	10 600	15 416
	Human Settlements	10	177
	Office of the Premier	1	6
	Public Works, Roads and Transport	382	1 969
	<b>Total</b>	<b>17 238</b>	<b>27 378</b>
	<b>19.1.3. Other payables</b>		
	Agriculture, Rural Development, Land and Environmental	-	-
	Community Safety, Security and Liaison	9 266	9 129
	Culture Sport and Recreation	-	-
	Education	1 655	12
	Provincial Treasury	57	16
	Human Settlements	-	97
	Co-operative Governance and Traditional Affairs	48	30
	Public Works, Roads and Transport	21 175	5 546
	Social Development	54	-
	Economics Development and Tourism	-	104
	<b>Total</b>	<b>32 255</b>	<b>14 934</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 R'000	2022/2023 R'000
<b>20. NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net surplus as per Statement of Financial Performance	1 195 042	2 098 255
Add back non-cash/ cash movements not deemed operating activities	4 560 807	3 284 748
Increase in receivables – current	147 702	107 366
Decrease in prepayments and advances	999	29 241
Increase / (decrease) in payables – current	116 306	(142 975)
Proceeds from sale of capital assets	(5 833)	(11 250)
Increase/decrease in other financial assets	(5)	-
Expenditure of capital assets	4 936 523	3 896 352
Surrenders to revenue fund	(3 766 356)	(3 031 407)
Voted funds not requested/not received	-	(1)
Own revenue included on the appropriation	311 312	282 412
Other non-cash items	2 820 159	2 155 010
<b>Net cash flow generated by operating activities</b>	<b>5 755 849</b>	<b>5 383 003</b>
<b>21. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSE</b>		
Consolidated Paymaster General Account	4 487 349	2 911 029
Cash receipts	85 780	256 349
Disbursements	(63 875)	(15 905)
Cash on hand	16 962	7 052
Cash with SARB	23 573	16 087
<b>Total Cash</b>	<b>4 549 789</b>	<b>3 174 612</b>
<b>Cash and cash equivalent for cash flow purpose</b>	<b>4 549 789</b>	<b>3 174 612</b>
<b>22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS</b>		
<b>22.1 Contingent liabilities</b>		
Housing loan guarantees	196	196
Claims against the department	6 586 797	8 173 955
Other departments (interdepartmental unconfirmed balances)	5 113	8 598
Other	-	-
<b>Total</b>	<b>6 592 106</b>	<b>8 182 749</b>
<b>22.2 Contingent Assets</b>		
Agriculture, Rural Development, Land and Environmental	6 151	6 151
Community Safety, Security and Liaison	92 734	-
Co-operative governance & traditional affairs	4 623	15 129
Economic Development and Tourism	-	6 765
Human Settlement	2 060	2 060
Social Development	451	529
Health	1 753	1 753
Culture Sport and Recreation	-	2 995
<b>Total</b>	<b>107 772</b>	<b>35 382</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

		2023/2024 R'000	2022/2023 R'000
<b>23.</b>	<b>CAPITAL COMMITMENTS</b>		
	Capital expenditure		
	Building and other fixed structures	3 276 368	4 213 224
	Machinery and equipment	54 919	108 439
	Intangible assets	90 791	113 287
	<b>Total</b>	<b>3 422 078</b>	<b>4 434 950</b>
<b>24.</b>	<b>ACCRUALS NOT RECOGNIZED</b>		
	Goods and services	529 962	498 364
	Transfers and subsidies	47 388	68 581
	Capital assets	38 580	67 602
	Other	13 006	30 084
	<b>Total</b>	<b>628 936</b>	<b>664 631</b>
	<b>24.1 Accruals less than 30 days</b>		
	Accruals not recognised		
	Goods and services	482 833	478 422
	Transfer and subsidies	47 360	65 979
	Capital assets	38 580	49 457
	Other	12 901	29 994
	<b>Total</b>	<b>581 674</b>	<b>623 852</b>
	<b>30+ Days</b>		
	<b>Accruals not recognised</b>		
	Goods and services	47 129	19 792
	Transfers and subsidies	28	2 602
	Capital assets	-	18 145
	Other	105	90
	<b>Total</b>	<b>47 262</b>	<b>40 629</b>
<b>25.</b>	<b>PAYABLES NOT RECOGNISED</b>		
	Goods and services	463 513	459 264
	Transfers and subsidies	44 820	14 205
	Capital assets	208 837	228 834
	Other	1 027	2 227
	<b>Total</b>	<b>718 197</b>	<b>704 530</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

		2023/2024 R'000	2022/2023 R'000	
<b>25.1</b>	<b>Less than 30 days</b>			
	Payables not recognised			
	Goods and services	413 942	390 478	
	Transfers and subsidies	44 735	14 200	
	Capital assets	98 402	166 466	
	Other	979	2 227	
	<b>Total</b>	<b>558 058</b>	<b>573 371</b>	
	<b>30+ Days</b>			
	<b>Payables not recognised</b>			
	Goods and services	49 571	68 884	
	Transfers and subsidies	85	5	
	Capital assets	110 435	62 368	
	Other	48	-	
	<b>Total</b>	<b>160 139</b>	<b>131 257</b>	
<b>25.2</b>	<b>Confirmed balances</b>			
	Confirmed balances with departments	22 642	13 657	
	Confirmed balances with other government entities	4 065	6 627	
	<b>Total</b>	<b>26 707</b>	<b>20 284</b>	
<b>26.</b>	<b>EMPLOYEE BENEFITS</b>			
	Leave entitlement	995 037	1 019 713	
	Service bonus (Thirteenth cheque)	1 032 185	938 977	
	Performance awards	-	-	
	Capped leave commitments	1 211 218	1 270 417	
	Other	38 362	55 756	
	<b>Total</b>	<b>3 276 802</b>	<b>3 284 863</b>	
<b>27.</b>	<b>LEASE COMMITMENTS</b>			
<b>27.1</b>	<b>Operating leases</b>			
	<b>2023 / 2024</b>			
		<b>Buildings and other fixed structures</b>	<b>Machinery and equipment</b>	
		<b>R'000</b>	<b>R'000</b>	
		<b>Total</b>	<b>R'000</b>	
	Not later than 1 year	186,827	40,901	227,728
	Later than 1 year and not later than 5 years	499,124	58,700	557,824
	Later than five years	174,435	-	174,435
	<b>Total lease commitments</b>	<b>860,386</b>	<b>99,601</b>	<b>959,987</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 R'000	2022/2023 R'000
<b>2022 / 2023</b>		
	<b>Buildings and other fixed structures</b>	<b>Machinery and equipment</b>
	<b>R'000</b>	<b>R'000</b>
	<b>Total</b>	<b>R'000</b>
Not later than 1 year	175,824	40,282
Later than 1 year and not later than 5 years	530,289	20,769
Later than five years	315,999	-
<b>Total lease commitments</b>	<b>1,022,112</b>	<b>61,051</b>
		<b>1,083,163</b>

**28. ACCRUED FOR DEPARTMENTAL REVENUE**

Tax revenue	211 478	156 871
Sales of goods and services other than capital assets	339 888	299 193
Fines, penalties and forfeits	1 271 181	1 211 734
Interest, dividends and rent on land	26 391	17 495
Sales of capital assets	1 851	191
Transactions in financial assets and liabilities	757	744
<b>Total</b>	<b>1 851 546</b>	<b>1 686 228</b>

**Analysis of receivables for departmental revenue**

Opening balance	1 686 228	2 036 910
Less: Amounts received	823 370	714 957
Add: Amounts recognised	1 836 835	1 606 156
Less: Amounts written-off/reversed as irrecoverable	848 147	1 241 881
<b>Closing balance</b>	<b>1 851 546</b>	<b>1 686 228</b>

**Accrued departmental revenue written off**

Department of Community Safety, Security & Liaison	829 524	1 241 881
<b>Total</b>	<b>829 524</b>	<b>1 241 881</b>

**Impairment of accrued departmental revenue**

Estimate of impairment of accrued departmental revenue	1 483 033	1 379 247
<b>Total</b>	<b>1 483 033</b>	<b>1 379 247</b>

**29. UNAUTHORIZED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE**

Unauthorized expenditure	92 734	-
Irregular expenditure	1 793 370	1 553 544
Fruitless and wasteful expenditure	13 431	492
<b>Total</b>	<b>1 899 535</b>	<b>1 554 036</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

		2023/2024 R'000	2022/2023 R'000
<b>30.</b>	<b>RELATED PARTY TRANSACTIONS</b>		
	Tax revenue (paid)	850 420	577 883
	<b>Total</b>	<b>850 420</b>	<b>577 883</b>
	<b>Payments made</b>		
	Transfers and subsidies	1 013 872	864 922
	<b>Total</b>	<b>1 013 872</b>	<b>864 922</b>
	Year end balances arising from revenue/payments		
	Receivables from related parties	172 004	87 691
	Payables to related parties	-	-
	<b>Total</b>	<b>172 004</b>	<b>87 691</b>
	In kind goods and services provided/received		
	Co-operative Governance and Traditional Affairs	45	287
	<b>Total</b>	<b>45</b>	<b>287</b>
<b>31.</b>	<b>KEY MANAGEMENT PERSONNEL</b>		
	<b>Description</b>		
	Political Office Bearers	23 823	23 867
	Officials:		
	Levels 15 to 16	28 109	26 078
	Level 14 (include CFO if at lower lever)	102 033	98 334
	Level 11 to 13	45 254	39 141
	Family members of key management	9 070	8 198
	<b>Total</b>	<b>208 289</b>	<b>195 618</b>
<b>32.</b>	<b>PROVISIONS</b>		
	Retention	712 684	535 282
	Provision for Cuban students	64 485	46 465
	Provision for Litigation	111 419	215 148
	<b>Total</b>	<b>888 588</b>	<b>796 895</b>
<b>33.</b>	<b>AGENT-PRINCIPAL ARRANGEMENT</b>		
	<b>33.1 Department acting as the principal</b>		
	Community Safety, Security and Liaison	177 534	177 137
	Education	34 878	29 063
	Health	75 780	72 508
	<b>Total</b>	<b>288 192</b>	<b>278 708</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

