Alfred Nzo Development Agency SOC Limited
(Registration number (Registration number 2008/009093/08))
Annual Financial Statements
for the year ended 30 June 2024

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The promotion and implementation of the local economic development initiatives and investment promotion in Alfred Nzo District.
Registered office	Umzimvubu Goats Complex Hospital Road Mount Ayliff 4735
Postal address	Private bag X511 Mount Ayliff 4735
Controlling entity	Alfred Nzo District Municipality
Bankers	First National Bank
Auditors	Auditor General of South Africa (AGSA)
Website	www.anda.org.za
Acting Chief Executive officer (CEO)	Ms N. Maloi
Chief Financial Officer (CFO)	Mrs N. Boti
Board Members	Mrs N. Mabude Ms F. Maqwathi Ms I. Magaga Mr N. Vimba Ms Matoti
Legal form of entity	Alfred Nzo Development Agency

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer have reviewed the entity’s cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the entity for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the accounting officer are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 6.

The annual financial statements set out on page 6 to 44, which have been prepared on the going concern basis, were approved by the accounting officer and were signed by him:

Ms. N. Maloi
Acting Chief Executive Officer

Statement of Financial Position as at 30 June 2024

Figures in Rand		Note(s)	2024	2023
Assets				
Current Assets				
Receivables from exchange transactions	400.330	3	74 168	(1)
Receivables from non-exchange transactions	400.333	4	-	177 107
VAT receivable	435	5	953 611	584 229
Cash and cash equivalents	420	6	7 932 238	6 456 894
			8 960 017	**7 218 229**
Non-Current Assets				
Investment property	310	7	283 000	283 000
Property, plant and equipment	305	8	1 661 832	1 541 313
Intangible assets	320	9	259 361	392 694
			2 204 193	**2 217 007**
Total Assets			**11 164 210**	**9 435 236**
Liabilities				
Current Liabilities				
Payables from exchange transactions	630	10	2 054 809	1 556 363
Unspent conditional grants and receipts	600.532	11	3 394 730	4 211 595
Provisions	600.515	12	689 931	911 751
			6 139 470	**6 679 709**
Net Assets			**5 024 740**	**2 755 527**
Share capital	805	13	100	100
Accumulated surplus	810		5 024 640	2 755 427
Total Net Assets			**5 024 740**	**2 755 527**

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Sale of goods		37 528	34 913
Interest received	14	614 877	291 949
Other income 1		71 109	-
Fair value adjusment		-	3 000
Total revenue from exchange transactions		**723 514**	**329 862**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	15	29 567 415	31 874 597
Total revenue	16	**30 290 929**	**32 204 459**
Expenditure			
Auditors remuneration	17	(1 054 042)	(1 052 042)
Contracted services	18	(4 194 591)	(2 534 101)
Depreciation and amortisation	19	(277 570)	(364 306)
Employee related costs	20	(8 942 973)	(10 156 340)
General Expenses	21	(4 415 357)	(2 939 362)
Project expenditure	22	(9 137 184)	(6 139 304)
Debt impairment reversal		-	83 176
Total expenditure		**(28 021 717)**	**(23 102 279)**
Surplus for the year		**2 269 212**	**9 102 180**

Statement of Changes in Net Assets

Figures in Rand	Share capital	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2022	**100**	**(6 346 753)**	**(6 346 653)**
Changes in net assets			
Surplus for the year	-	9 102 180	9 102 180
Total changes	-	9 102 180	9 102 180
Balance at 01 July 2023	**100**	**2 755 428**	**2 755 528**
Surplus for the year	-	2 269 212	2 269 212
Total changes	-	2 269 212	2 269 212
Balance at 30 June 2024	**100**	**5 024 640**	**5 024 740**
Note(s)	13		

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Sale of goods and services		177 107	-
Grants		28 750 550	38 453 432
Interest income		614 877	291 949
Other receipts		-	121 164
		29 542 534	38 866 545
Payments			
Employee costs		(8 721 153)	(12 695 308)
Suppliers		(19 080 948)	(14 302 848)
VAT payments to SARS		-	(6 287 518)
		(27 802 101)	(33 285 674)
Net cash flows from operating activities	24	**1 740 433**	**5 580 871**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(265 089)	(86 639)
Purchase of other intangible assets	9	-	(400 000)
Net cash flows from investing activities		**(265 089)**	**(486 639)**
Net increase/(decrease) in cash and cash equivalents		**1 475 344**	**5 094 232**
Cash and cash equivalents at the beginning of the year		6 456 894	1 362 662
Cash and cash equivalents at the end of the year	6	**7 932 238**	**6 456 894**

The accounting policies on pages 9 to 22 and the notes on pages 23 to 44 form an integral part of the annual financial statements.