**34. MOVABLE TANGIBLE CAPITAL ASSETS**

**a. MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024**

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>					
Heritage assets	1,388,260	-	-	-	1,388,260
	1,388,260	-	-	-	1,388,260
<b>MACHINERY AND EQUIPMENT</b>					
Transport assets	59,538,170	-	596,227	323,730	59,810,667
Computer equipment	17,359,168	-	175,682	39,908	17,494,942
Furniture and office equipment	15,728,566	-	65,534	36,572	15,757,528
Other machinery and equipment	4,012,990	-	43,620	15,359	4,041,251
	22,437,446	-	311,391	231,891	22,516,946
<b>SPECIALISED MILITARY ASSETS</b>					
Specialised military assets	4,439	-	-	-	4,439
	4,439	-	-	-	4,439
<b>BIOLOGICAL ASSETS</b>					
Biological assets	1,349	50	276	52	1,623
	1,349	50	276	52	1,623
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>60,932,218</b>	<b>50</b>	<b>596,503</b>	<b>323,782</b>	<b>61,204,989</b>

	Value	Number
	R'000	

**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:**

Machinery and equipment	492	14 788
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

**34.**

**MOVABLE TANGIBLE CAPITAL ASSETS CONTINUED**

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

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>HERITAGE ASSETS</b>	<b>1,388,050</b>	<b>-</b>	<b>210</b>	<b>-</b>	<b>1,388,260</b>
Heritage assets	1,388,050	-	210	-	1,388,260
<b>MACHINERY AND EQUIPMENT</b>	<b>59,138,391</b>	<b>131,551</b>	<b>392,803</b>	<b>124,575</b>	<b>59,538,170</b>
Transport assets	17,292,061	23,971	85,337	42,201	17,359,168
Computer equipment	15,649,490	9,105	105,468	35,497	15,728,566
Furniture and office equipment	3,917,496	17,941	86,951	9,398	4,012,990
Other machinery and equipment	22,279,344	80,534	115,047	37,479	22,437,446
<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>4,767</b>	<b>-</b>	<b>637</b>	<b>4,055</b>	<b>1,349</b>
Biological assets	4,767	-	637	4,055	1,349
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>60,535,647</b>	<b>131,551</b>	<b>393,650</b>	<b>128,630</b>	<b>60,932,218</b>
<b>Prior period error</b>					
Nature of prior period error					131 678
Relating to: 2021/22 affecting the opening balances					(127)
Relating to 2019/20					
<b>Total</b>					<b>131 551</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

**35. MINOR ASSETS**

**a. MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024**

	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	7	25	530,831	621	531,484
Value adjustments	-	-	6,714	-98	6,616
Additions	-	-	17,604	130	17,734
Disposals	-	-	40,181	72	40,253
<b>TOTAL MINOR ASSETS</b>	<b>7</b>	<b>25</b>	<b>514,968</b>	<b>581</b>	<b>515,581</b>

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

	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	7	25	514,038	1,086	515,156
Prior period error	-	-	10,581	-	10,581
Additions	-	-	18,239	89	18,328
Disposals	-	-	12,027	554	12,581
<b>TOTAL MINOR ASSETS</b>	<b>7</b>	<b>25</b>	<b>530,831</b>	<b>621</b>	<b>531,484</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

**35. MINOR ASSETS CONTINUED**

**c. MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023**

	Machinery and equipment R'000	Total R'000
Assets written off	3 720	3 720
	<b>3 720</b>	<b>3 720</b>

**d. MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023**

	Machinery and equipment R'000	Total R'000
Assets written off	4 220	4 220

**Prior period error**

Nature of prior period error  
Relating to: 2022/23 affecting the opening balances

**Total**

10 581

**10 581**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

**36. INTANGIBLE CAPITAL ASSETS**

**a. MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024**

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	204,924	-	24,718	13	229,629
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	4,388	-	-	-	4,388
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>209,312</b>	<b>-</b>	<b>24,718</b>	<b>13</b>	<b>234,017</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 2023**

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	204,924	-	24,718	13	229,629
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	4,388	-	-	-	4,388
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>209,312</b>	<b>-</b>	<b>24,718</b>	<b>13</b>	<b>234,017</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

**37. IMMOVABLE TANGIBLE CAPITAL ASSETS**

**a. MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS  
PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>64,822,514</b>	<b>2,034,251</b>	<b>448,572</b>	<b>66,408,193</b>
Dwellings	991,621	143,427	-	1,135,048
Non-residential buildings	9,968,135	862,235	37,183	10,793,187
Other fixed structures	53,862,758	1,028,589	411,389	54,479,958
<b>HERITAGE ASSETS</b>	<b>3,933</b>	<b>-</b>	<b>-</b>	<b>3,933</b>
Heritage assets	3,933	-	-	3,933
<b>LAND AND SUBSOIL ASSETS</b>	<b>244,442</b>	<b>260</b>	<b>-</b>	<b>244,702</b>
Land	244,442	260	-	244,702
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>65,070,889</b>	<b>2,034,511</b>	<b>448,572</b>	<b>66,656,828</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

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

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>63,937,759</b>	<b>119,168</b>	<b>1,941,853</b>	<b>1,176,266</b>	<b>64,822,514</b>
Dwellings	950,530	-	42,121	1,030	991,621
Non-residential buildings	10,348,392	21,550	690,434	1,092,241	9,968,135
Other fixed structures	52,638,837	97,618	1,209,298	82,995	53,862,758
<b>HERITAGE ASSETS</b>	<b>6,793</b>	<b>-</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>-</b>	<b>1,100</b>	<b>244,442</b>
Land	245,542	-	-	1,100	244,442
Mineral and similar non-regenerative resources	-	-	-	-	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>64,190,094</b>	<b>119,168</b>	<b>1,941,853</b>	<b>1,180,226</b>	<b>65,070,889</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

**CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2024**

	Opening Balance 2023	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing Balance 2024
	R'000	R'000	R'000	R'000
Buildings and other fixed structures	10,002,206	4,165,810	1,940,459	12,227,557
Land and subsoil assets	1,987	-	-	1,987
<b>TOTAL</b>	<b>10,004,193</b>	<b>4,165,810</b>	<b>1,940,459</b>	<b>12,229,544</b>

	Opening Balance 2022	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing Balance 2023
	R'000	R'000	R'000	R'000	R'000
Heritage assets	-	-	-	-	-
Buildings and other fixed structures	8,428,104	(74,013)	3,399,582	1,779,571	10,002,206
Land and subsoil assets	1,387	-	600	-	1,987
<b>TOTAL</b>	<b>8,429,491</b>	<b>(74,013)</b>	<b>3,400,182</b>	<b>1,779,571</b>	<b>10,004,193</b>

**Prior period error**

Nature of prior period error  
Relating to: 2022/23 affecting the opening balances

124,286
(5,118)

**Total**

**119,168**

**Payables not recognised relating to Capital WIP**

<b>231,628</b>
<b>201,306</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

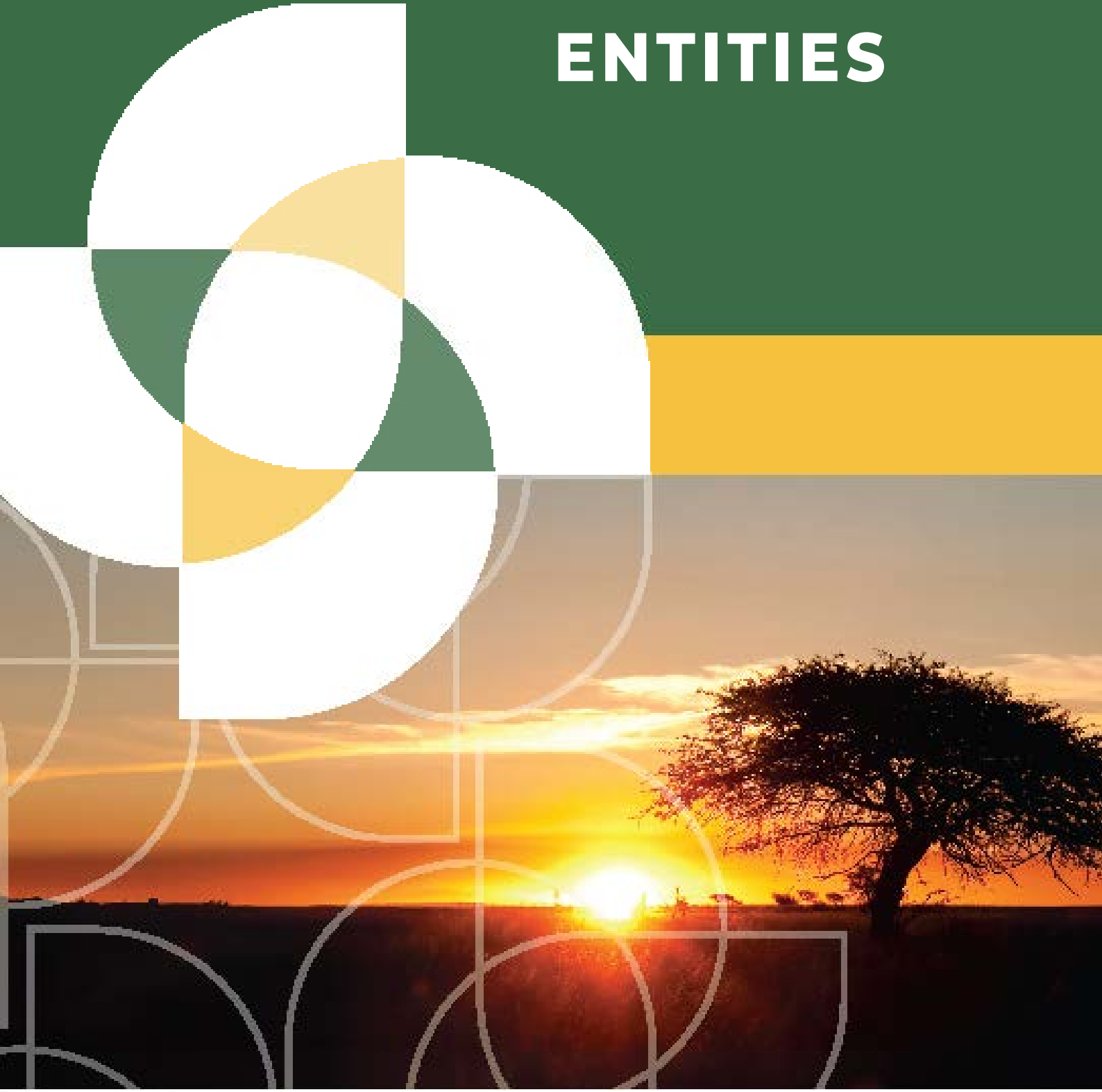
FOR THE YEAR ENDED 31 MARCH 2024

	Amount before error correction R'000	2023/2024 Prior period error R'000	Restated amount R'000
<b>Correction of prior period errors</b>			
<b>38. PRIOR PERIOD ERROR</b>			
Revenue: (e.g Annual appropriation, Departmental revenue, Aid assistance, etc)	-	-	-
Expenditure: (e.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)	818 455	57 867	876 322
Assets: (e.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)	63 599 561	267 606	63 867 167
Liabilities: (e.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)	2 175 576	(1 213 264)	962 312
Other: (e.g. Irregular expenditure, fruitless and wasteful expenditure, etc)	350 722	(173 873)	176 849

**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 2023/24 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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# INDEPENDENT AUDITOR'S REPORT 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 61 - 108, which comprise the consolidated statement of financial position as at 31 March 2024, consolidated statement of financial performance, statement of changes in net assets and 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 financial position of the public entities as at 31 March 2024, and their financial performance and 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 (MRTT) included material misstatements. The entity did not measure all items of property, plant, and equipment in accordance with GRAP 17, Property, plant, and equipment. The revised useful lives of certain assets were not calculated in accordance with the entity's methodology taking into account the condition of the assets. In addition Mpumalanga Economic Growth Agency (MEGA) did not adequately provide impairment of bearer plants taking into account the condition of the assets. Consequently, I was unable to determine the full extent of the misstatement of property, plant, and equipment, stated at R1,03 billion (2022-23: R981,7 million) in note 20 to the consolidated financial statements and the depreciation stated at R73,8 million (2022-23 R64,9 million) in note 31 to the consolidated financial statements, as it was impracticable to do so.

#### 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 auditor's responsibilities 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.

## **INDEPENDENT AUDITOR'S REPORT CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

### **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 52 to the consolidated financial statements, which indicates that the Mpumalanga Regional Training Trust (MRTT) had accumulated deficit of R13,1 million during the year ended 31 March 2024 and, as of that date, the entity's current liabilities exceeded its current assets by R11,9 million. Note 52 further indicates that the Mpumalanga Economic Growth Agency (MEGA) incurred losses for the current year and the entity is in a net current liability position. As stated in note 52, these events or conditions, along with other matters as set forth in note 52, indicate that a material uncertainty exists that may cast significant doubt on the entities' ability to continue as a going concern. My opinion is not modified in respect of these matters.

### **Emphasis of matters**

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

### **IRREGULAR EXPENDITURE**

10. As disclosed in note 40 to the consolidated financial statements, irregular expenditure of R21,9 million (2022-23: R21,7 million), were incurred in the 23-24 financial year.

### **FRUITLESS AND WASTEFUL EXPENDITURE**

11. As disclosed in note 40 to the consolidated financial statements fruitless and wasteful expenditure of R9,1 million (2022-23: R27,9 million), were incurred in the 2023-24 financial year.

### **UNCERTAINTY RELATING TO OUTCOME OF LITIGATION**

12. With reference to note 43 to the consolidated financial statements, the Mpumalanga Tourism and Parks Agency (MTPA) and the MEGA are defendants in claims against them. The entities are opposing these claims and the ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the consolidated financial statements.

### **EXEMPTION**

13. As disclosed in note 53 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 not to prepare a single set of consolidated financial statements for departments and entities.

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

14. The accounting officer is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with SA standards and 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.

## **INDEPENDENT AUDITOR'S REPORT CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

15. 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 for the audit of the consolidated financial statements**

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. 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**

18. The accounting officer is responsible for the other information included in the annual report. The other information does not include the consolidated financial statements and the auditor's report.
19. 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.
20. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
21. 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.
22. I have nothing to report in this regard.

### **INTERNAL CONTROL DEFICIENCIES**

23. 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.
24. 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.
25. The management at the MRTT did not implement proper record keeping to ensure that complete, relevant and accurate information was accessible and available to support financial reporting. The entity developed a plan to

**INDEPENDENT AUDITOR'S REPORT CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

address internal and external audit findings, but the appropriate level of management did not monitor adherence to the plan in a timely manner.

26. The management at MEGA did not ensure that financial statements were not adequately and effectively reviewed.
27. Management at MEGA did not ensure that the root causes of findings raised in the prior year were timely and adequately addressed by the audit action plan.
28. Management at MEGA did not ensure that daily and monthly processing of transactions were not adequately monitored leading to misstatements, i.e. reclassification misstatements identified.
29. Management at MEGA did not keep proper and accurate records of the public entity that are readily available.

Auditor- General

Auditor-General

Mbombela

03 October 2024



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# ANNEXURE TO THE AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2024

## THE ANNEXURE INCLUDES THE FOLLOWING:

- the auditor's responsibility for the audit

## AUDITOR'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated financial statements.

Financial statements In addition to my responsibility for the audit of the consolidated financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in auditor's report to the related disclosures in the consolidated financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated financial statements. My conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and determine whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation

## **ANNEXURE TO AUDITOR'S CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

## **COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 31 MARCH 2024

	Note(s)	2023/2024 R'000	2022/2023 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>418 629</b>	<b>321 200</b>
Cash and cash equivalents	2	192 156	122 209
Trade and other receivables from exchange transactions	3	66 732	71 247
Other receivables from non-exchange transactions	4	5 396	2 154
Other current financial assets	5	14 249	12 738
Inventories	6	49 542	47 628
Prepayments	7	125	22
Non-current assets held for sale	8	5 180	5 260
Statutory Receivables	9	85 249	59 921
<b>Non-current assets</b>		<b>1 793 092</b>	<b>1 763 707</b>
Non-Current Investment	10	12 804	11 270
Other non-current financial assets	11	31 753	33 430
Investments in Associates	12	8 731	9 106
Property plant and equipment	20	1 034 592	981 748
Heritage assets	21	8 416	35 283
Intangible assets	22	9 299	9 364
Investment property	23	438 100	420 630
Operating lease Assets	42	249 397	262 878
<b>TOTAL ASSETS</b>		<b>2 211 721</b>	<b>2 084 907</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>665 397</b>	<b>596 038</b>
Trade and other payables from exchange transactions	13	432 314	417 623
Other current financial liabilities	14	125 377	100 298
Current provisions	15	30 776	26 822
Current portion of unspent conditional grants and receipts	16	55 832	31 160
Short-Term Borrowings	17	1 237	1 806
Current Portion of Finance Lease Liability		119	-
Current Portion of operating Lease liability		19 043	17 624
Service Concession Arrangement	48	708	708
<b>Non-current liabilities</b>		<b>282 150</b>	<b>274 170</b>
Finance Lease liability		153	-
Non-current lease liability		14 777	14 166
Non-Current Provision	18	4 816	5 524
Other non-current financial liabilities	19	262 403	254 480
Operating Lease Liability			
<b>TOTAL LIABILITIES</b>		<b>947 547</b>	<b>870 208</b>
<b>Net assets</b>		<b>1 264 174</b>	<b>1 214 699</b>
Revaluation Reserve		282 630	237 432
Contributed Capital		70 015	70 015
Accumulated Surplus/ (Deficit)		911 528	907 251
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>2 211 721</b>	<b>2 084 907</b>

# CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

## FOR THE YEAR ENDED 31 MARCH 2024

	Note(s)	2023/2024 R'000	2022/2023 R'000
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>		<b>950 389</b>	<b>836 772</b>
Government grants and subsidies Legislative and Oversight functions	24	950 389	836 772
<b>Revenue from exchange transactions</b>		<b>276 971</b>	<b>274 879</b>
Sale of Goods & Rendering of Services	25	193 988	163 102
Rental of facilities and equipment	26	38 932	42 917
Interest earned - external investments	27	13 675	4 826
Interest earned - outstanding receivables	28	6 226	45 601
Other income	29	24 150	18 434
Licenses and permits			
<b>TOTAL REVENUE</b>		<b>1 227 360</b>	<b>1 111 651</b>
<b>EXPENSES</b>			
Employee related costs	30	(671 386)	(636 368)
Repairs and maintenance	37	(14 547)	(9 751)
Depreciation and amortization expense	31	(73 771)	(64 887)
Contracted services	32	(29 351)	(19 875)
Finance costs	33	(27 161)	(11 150)
General expenses	38	(402 747)	(416 449)
Bad debts		(16 476)	(66 279)
<b>TOTAL EXPENSES</b>		<b>(1 235 440)</b>	<b>(1 224 760)</b>
<b>OTHER GAINS / (LOSSES)</b>			
Loss on sale of assets	34	(741)	(42 672)
Impairment Loss	35	(2 453)	(2 579)
Gain/Loss on revaluation of asset	36	6 256	(5 658)
Gain/Loss on revaluation of asset		(375)	849
<b>TOTAL DEFICIT FOR THE PERIOD NET OF TAX</b>		<b>(5 394)</b>	<b>(163 483)</b>
<b>DEFICIT FOR THE PERIOD NET OF TAX</b>		<b>(5 394)</b>	<b>(163 483)</b>



## CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2024

	Revaluation Reserve	Contributed Capital	Accumulated Surplus/(deficit)	TOTAL: Net Assets
Notes	R'000	R'000	R'000	R'000
<b>Balance at 31 March 2022</b>	<b>217 307</b>	<b>70 015</b>	<b>1 061 917</b>	<b>1 349 239</b>
Changes in accounting policy correction of prior year error	-	-	-	-
<b>Balance at April 2022 – Restated balance</b>	<b>217 307</b>	<b>70 015</b>	<b>1 061 917</b>	<b>1 349 239</b>
Transfers to/from other reserves	(3 938)	-	3 938	-
Net of Tax Surplus/(deficit) on revaluation of property Plant & Equipment	27 459	-	-	27 459
Surplus/(Deficit) for the period as per Statement of Financial Performance	-	-	(163 483)	(163 483)
Transfer to/from accumulated surplus	(3 396)	-	3 396	-
Other movements	-	-	1 483	1 483
Balance at 1 April 2023	237 432	70 015	907 251	1 214 698
Transfer to/from other reserve	-	-	-	-
<b>Balance at 1 April 2023</b>	<b>237 432</b>	<b>70 015</b>	<b>907 251</b>	<b>1 214 698</b>
Surplus/(Deficit) for the period as per Statement of Financial Performance	-	-	(5 394)	(5 394)
Transfers to/from other reserves	(9 671)	-	9 671	-
Surplus/(Deficit) for the period as per Statement of Financial Performance Transfer to/ from accumulated surplus	-	-	-	-
Net of Tax Surplus/ (Deficit) on revaluation of PEE	26 700	-	-	26 700
Other movements	28 169	-	-	28 169
<b>Balance at 31 March 2024</b>	<b>282 630</b>	<b>70 015</b>	<b>911 528</b>	<b>1 264 173</b>

# CONSOLIDATED CASH FLOW STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2024

	Note(s)	2023/2024 R'000	2022/2023 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>1 241 418</b>	<b>1 063 948</b>
Transfers and Subsidies		605 071	509 023
Sale of goods and rendering of services		248 768	189 399
Grants		369 253	349 212
Interest Dividends and Rent on land		18 280	16 300
Other Receipts		46	14
<b>Payments</b>		<b>(1 134 143)</b>	<b>(1028 498)</b>
Compensation of Employees		(722 032)	(626 859)
Goods and Services		(412 090)	(401 636)
Interest and Rent on land		(21)	(3)
<b>Net cash flows from operating activities</b>	<b>39</b>	<b>107 275</b>	<b>35 450</b>
<b>Cash flows from investing activities</b>			
		<b>(36 981)</b>	<b>(20 225)</b>
Purchase of Property Plant and Equipment		(56 875)	(19 611)
Purchase of Intangible Assets		(1 495)	(1 484)
Purchase of Investment Property			(386)
Proceeds on Disposal of Heritage Asset		19 150	
Proceeds of Property Plant and Equipment		56	769
Loan granted to associate / other economic entities		(7 164)	-
Loan repayments received from associates / other economic entities		9 347	67
Additional Movements		-	420
<b>Net cash flows from investing activities.</b>		<b>(36 981)</b>	<b>(20 225)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		<b>(347)</b>	<b>(1 598)</b>
Repayment of borrowings		(709)	(1 598)
Finance lease payments		362	-
<b>Net cash flows from financing activities</b>		<b>(347)</b>	<b>(1 598)</b>
Net increase/(decrease) in cash and cash equivalents		69 947	13 627
Cash and cash equivalents at the beginning of the year		122 209	108 582
Effect of exchange rate movement on cash balances		-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>1</b>	<b>192 156</b>	<b>122 209</b>

# ACCOUNTING POLICIES

## FOR THE YEAR ENDED 31 MARCH 2024

### 1.1 BASIS OF PREPARATION

These Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The Annual Financial Statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

### 1.2 CURRENCY

These financial statements are presented in South African Rand (R) since that is the currency in which the majority of the entity/group's transactions are denominated.

### 1.3 REVENUE RECOGNITION

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer.

Revenue arising from the rendering of services is based on the stage of completion determined by reference to the physical amount of work performed in relation to the total project.

Revenue arising from license fees is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Interest income is accrued on a time proportion basis, considering the principal outstanding and the effective interest rate over the period to maturity.

Dividend income from investments is recognised when the right to receive payment has been established.

### 1.4 IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

- Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation including PFMA, or
- Any provincial legislation providing for procurement procedures in that provincial government.

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

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

## **ACCOUNTING POLICIES CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

### **1.5 BORROWING COSTS**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until the assets are ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are charged against income in the period in which they are incurred.

### **1.6 FOREIGN CURRENCIES**

Transactions in currencies other than the entity/group's reporting currency (rand) are initially recorded at the rates of exchange ruling on the dates of the transactions. Gains and losses arising from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling on the balance sheet date. Unrealised differences on monetary assets and liabilities are recognised in the income statement in the period in which they occurred.

To hedge its exposure to foreign exchange risks, the entity/group enters forward contracts and options. Unrealised gains and losses arising on currency forward contracts and options designated as hedges of identified exposures are deferred and matched against gains and losses arising from the specified transactions.

### **1.7 RETIREMENT BENEFIT COSTS**

The entity/group operates both defined contribution and defined benefit plans, the assets of which are generally held in separate trustee-administered funds. The plans are generally funded by payments from the entity/group and employees, taking account of the recommendations of independent qualified actuaries. For defined benefit plans the defined benefit obligation, the related current service cost, and where applicable, the past service cost is determined by using the projected unit credit method.

A portion of actuarial gains and losses is recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed the greater of:

- 10% of the present value of the defined benefit obligation at the date before deducting plan assets, or
- 10% of the fair value of any plan assets at that date.

The portion of actuarial gains and losses to be recognised is the excess or deficit referred to above, divided by the expected average remaining working lives of the employees participating in the plan.

Payments to defined contribution retirement benefit plans are charged to the income statement in the year to which they relate.

#### **1.7.1 Short term employee benefits**

Short term employee benefits comprise of leave entitlements (capped leave), thirteenth cheque and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial performance when the final authorisation for payment is affected on the system (by no later than 31 March of each year).

## **ACCOUNTING POLICIES CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

Short term employee benefits that give rise to a present legal or constructive obligation are disclosed in the notes to the financial statements. These amounts are not recognised in the statement of financial performance.

### *1.7.1.2 Termination benefits*

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer when the final authorisation for payment is effected on the system (by not later than 31 March of each year).

### **1.7.2 Post employment retirement benefits**

The entity provides retirement benefits (pension 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 the final authorisation for the payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer entity.

The entity provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

## **1.8 TAXATION**

The charge for current tax is the amount of income taxes payable in respect of the taxable profit (tax loss) for the current period. It is calculated by using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is accounted for by using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of an asset or liability that affects neither accounting profit nor taxable profit at the time of the transaction.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

## **1.9 EXTRAORDINARY ITEMS**

All items of income and expense arising in the ordinary course of business are considered in arriving at income before taxation. Where items of income and expense are of such size, nature or incidence that their disclosure is relevant to explain the performance of the entity/group or company, they are separately disclosed and appropriate explanations are provided.

## **ACCOUNTING POLICIES CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

### **1.10 PROPERTY, PLANT AND EQUIPMENT**

#### **Land and buildings**

Land and buildings, and plant and equipment are stated in the balance sheet at their re-valued amounts, being their fair value because of their existing use at the date of revaluation, less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined by using fair values at the balance sheet date.

Any revaluation increase arising from the revaluation of land and buildings, or plant and equipment is credited to the property's revaluation reserve, except where it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising from the revaluation of land and buildings or plant and equipment is charged as an expense where it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalue property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to the income statement.

#### **Properties during construction**

Properties during construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the entity/group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

#### **Other property, plant and equipment**

Other items of property, plant and equipment are stated at cost less accumulated depreciation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, were shorter, the term of the relevant lease.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

### **1.11 INVESTMENT PROPERTY**

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. The fair value is determined by an independent sworn appraiser based on market evidence of the most recent prices achieved in arm's length transactions of similar properties in the same area. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

### **1.12 INTANGIBLE ASSETS**

Patents and trademarks are measured initially at cost and amortised on a straight-line basis over their estimated useful lives, which is on average 10 years.

## **ACCOUNTING POLICIES CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

The directors assess the carrying value of each intangible asset annually and revisions are made where it is considered necessary.

### **Internally generated intangible assets (Research and development costs)**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Internally generated intangible assets are amortised on a straight-line basis over their useful lives, which is usually no more than five years.

### **1.13 IMPAIRMENT**

At each balance sheet date, the entity/group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a re-valued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a re-valued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

### **1.14 BASIS OF CONSOLIDATION**

The consolidated financial statements incorporate the financial statements of the entity and enterprises controlled by the entity (i.e. its subsidiaries) up to 31 March each year. Entities are considered controlled as per the Public Finance Management Act definition of "ownership control".

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair value of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the entity/group.

All inter-entity transactions and balances between group enterprises are eliminated on consolidation.

## **ACCOUNTING POLICIES CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

### **1.15 GOODWILL**

Goodwill arising on consolidation represents the excess of the cost of acquisition over the entity/group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight-line basis following an assessment of its foreseeable life. Current estimates of goodwill's useful life do not exceed 20 years.

Goodwill arising from the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising from the acquisition of subsidiaries and jointly controlled entities is presented separately in the balance sheet.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

### **1.16 INVESTMENTS IN ASSOCIATES**

An associate is an enterprise in which the entity/group has significant influence, through participation in the financial and operating policy decisions of the investee, but not control, and which it intends to hold as long-term investment.

The results and assets and liabilities of associates are incorporated in these financial statements by using the equity method of accounting, from the effective dates of their acquisition until the effective dates of their disposal. The carrying amount of such investments is reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

Where a group enterprise transacts with an associate of the group, unrealised profits and losses are eliminated to the extent of the entity/group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

### **1.17 INTERESTS IN JOINT VENTURES**

A joint venture is a contractual arrangement whereby the entity/group and other parties undertake an economic activity that is subject to joint control.

#### **Jointly controlled operations**

The entity/group's share of income from the sale of goods or services resulting from joint operations is recognised when it is probable that the economic benefits associated with the transactions will flow to the entity/group and their amount can be measured reliably.

#### **Jointly controlled assets**

Where the entity/group entity undertakes its activities under joint venture arrangements directly, the entity/group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the entity/group's share of the output of jointly controlled assets, and its share of joint venture expenses, is recognised when it is probable that the economic benefits associated with the transactions will flow to/from the entity/group and their amount can be measured reliably.



## **ACCOUNTING POLICIES CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

### **Jointly controlled entities**

Joint venture arrangements, which involve the establishment of a separate entity in which each venture has an interest, are referred to as jointly controlled entities. Investments in jointly controlled entities are accounted for by way of the proportionate consolidation method whereby the entity/group's proportionate share of the assets, liabilities, income and expenses of joint ventures are consolidated, on a line-by-line basis with similar items in the financial statements of the entity/group.

Where the entity/group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the entity/group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of joint venture are included from the effective dates of their acquisition and up to the effective dates of their disposal.

### **1.18 BIOLOGICAL ASSETS**

Biological assets and agricultural produce at the time of harvest are measured at their fair value less estimated point-of-sale costs.

The fair value of pine trees is determined based on market prices of pine trees of similar age, dimensions, and quality. The fair value of timber at the time of felling is determined based on market prices in the local area.

### **1.19 BORROWINGS**

In terms of section 66(3)(c) of the Public Finance Management Act, 1999, Public Entity may only through the Minister of Finance borrow money or, in the case of the issue of a guarantee, indemnity or security, only through the Minister of Labour, acting with the concurrence of the Minister of Finance.

In terms of section 32.1.1 of the Treasury Regulations Public Entity may borrow money for bridging purposes with the approval of the Minister of Finance, subject to certain conditions.

### **1.20 LEASING**

Finance leases as per the Treasury Regulations refers to a contract that transfers the risks, rewards, rights and obligations incident to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing; all other leases are classified as operating leases.

#### **The entity/group as a lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the entity/group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the entity/group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 31 MARCH 2024

### The entity/group as a lessee

Assets held under finance leases are recognised as assets of the entity/group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

### 1.21 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less any costs of completion and costs to be incurred in marketing, selling and distribution.

#### Cost is determined on the following bases:

- Raw materials and consumable stores are value at average cost.
- Finished goods and work in progress are valued at raw material cost plus labour cost and an appropriate portion of related fixed and variable manufacturing overhead expenses based on normal capacity.

### 1.22 RECEIVABLES

Receivables included in the statement of financial position arise from cash payment made that is recoverable from another party.

Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.

### 1.23 LONG-TERM CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of the construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred and probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as an expense.

## **ACCOUNTING POLICIES CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

### **1.24 FINANCIAL INSTRUMENTS**

#### **Recognition**

Financial assets and financial liabilities are recognised on the entity/group's balance sheet when the entity/group becomes a party to the contractual provisions of the instrument.

All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

#### **Measurement**

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

#### **Financial assets**

The entity/group's principle financial assets are investments and loans, accounts receivable and cash and cash equivalents.

- Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

- Investments

All investments are initially recognised at cost, transaction costs included.

At subsequent reporting dates the following categories of investments are measured at amortised cost by using the effective interest rate method if they have a fixed maturity or at cost if there is no fixed maturity:

- Loans and receivables originated by the entity/group and not held for trading
- Held to maturity investments
- An investment in a financial asset that does not have a quoted market price in an active market and whose fair value cannot be measured reliably.

Cost and amortised cost are inclusive of any impairment loss recognised to reflect irrecoverable amounts. The financial assets are subject to review for impairment at each balance sheet date.

The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as available-for-sale investments and trading investments and are measured at subsequent reporting dates at fair value without any deduction for transaction costs

## ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 31 MARCH 2024

that may be incurred on sale or other disposal. Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For available-for-sale investments, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the net profit or loss is included in the net profit or loss for the period.

### Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

### Financial liabilities

The entity/group's principle financial liabilities are interest bearing borrowings, accounts payable and bank overdraft.

All financial liabilities are measured at amortised cost, comprising original debt less principle payments and amortisation, except for financial liabilities held-for-trading and derivative liabilities, which are subsequently measured at fair value.

- Borrowings

In terms of section 66(3)(c) of the Public Finance Management Act, 1999, a Public Entity may only through the Minister of Finance borrow money or, in the case of the issue of a guarantee, indemnity or security, only through the Minister of Labour, acting with the concurrence of the Minister of Finance.

In terms of section 32.1.1 of the Treasury Regulations a Public Entity may borrow money for bridging purposes with the approval of the Minister of Finance, subject to certain conditions.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible debenture.

- Trade payables

Trade and other payables are stated at their nominal value.

- Derivative financial instruments

Derivative financial instruments, principally interest rate swap contracts and forward foreign exchange contracts, are used by the entity/group in its management of financial risks. The risks being hedged are exchange losses due to unfavourable movements between the rand and the foreign currency.

Derivative financial instruments are initially recorded at cost and are re-measured to fair value at subsequent reporting dates.

## **ACCOUNTING POLICIES CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

Gains and losses arising from cash flow hedges are recognised directly in equity, while gains and losses arising from fair value hedges are recognised in the income statement as they arise. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.

Payments and receipts under interest rate swap contracts are recognised in the income statement on a basis consistent with corresponding fluctuations in the interest payments on floating rate financial liabilities. The carrying amounts of interest rate swaps, which comprise net interest receivables and payables accrued, are included in assets or liabilities, respectively.

### **1.25 PROVISIONS**

Provisions are recognised when the entity/group has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

Provisions for restructuring costs are recognised when the entity/group has a detailed formal plan for the restructuring and the entity/group has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Restructuring provisions only include the direct expenditure that are necessarily entailed by the restructuring and not associated with the ongoing activities of the enterprise.

Provision was made for the entity/group's estimated liability on all products still under warranty at balance sheet date. This is based on service histories.

The entity/group is exposed to environmental liabilities relating to its operations. Provision for the cost of environmental and other remedial work such as reclamation costs, closed down and restoration costs and pollution control is made when such expenditure is probable and the cost can be estimated with a reasonable range of possible outcomes.

### **1.26 PAYABLES**

Recognised payables mainly comprise of amounts owing to the other governmental entities. These payables are recognised at historical cost in the statement of financial position.

### **1.27 GOVERNMENT GRANTS**

Government grants are recognised when it is probable that future economic benefits will flow to the public entity/constitutional institution/trading entity and these benefits can be measured reliably. The grant is recognised to the extent that there are no further obligations arising from the receipt of the grant.

### **1.28 COMPARATIVE FIGURES**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

### **1.29 PUBLIC PRIVATE PARTNERSHIPS (PPP)**

A PPP is a contractual arrangement whereby the entity and other parties undertake an economic activity that is subject to joint control. Investments in Public Private Partnerships are accounted for by the equity method from their most recently audited financial statements or unaudited management accounts as at financial year-end.

## **ACCOUNTING POLICIES CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

### **1.30 CASH AND CASH EQUIVALENT**

Investment must include a selection of counter-parties through credit risk analyses, an establishment of investment limits per institution and investment instrument and the monitoring of investments against limits. The policy should contain the reassessment of investment policies on a regular basis, counter-party credit risk based on credit ratings and the assessment of investment instruments based on liquidity requirements.

### **1.31 CHANGES IN ACCOUNTING ESTIMATES AND ERRORS**

When an entity has not applied a new Standard or Interpretation that has been issued but is not yet effective, the entity shall disclose:

- (a) this fact; and
- (b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard or Interpretation will have on the entity's financial statements in the period of initial application.

### **1.32 EQUITY FUND INVESTMENT ACCOUNT**

Government grants received for the Equity Fund Account are included in non-current liabilities as deferred income and are credited to the income statement in line with the movement of the Equity fund investment resulting from annual revaluations. Equity Fund interest/dividends received and direct expenses paid is transferred to the Equity Fund Account.

### **1.33 FINANCIAL RISK FACTORS**

#### *(i) Interest rate risk*

The companies' finance income is substantially dependent on changes in market interest. The company has significant investments in money market instruments at variable market related interest rates.

#### *(ii) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through adequate government grants, in providing for final closure costs subsequent to year-end.

#### **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.

### **1.34. 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.

## **ACCOUNTING POLICIES CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

### **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.

## **1.35. 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:

## ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 31 MARCH 2024

- 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.

### 1.36. 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.

### 1.37. 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 R'000	2022/2023 R'000
<b>2. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	10	13
Cash at bank	192 116	122 064
Call deposits	31	132
<b>Total Cash and cash Equivalents</b>	<b>192 156</b>	<b>122 209</b>

	Gross Balances R'000	Provision for Doubtful Debts R'000	Net Balance R'000
<b>3. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>			
<b>BALANCE AS AT 31 MARCH 2024</b>			
Other Trade Receivables	259 561	(193 650)	65 910
	822	-	822
<b>Total</b>	<b>260 383</b>	<b>(193 650)</b>	<b>66 732</b>
<b>BALANCE AS AT 31 MARCH 2023</b>			
Other Trade Receivables	323 989	(252 742)	71 247
<b>Total</b>	<b>323 989</b>	<b>(252 742)</b>	<b>71 247</b>
<b>Ageing of Trade &amp; Other Receivables from Exchange Transactions (Net of Provision for Doubtful Debts)</b>			
Current (0 – 30 days)		14 371	18 724
31 - 60 Days		9 683	9 115
61 - 90 Days		3 535	1 296
91 - 120 Days		7 506	8 111
121 + Days		31 637	34 002
<b>Total</b>		<b>66 732</b>	<b>71 248</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 R'000	2022/2023 R'000
<b>3. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED</b>		
<b>Summary of Debtors by Classification</b>		
Other Trade Receivables		
Current (0 – 30 days)	14 371	19 693
31 - 60 Days	12 517	14 280
61 - 90 Days	3 585	2 710
91 - 120 Days	9 157	19 356
121 + Days	220 752	257 950
<b>Total Debtors before provision for doubtful debtors</b>	<b>260 382</b>	<b>323 899</b>
Provision for doubtful debts	(193 650)	(252 742)
<b>Total</b>	<b>66 732</b>	<b>71 247</b>
<b>Reconciliation of the doubtful debt provision</b>		
Balance at beginning of the year	(252 742)	(389 323)
Contributions to provision	1 507	457
Doubtful Debts written off	58 923	136 125
Increase/ (Decrease) due to change in estimate	(1 338)	(1)
<b>Balance at end of year</b>	<b>(193 650)</b>	<b>(252 742)</b>
<b>4. OTHER RECEIVABLES FROM NON-EXCHANGE</b>		
Other receivables	5 396	2 154
<b>Total Other receivables</b>	<b>5 396</b>	<b>2 154</b>
Current (0 – 30 days)	5 185	1 927
31 - 60 Days	172	
61 - 90 Days	-	188
91 - 120 Days	39	39
121 + Days	-	-
<b>Total</b>	<b>5 396</b>	<b>21 54</b>
<b>5. OTHER CURRENT FINANCIAL ASSETS</b>		
Other receivables	14 249	12 738
<b>Total Other receivables</b>	<b>14 249</b>	<b>12 738</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

		2023/2024 R'000	2022/2023 R'000
<b>6.</b>	<b>INVENTORIES</b>		
	Carrying value of inventory	49 542	47 628
	Consumable stores	4 198	2 330
	Work in Progress	45 344	45 298
	<b>Inventory carried at Net Realizable Value</b>		
	Consumable stores	4 198	2 330
	Raw Materials		
	Work in Progress	45 344	45 298
	<b>Total</b>	<b>49 542</b>	<b>47 628</b>
<b>7.</b>	<b>PREPAYMENTS</b>		
	Prepaid expenses	125	22
	<b>Total</b>	<b>125</b>	<b>22</b>
<b>8.</b>	<b>NON-CURRENT ASSETS HELD FOR SALE</b>		
	Current assets classified as held for sale	5 180	5 260
	<b>Total</b>	<b>5 180</b>	<b>5 260</b>
<b>9.</b>	<b>STATUTORY RECEIVABLES - NON-EXCHANGE</b>		
	Opening balance	59 921	37 170
	Current year receivables	85 249	59 921
	Accumulated Impairment losses	-	-
	Amounts derecognized/Settled amounts	(59 921)	(37 170)
	<b>Total</b>	<b>85 249</b>	<b>59 921</b>
<b>10.</b>	<b>NON-CURRENT INVESTMENTS</b>		
	Other Investments	12 804	11 270
	<b>Total</b>	<b>12 804</b>	<b>11 270</b>
<b>11.</b>	<b>OTHER NON-CURRENT FINANCIAL ASSETS</b>		
	Other Non-Current Financial Assets	31 753	33 430
	<b>Total</b>	<b>31 753</b>	<b>33 430</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

		2023/2024 R'000	2022/2023 R'000		
<b>12.</b>	<b>INVESTMENTS IN ASSOCIATES</b>				
	Share of the associate's financial position: Non-current liabilities	8 731	9 106		
	<b>Total</b>	<b>8 731</b>	<b>9 106</b>		
	Share of the associate's revenue and Profit: Non-current liabilities	(375)	849		
	<b>Total</b>	<b>(375)</b>	<b>849</b>		
<b>13.</b>	<b>TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>				
	Trade Payables	50 094	41 198		
	Payments received in advance	4 322	4 012		
	Staff leave				
	Other payables	377 897	372 413		
	<b>Total payables</b>	<b>432 314</b>	<b>417 623</b>		
<b>14.</b>	<b>OTHER CURRENT FINANCIAL LIABILITIES</b>				
	Other Current Financial liabilities	125 377	100 298		
	<b>Total Other Current Financial Liabilities</b>	<b>125 377</b>	<b>100 298</b>		
		<b>Performance Bonus</b>	<b>Provision for Leave Pay</b>	<b>Current portion of Other non- current Provisions</b>	<b>Total</b>
<b>15.</b>	<b>CURRENT PROVISIONS</b>				
	<b>Reconciliation of Movement in Current Provisions - 2024</b>				
	Opening Balance	5 683	21 139		26 822
	Provisions Raised	173	12 592		12 942
	Unused Amounts Reversed			-	
	Amounts Used	352	(9 477)		(9 125)
	Other Movements		138		138
	<b>Total</b>	<b>6 208</b>	<b>24 568</b>		<b>30 776</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

	Performance Bonus	Provision for Leave Pay Other non-current Provisions	Current portion of	Total
<b>Reconciliation of Movement in Current Provisions - 2023</b>				
Opening Balance	5 683	18 675		24 358
Provisions Raised		12 233		12 233
Unused Amounts Reversed				
Amounts Used		(9 793)		(9 793)
Other Movements		24		24
<b>Total</b>	<b>5 683</b>	<b>21 139</b>		<b>26 822</b>

	2023/2024 R'000	2022/2023 R'000
<b>16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
Current portion of unspent conditional grants and receipts	55 832	31 160
<b>Total</b>	<b>55 832</b>	<b>31 160</b>
<b>17. SHORT-TERM BORROWINGS</b>		
Short-Term Borrowings	1 237	1 806

	Minimum lease payments	Future Finance Charges	Total
<b>Finance Lease Liability</b>			
<b>Amounts payable under finance lease - 2024</b>			
Within one year	(139 318)	272 044	132 756
Within two years	(162 534)	30 080	(132 454)
Later than 5 years	-	-	-
<b>Total</b>	<b>(301 852)</b>	<b>302 124</b>	<b>(272)</b>
Amounts due for settlement within 12 months	(119)		(119)
<b>Total</b>	<b>(301 971)</b>	<b>302 124</b>	<b>153</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

	Provision for long service awards	Other non-current Provisions	Total
<b>18. NON-CURRENT PROVISIONS</b>			
<b>Reconciliation of Movement in Non-Current Provisions - 2024</b>			
Opening Balance	13 105	1 061	14 166
Provisions Raised	1 405	-	1 405
Unused Amounts Reversed	(67)	-	(67)
Amounts used	(1 518)	-	(1 518)
Change in Provision due to change in Estimation inputs	46	42	85
Other Movements	706	-	706
<b>Total</b>	<b>13 674</b>	<b>1 103</b>	<b>14 777</b>
<b>Reconciliation of Movement in Non-Current Provisions - 2023</b>			
Opening Balance	14 985	1 020	16 005
Provisions Raised	34	-	34
Unused Amounts Reversed	(40)	-	(40)
Amounts used	(1 15)	-	(115)
Change in Provision due to change in Estimation inputs	46	41	87
Other Movements	(1 805)	-	(1 805)
<b>Total</b>	<b>13 105</b>	<b>1 103</b>	<b>14 166</b>
		<b>2023/2024 R'000</b>	<b>2022/2023 R'000</b>
<b>19. OTHER NON-CURRENT FINANCIAL LIABILITIES</b>			
Other non-current financial liabilities		4 816	5 524

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

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**PROPERTY PLANT AND EQUIPMENT RECONCILIATION OF CARRYING VALUE**

	2024		2023			
	Cost R'000	Accumulated Depreciation & Impairment R'000	Carrying Value R'000	Cost R'000	Accumulated Depreciation & Impairment R'000	Carrying Value R'000
Land	49 328	-	49 328	49 328	-	49 328
Building	636 694	(181 709)	454 985	605 087	(159 436)	445 651
Service Concession Asset	4 249	(2 052)	2 197	4 249	(1 730)	2 519
Vehicles	38 032	(25 598)	12 434	36 820	(23 501)	13 318
Infrastructure	597 239	(175 275)	421 965	568 580	(163 084)	405 496
Capital Work in Progress (Infrastructure)	43 254	-	43 254	12 257	-	12 257
Finance Lease Assets	362	(101)	262	151	(151)	-
Furniture & Fittings	16 945	(8 890)	8 056	16 544	(8 796)	7 748
Plant Machinery & Equipment	40 761	(23 190)	17 571	38 754	(20 423)	18 332
Office Equipment	6 945	(3 096)	3 849	6 856	(3 140)	3 715
Computer equipment	25 972	(14 026)	11 946	25 919	(12 843)	13 076
Other Assets	18 597	(10 989)	7 607	18 350	(9191)	9159
Capital WIP Other Assets	1138	-	1138	-	-	-
<b>Total</b>	<b>1 479 517</b>	<b>(444 925)</b>	<b>1 034 592</b>	<b>1 382 894</b>	<b>(402 295)</b>	<b>981 748</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

**20.1**

**RECONCILIATION OF PROPERTY PLANT AND EQUIPMENT - 2024**

	Carry value opening balance	R'000	Additions	R'000	Disposals	R'000	Transfers	R'000	Depreciation	R'000	Impairment (loss)/ resersal of impairment loss	R'000	Revaluation	R'000	Discontinued operations	R'000	Carrying value closing balance	R'000
Land	49 326	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49 328	-
Service Concession Asset	2 519	-	-	-	-	-	-	(322)	-	-	-	-	-	-	-	-	2 197	-
Buildings	445 651	29 230	(907)	5 484	(23 133)	(1 340)	-	-	-	-	-	-	-	-	-	-	454 985	-
Vehicles	13 318	1 795	(12)	(1)	(2 666)	-	-	-	-	-	-	-	-	-	-	-	12 434	-
Infrastructure	405 496	9 904	(3 894)	8 836	(24 972)	(104)	-	-	-	-	-	-	-	-	-	-	421 965	-
Capital Work in progress (Infrastructure)	12 527	45 454	-	(14 457)	-	-	-	-	-	-	-	-	-	-	-	-	43 254	-
Finance Lease Assets	-	362	-	-	(100)	-	-	-	-	-	-	-	-	-	-	-	262	-
Furniture & Fittings	7 748	961	(2)	-	(651)	-	-	-	-	-	-	-	-	-	-	-	8 056	-
Plant Machinery & Equipment	18 332	1 677	(59)	137	(2 515)	-	-	-	-	-	-	-	-	-	-	-	17 571	-
Office Equipment	3 715	1 099	(315)	-	(650)	-	-	-	-	-	-	-	-	-	-	-	3 849	-
Computer Equipment	13 078	2 482	(604)	-	(3 008)	(1 055)	-	-	-	-	-	-	-	-	-	-	11 946	-
Other Assets	9 159	221	-	-	(718)	-	-	-	-	-	-	-	-	-	-	-	7 607	-
Capital Work in Progress	1 138	1 138	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 138	-
<b>Total</b>	<b>980 599</b>	<b>94 323</b>	<b>5 793</b>	<b>(1)</b>	<b>(58 736)</b>	<b>(2 499)</b>	<b>26 699</b>	<b>(2 499)</b>	<b>(2 499)</b>	<b>(2 499)</b>	<b>(2 499)</b>	<b>(2 499)</b>	<b>(2 499)</b>	<b>(2 499)</b>	<b>(2 499)</b>	<b>(2 499)</b>	<b>1034592</b>	<b>1034592</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

**20.2 RECONCILIATION OF PROPERTY PLANT AND EQUIPMENT - 2023**

	Carry 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	-	-	-	-	-	1 391	-	49 328
Service Concession Asset	2 865	-	-	-	(346)	-	-	-	2 519
Buildings	468 692	545	-	-	(22 273)	(1 312)	-	-	445 651
Vehicles	15 146	-	(457)	-	(2 371)	-	-	-	13 316
Infrastructure	402 757	585	(870)	-	(24 436)	-	27 459	-	405 496
Capital Work in Progress (Infrastructure)	489	11 768	-	-	-	-	-	-	12 257
Furniture & Fittings	7 358	1 189	(43)	-	(756)	-	-	-	7 748
Plant Machinery & Equipment	20 601	484	(144)	(175)	(2 434)	-	-	-	18 332
Office Equipment	3 039	1 088	(6)	(1)	(405)	-	-	-	3 715
Computer Equipment	12 047	4 111	(392)	-	(2 690)	-	-	-	13 076
Other Assets	11 312	-	(1)	-	(868)	(1 284)	-	-	9 159
<b>Total</b>	<b>994 633</b>	<b>19 770</b>	<b>(1 913)</b>	<b>(176)</b>	<b>(56 578)</b>	<b>(2 596)</b>	<b>27 459</b>	<b>-</b>	<b>981 748</b>

**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.**

	2023/2024	2022/2023
	R'000	R'000
	<b>44 392</b>	<b>12 527</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

**21.**

**HERITAGE ASSETS**

	2024			2023		
	Cost R'000	Accumulated amortisation & Impairment R'000	Carrying Value R'000	Cost R'000	Accumulated amortisation & Impairment R'000	Carrying Value R'000
<b>21.1 Reconciliation of carrying value</b>						
Other Assets	8 416	-	8 416	35 283	-	35 283
<b>Total</b>	<b>8 416</b>	<b>-</b>	<b>8 416</b>	<b>35 283</b>	<b>-</b>	<b>35 283</b>
<b>21.2 Reconciliation of Heritage Assets – 2024</b>						
Other Assets	35 283	-	(19 151)	(7 716)	-	8 416
<b>Total</b>	<b>35 283</b>	<b>-</b>	<b>(19 151)</b>	<b>(7 716)</b>	<b>-</b>	<b>8 416</b>
<b>21.3 Reconciliation of Heritage Assets – 2023</b>						
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>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

**22 INTANGIBLE ASSETS**

	2024			2023		
	Cost R'000	Accumulated amortisation & Impairment R'000	Carrying Value R'000	Cost R'000	Accumulated amortisation & Impairment R'000	Carrying Value R'000
<b>22.1 Reconciliation of carrying value</b>						
Computer software	2 216	(1 347)	869	2 302	(1 368)	934
Other	8 430	-	8 430	8 430	-	8 430
<b>Total</b>	<b>10 646</b>	<b>(1 347)</b>	<b>9 299</b>	<b>10 732</b>	<b>(1 368)</b>	<b>9 364</b>

	Carrying value opening balance R'000	Disposals R'000	Additions R'000	Amortisation R'000	Carrying value closing balance R'000
<b>22.2 Reconciliation of intangible assets – 2024</b>					
Computer software	934	(7)	1 495	(1 553)	869
Licenses					
Other	8 430	-	-	-	8 430
<b>Total</b>	<b>9 364</b>	<b>(7)</b>	<b>1 495</b>	<b>(1 553)</b>	<b>9 299</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

	Carrying value opening balance	Addition	Disposals	Amortisation	Impairment (loss)/ reversal of impairment loss	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Reconciliation of intangible Assets – 2023</b>						
Computer software	1 016	1 484	(1)	(1 557)		934
Other	8 430	-	-	-		8 430
<b>Total</b>	<b>9 446</b>	<b>1 484</b>	<b>(1)</b>	<b>(1 567)</b>		<b>9 364</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

**23 INVESTMENT PROPERTY CARRIED AT FAIR VALUE**

	2024		2023			
	Cost	Accumulated amortisation & Impairment	Carrying Value	Cost	Accumulated amortisation & Impairment	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
<b>23.1 Reconciliation of carrying value</b>						
Investment property	438 100	-	438 100	420 630	-	420 630
<b>Total</b>	<b>438 100</b>	<b>-</b>	<b>438 100</b>	<b>420 630</b>	<b>-</b>	<b>420 630</b>

	Carrying value opening balance	Addition	Transfers (out) / in	Disposal	Fair value adjustment	Carrying value closing balance
	R'000	R'000	R'000	R'000	R'000	R'000
<b>23.2 Reconciliation of Investment Property Carried at Fair Value – 2024</b>						
Investment property	420 630	14 470		(1 770)	(4 770)	438 100
<b>Total</b>	<b>420 630</b>	<b>14 470</b>		<b>(1 770)</b>	<b>(4 770)</b>	<b>438 100</b>

	Carrying value opening balance	Aditions	Transfers	Disposals	Fair value adjustment	Carry value closing balance
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Reconciliation of Investment Property Carried at Fair Value – 2023</b>						
Investment property	469 040	386	(5 500)	(41 530)	(1756)	420 630
<b>Total</b>	<b>469 040</b>	<b>386</b>	<b>(5 500)</b>	<b>(41 530)</b>	<b>(1 756)</b>	<b>420 630</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue liabilities	Conditions still to be met
	R'000	R'000	R'000	R'000
<b>24 GOVERNMENT GRANTS AND SUBSIDIES</b>				
<b>24.1 Reconciliation of Movement in Grant - 2024</b>				
Total Government Grants and Subsidies	(212 977)	717 612	950 389	(445 754)
<b>24.2 Reconciliation of Movement in Grant - 2023</b>				
Total Government Grant and Subsidies	111 324	512 471	836 772	(212 977)
			<b>2023/2024</b>	<b>2022/2023</b>
			<b>R'000</b>	<b>R'000</b>
<b>25 SALE OF GOODS AND RENDERING OF SERVICES</b>				
Sale of goods and services			193 988	163 102
<b>Total</b>			<b>193 988</b>	<b>163 102</b>
<b>26 INCOME FROM RENTAL OF FACILITIES AND EQUIPMENT</b>				
Rental of facilities			38 932	42 917
<b>Total</b>			<b>38 932</b>	<b>42 917</b>
<b>27 INTEREST EARNED - EXTERNAL INVESTMENTS</b>				
Bank			7 794	2 738
Financial			5 881	2 088
Other			-	-
<b>Total</b>			<b>13 675</b>	<b>4 826</b>
<b>28 INTEREST EARNED - OUTSTANDING RECEIVABLES</b>				
Interest Earned - Outstanding Receivables			6 196	45 594
Interest earned from statutory			30	7
<b>Total</b>			<b>6 226</b>	<b>45 601</b>
<b>29 OTHER INCOME</b>				
Other income			21 028	17 745
Insurance			1 085	566
Recoveries			2 039	123
<b>Total</b>			<b>24 150</b>	<b>18 434</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

		2023/2024	2022/2023
		R'000	R'000
<b>30</b>	<b>EMPLOYEE RELATED COSTS</b>		
	Salaries - Employees - Salaries and Wages	410 704	378 094
	Salaries - Employees - UIF Pensions and Medical Aid	97 046	90 395
	Salaries - Employees - Performance and other bonuses	12 133	10 244
	Salaries - Employees - Overtime payments	14 202	12 983
	Salaries - Employees - Other employee related costs	132 513	121 139
	Salaries - Employees - Long Service Awards	139	12 229
	Salaries - Accounting Authority - Periodic Payments	-	-
	Salaries - Employees - Allowances	666	1 440
	Salaries - Accounting Authority - Basic remuneration	1 194	1 529
	Salaries - Accounting Authority - Gratuities	749	5 445
	Employee benefits expensed - Other	58	113
	Movement in Provision - Provision for Leave Pay	1 861	2 463
	Movement in Long-term Provisions - Other Long-term employee related provisions	121	293
	<b>Total</b>	<b>671 386</b>	<b>636 368</b>
<b>31</b>	<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>		
	Property plant and equipment	72 218	63 320
	Biological assets carried at cost	1 588	1 566
	<b>Total</b>	<b>73 771</b>	<b>64 887</b>
<b>32</b>	<b>CONTRACTED SERVICES</b>		
	Consultants on various projects	29 351	19 875
	<b>Total</b>	<b>29 351</b>	<b>19 875</b>
<b>33</b>	<b>FINANCE COSTS</b>		
	Finance Lease	26	
	Other financial liabilities	27 135	11 150
	<b>Total</b>	<b>27 161</b>	<b>11 150</b>
<b>34</b>	<b>LOSS ON SALE OF ASSET</b>		
	Property Plant and Equipment	(7 494)	(42 672)
	Investment Property	14 470	
	Heritage Assets	(7 716)	
	<b>Total</b>	<b>(741)</b>	<b>(42 672)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

		2023/2024 R'000	2022/2023 R'000
<b>35</b>	<b>IMPAIRMENT LOSS</b>		
	Property plant and equipment	(2 453)	(2 579)
	<b>Total</b>	<b>(2 453)</b>	<b>(2 579)</b>
<b>36</b>	<b>GAIN / (LOSS) ON FAIR VALUE ADJUSTMENT</b>		
	Other financial assets	6 256	(5 658)
	<b>Total</b>	<b>6 256</b>	<b>(5 658)</b>
<b>37</b>	<b>REPAIRS AND MAINTENANCE</b>		
	<b>Property plant and equipment</b>	<b>9 132</b>	<b>5 324</b>
	<b>Repairs and maintenance</b>		
	Property Plant and Equipment	14 545	9 751
	Buildings	11 660	7 551
	Vehicles	2 679	989
	Infrastructure	4	857
	Office Equipment	27	
	<b>Other Assets</b>		
	Computer Equipment	174	251
	Aircraft	-	
	Other Assets	2	
	<b>Total</b>	<b>14 547</b>	<b>9 751</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 R'000	2022/2023 R'000
<b>38 GENERAL EXPENSES</b>		
<b>Included in general expenses are the following:</b>		
Advertising	1 276	1 746
Admin fees	297	311
Audit fees	26 751	30 938
Bank charges	581	976
Bursaries	203	48
Cleaning	820	130
Consulting fees	753	647
Consumables	2 140	1 596
Cost of sales	86 687	126 551
Entertainment	121	75
Electricity	30 335	25 903
Fuel and Oil	3 682	5 107
Insurance	11 877	11 316
Legal expenses	-	-
License fees - Vehicles	162	265
License fees - Computers	2 723	3 385
Membership fees	-	-
Parking	25	252
Postage	32	39
Printing and stationery	1 713	2 424
Professional Fees	1 586	764
Rental of buildings	1 358	3 833
Rental of office equipment	2 445	736
Rental of computer equipment	826	974
Security Costs	48 607	45 588
Stocks and materials	-	-
Subscription and Publication	5124	6 415
Telephone costs	4 693	3 897
Training	6 844	9 520
Transport claims	7 472	6 419
Travel and subsistence – Local	5 921	4 566
Travel Foreign	221	-
Uniforms	681	414
Water	1 923	937
Other	144 871	120 677
<b>Total</b>	<b>402 747</b>	<b>416 449</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

		2023/2024	2022/2023
		R'000	R'000
<b>39</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	<b>Surplus/(deficit) for the year</b>		
	Continuing operations	(5 394)	(163 169)
	<b>Adjustments for:</b>		
	(Gain)/loss on sale of tangible assets	740	42 672
	Contribution to provisions -current	312	1 353
	Depreciation	73 772	64 887
	Dividend income	-	-
	Fair value losses on financial instruments	(6 256)	5 658
	Finance costs: Service concession	27 114	11 148
	Increase/(decrease) in provisions	1 668	2 406
	Interest received-Held to maturity investments	(12 107)	(2 096)
	Movements in other employee benefit items	139	23
	Share of income/Loss from associate and Joint ventures	(375)	(848)
	Impairment loss/ (reversal of impairment loss)	3 838	1 697
	Other non-cash item	10 924	24 827
	<b>Operating surplus before working capital changes:</b>	<b>(95 125)</b>	<b>(11 441)</b>
	(Increase)/ decrease in inventories	(1 914)	(827)
	Increase in trade and other receivables	(44 059)	(61 706)
	(Increase)/ decrease in statutory receivable	(16 825)	(22 676)
	Increase/(Decrease) in conditional grants and receipts	(3 242)	(300)
	Increase in trade and other payables	78 661	132 054
	Increase/(decrease) in other payables	471	-
	Other working capital movements	-	(1 309)
	<b>Net cash flow from operating activities</b>	<b>107 275</b>	<b>35 449</b>
<b>40</b>	<b>IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
	Irregular expenditure	2 1883	21 652
	Fruitless and wasteful expenditure	9 117	27 870
	<b>Total</b>	<b>31 000</b>	<b>49 522</b>
<b>41</b>	<b>CAPITAL COMMITMENTS</b>		
	<b>Commitments in respect of capital expenditure</b>		
	<b>Approved and contracted for</b>		
	Building and other fixed structures	32 671	15 899
	Other	22 861	27 272
	<b>Sub-total</b>	<b>55 532</b>	<b>43 171</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

		2023/2024 R'000	2022/2023 R'000
<b>42</b>	<b>OPERATING LEASES</b>		
	<b>Lessee</b>		
	Up to 1 year	2 169	3 332
	1 to 5 years	2 358	1 640
	More than 5 years	6	1 735
	<b>Total</b>	<b>4 533</b>	<b>6 707</b>
	<b>Lessor</b>		
	Up to 1 year	18 617	18 568
	1 to 5 years	39 141	30 596
	More than 5 years	4 621	-
	<b>Total</b>	<b>62 379</b>	<b>49 164</b>
<b>43</b>	<b>CONTINGENT LIABILITIES</b>		
	<b>Other contingent liabilities</b>		
	Contingencies (MEGA)	155 387	158 687
	Other contingencies (MTPA)	1 096 598	748 199
	<b>Total</b>	<b>1 251 985</b>	<b>906 886</b>

**MEGA**

**1. Roadspan - Claim amount: R4 784 315 (2023: R4 784 315)**

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 (2023: R1 930 2)**

Mr. Potgieter, former CFO lodged a grievance after the expiry of his 5 year 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 labor 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: R0 (2023: 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2024

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 (2023: R 4, 774 394)**

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 (2023: R26 851 227)**

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 (2023: R22 833 009)**

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 - Claim amount: R43 548 910 + R50 666 432 (2023: R43 548 910 + R50 666 432)**

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. Mega's contention is that the contract was ceded to public works through an agreement that was signed on 14 March 2023 hence; MEGA should not be enjoined on the matter. MEGA together with Public Works have since filed court papers defending the matter. A notice of set-down has been issued and the matter will be heard at the high court on a date yet to be determined

#### **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 V/ir 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2024

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 R1 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.

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

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 8th 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

New Court case: June Mica Ngoza vs MTPA: High court, Mpumalanga Division , Mbombela: Case No:850/2024 – on 14 March 2024 the MTPA received new summons that the plaintiff issued out at the high court in Mbombela suing the MTPA for damages in the sum of 5 million following an attack by a stray leopard at his homestead in Matsulu Township, in Ehlanzeni District Municipality, Mpumalanga.

## 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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

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 a long time There has been no activity in respect of those cases during the year under review.

### **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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 R'000	2022/2023 R'000
<b>44 CONTRIBUTED CAPITAL</b>		
Opening balance	70 015	-
Contributions	-	70 015
<b>Total</b>	<b>70 015</b>	<b>70 015</b>
<b>45 SERVICE CONCESSION ARRANGEMENTS</b>		
Concession Service - Liabilities	708	708
Concession Service – short term	(708)	(708)
<b>Total Service Concession liability</b>	<b>-</b>	<b>-</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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024 R'000	2022/2023 R'000
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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.

### Service Concession Liability

Concession service Liability  
Concession service short-term

708	708
(708)	(708)

### Total

<b>708</b>	<b>708</b>
------------	------------

Current Liability  
Non-current Liability

708	708
-	-

### Total Liability

-	-
---	---

## 46 RISK MANAGEMENT

### Financial Assets carried at amortized cost

Cash and cash equivalents  
Trade and other receivables from exchange transactions  
Other receivables from non-exchange transactions  
Other current financial assets  
Non-current Investments  
Other non-current financial assets

192 156	122 209
66 732	71 247
5 396	2 154
14 249	12 738
12 804	11 270
31 753	33 43



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

	Not later than one month	Later than one month and not later than	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
<b>47 LIQUIDITY RISK</b>				
<b>2024</b>				
Borrowings			19 034	252 403
Bank Overdraft			14 905	-
Trade and other payables	-	33 180	364 243	-
Other	-	-	-	708
<b>2023</b>				
Borrowings	-		17 524	254 480
Trade and other payables	-	28 986	14 905	4 816
Other			355 437	749

	2023/2024 R'000	2022/2023 R'000
<b>48 CHANGE IN ACCOUNTING POLICY</b>		
Other	-	(12 231)
<b>Total</b>	-	<b>(12 231)</b>

	Amount before corrections	Prior period error	Restated amount
	R'000	R'000	R'000
<b>49 CORRECTION OF PRIOR YEAR ERROR</b>			
<b>The Net effect of prior period error(s) relating to the Statement of Financial Performance are as follows:</b>			
<b>Depreciation</b>			
Revenue	15 545	7 076	22 621
Other operating income	62 535	(45 467)	17 068
Other operating expenses	11 058	90	11 148
<b>Net effect on Surplus/(Deficit) for the year</b>	<b>113 352</b>	<b>(38 152)</b>	<b>75 200</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**  
FOR THE YEAR ENDED 31 MARCH 2024

	Amount before corrections	Prior period error	Restated amount
	R'000	R'000	R'000
<b>The Net effect of prior period error(s) relating to the Statement of Financial Position are as follows:</b>			
Property Plant and equipment	424 517	(10 846)	413 671
Non-current and current receivables	273 754	(5 536)	268 218
Accruals	330 491	26 860	357 351
Other	270 189	1 495	271 684
<b>Net effect on Surplus/(Deficit) for the year</b>	<b>1 298 951</b>	<b>11 973</b>	<b>1 310 923</b>
<b>The Net effect of prior period error(s) relating to the Statement of changes in Net Assets are as follows:</b>			
Accumulated Surplus/(Deficit)	609 274	28 683	637 957
Other		4 882	4 882
Other		2	2
Net Effect on Statement of changes in Net	609 274	33 567	642 841

Change in estimate	Value driven using the original estimate	Value driven using the amended estimate	Value impact of change in estimate
	R'000	R'000	R'000
Machinery	1 177	955	(222)
Office Equipment	489	378	(111)
Vehicle	529	226	(303)
Computer Equipment	1 240	1 068	(174)
<b>Change in depreciation /amortisation resulting from a re-assessment of useful lives. The above categories are affected</b>	<b>3 435</b>	<b>2 625</b>	<b>810</b>

	2023/2024 R'000	2022/2023 R'000
<b>50 PRINCIPAL-AGENT ARRANGEMENTS</b>		
Revenue received from agency activities	2 560	1 394
<b>Total</b>	<b>2 560</b>	<b>1 394</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

	Transaction	Balances/ Commitments	Provisions for doubtful debts
<b>51 RELATED PARTY TRANSACTIONS AND BALANCES</b>			
<b>2024</b>			
Close Member of family to person with significant influence over the entity		2 027	(2 027)
Associate		10 390	
Associates	1 223	493	
Other Related Parties		(14 905)	
Other Related Parties	-	(3 054)	
Other Related Parties	59 046	(26 637)	
Other Related Parties	1 500	(1 088)	
<b>2023</b>			
<b>Controlling Entity</b>			
<b>Close Member of family to person with significant influence over the entity</b>		2 027	(2 027)
Associates	1 150	20 860	
Other Related Party	83 252	(60 034)	

**52 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 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2024

### b) Net current liability position

- i. The R364 million for trade and other payables includes amongst other payables, the outstanding account with the City of Tshwane with a balance of around R271 million. The entity will ensure that, trade and other payables (except for the City of Tshwane outstanding account) are settled during 2024-25 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) The debt-to-asset ratio and debt to equity ratio

The increase in the amount of debt in relation to assets is mainly the result of the significant increase in the current trade payables. The entity is in a process to deal with the City of Tshwane outstanding municipal account. The account for the City of Tshwane is paid.

- A utility and facilities Management Company is appointed to manage the Municipal services at the Ekandustrial Industrial Park

### d) Inability to collect revenue as indicated by the high loss Allowance

The following measures have been put in place to improve revenue collection:

Long Overdue account are handed over to MEGA legal Division for collection

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

- e) High Balance of creditors as a percentage of cash and cash equivalents (including the creditors-payment period) the entity going is going to ensure that, all outstanding payables are settled during 2024/25 financial year, except for the city of Tshwane outstanding Municipal Account. The outstanding municipal account will be addressed in accordance with item 3 above, under the heading "Debt-to-Asset ratio and debt-to-equity ratio"

The entity is also planning to increase the value of own revenue generated through property portfolio in order to achieve financial sustainability

### MRTT

We draw attention to the fact that at 31 March 2024, the entity had an accumulated deficit of R (13 113 655) and that the MRTT's, current liabilities exceed its current assets by R 11 877 316. The total assets however exceed the liability by R98 487 318 which covers 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 2023 and March 2024 for the year under review to the tune of R20 822 000, the entity has losses for 2 consecutive years (2024 – R8 233 954 and 2023 – R1 761 914)

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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

FOR THE YEAR ENDED 31 MARCH 2024

The entity is a public entity listed under Schedule 3C of the PFMA and reports to the Department of Education in Mpumalanga. MRTT has been allocated a 3 year grant allocation letter (2023-10-25) by the Department of Education and signed by the Head Official of the Department of Education.

The mandate of the entity has been confirmed by the Department of Education through the approval of the Annual Performance Plan of 2024/25.

The ability of the MRTT to continue as a going concern is dependent on a number of factors. The most significant of these is that the MRTT continuously is allocated the grant funding by the Mpumalanga Department of Education and that will remain in force for so long as it takes to restore the solvency of the entity. The entity will continue to procure funding for the ongoing operations for the MRTT through a number of projects as well as the Hotel in Nelspruit, Kanyamazane.

### **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 liquid as the current assets exceed current liabilities with (R 13 909 668) (31 March 2023" 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 483 333 414 (31 March 2023 \*Restated": R453 051 061)

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 87.5% of the total revenue of the MTPA for the current reporting period.

### **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.

## **53 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 2023/24 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.

# PROVINCIAL TREASURY

## MPUMALANGA PROVINCE

Nokuthula Simelane Building  
No. 7 Government Boulevard  
Riverside Park | Extension 2  
Mbombela  
1200

☎ 013 766 4437  
☎ 013 766 9449

Private Bag X 11205  
Mbombela  
1200  
Mpumalanga Province

🌐 <http://treasury.mpg.gov.za>  
f Mpumalanga Treasury  
✕ @MPTreasury