Alfred Nzo Development Agency SOC Limited

(Registration number (Registration number 2008/009093/08))
Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	50 000	-	**50 000**	37 528	**(12 472)**	23
Other income	1 376 911	(1 319 172)	**57 739**	71 109	**13 370**	24
Interest received - investment	200 000	28 686	**228 686**	557 782	**329 096**	25
Total revenue from exchange transactions	**1 626 911**	**(1 290 486)**	**336 425**	**666 419**	**329 994**	
Revenue from non-exchange transactions						
Grant income						
ANDM Grant	20 000 000	-	**20 000 000**	20 000 000	**-**	
Other SETA's	15 702 758	2 921 354	**18 624 112**	9 567 415	**(9 056 697)**	26
Total revenue from non-exchange transactions	**35 702 758**	**2 921 354**	**38 624 112**	**29 567 415**	**(9 056 697)**	
Total revenue	**37 329 669**	**1 630 868**	**38 960 537**	**30 233 834**	**(8 726 703)**	
Expenditure						
Personnel	(15 263 806)	4 707 275	**(10 556 531)**	(9 071 605)	**1 484 926**	23
Auditors remunerations	(600 000)	(600 000)	**(1 200 000)**	(1 054 042)	**145 958**	23
Depreciation and amortisation	(300 000)	5 000	**(295 000)**	(277 570)	**17 430**	23
Contracted services	(3 944 244)	-	**(3 944 244)**	(3 282 514)	**661 730**	27
Project expenditure	(20 544 000)	2 739 000	**(17 805 000)**	(9 137 184)	**8 667 816**	28
General Expenses	(3 028 000)	(1 522 000)	**(4 550 000)**	(6 300 539)	**(1 750 539)**	29
Total expenditure	**(43 680 050)**	**5 329 275**	**(38 350 775)**	**(29 123 454)**	**9 227 321**	
Operating surplus	**(6 350 381)**	**6 960 143**	**609 762**	**1 110 380**	**500 618**	
Capital project	(200 000)	(350 000)	**(550 000)**	-	**550 000**	
Surplus before taxation	**(6 550 381)**	**6 610 143**	**59 762**	**1 110 380**	**1 050 618**	

Accounting Policies

Figures in Rand

1. Significant account policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

The 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 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African .

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.4 Significant judgements and sources of estimation uncertainty

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

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Accounting Policies

1.5 Investment property (continued)

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The entity separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note).

The entity discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note).

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use at no future econonmic benefits or service potential are expected from its disposal. Gains or loses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in surplus or deficit in the period of retirement or disposal

Accounting Policies

1.5 Investment property (continued)

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment) the deemed cost for subsequent accounting is the fair value or carrying amount if cost model is used at the dat of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with policy stated under property, plant and equipment up to the date of change in use. The muncipal entity separatley discloses expenditure to repair and maintani investment property in the notes to the financial statements.

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	30 years

Accounting Policies

1.6 Property, plant and equipment (continued)

Furniture and fixtures	Straight-line	10 Years
Motor vehicles	Straight-line	7 Years
Office equipment	Straight-line	2-5 Years
Computer equipment	Straight-line	5 Years

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

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

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

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

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

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

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

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

1.7 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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

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

Accounting Policies

1.7 Intangible assets (continued)

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 - 5 Years

1.8 Financial instruments

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:
- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the ‘underlying’).
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date

A financial asset is:
- cash;
- a residual interest of another entity; or

Accounting Policies

1.8 Financial instruments (continued)

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

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

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

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Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivable from exchange	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payable from exchange	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

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

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

Accounting Policies

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at amortised cost.

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Accounting Policies

1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

Accounting Policies

1.8 Financial instruments (continued)

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

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.10 Cash and cash equivalents

Cash comprises cash on hand 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.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.11 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.12 Employee benefits

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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1.13 Provisions and contingencies

Provisions are recognised when:

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

Accounting Policies

1.13 Provisions and contingencies (continued)

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

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

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- 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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Accounting Policies

1.13 Provisions and contingencies (continued)

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Sale of goods

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

Accounting Policies

1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Conditional grant
Conditional grants recognised as revenue to the extent that the Municipal Entity has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Unconditional grants
Unconditionl grants refer to transfers of funds from the Alfred Nzo District Municiaplity that are provided with no conditons attached, meaning that as an recipient entity there is no requirement to to perform a specific action or meet certain condition to receive or utilize the funds.

1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Comparative figures

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

1.18 Fruitless and wasteful expenditure

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

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

1.20 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Accounting Policies

1.21 Budget information

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

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

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

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

1.22 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity’s financial statements to understand the effect of related party transactions on its annual financial statements.

1.23 Events after reporting date

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

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

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

Accounting Policies

1.23 Events after reporting date (continued)

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

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Receivables from exchange transactions

	2024	2023
Sundry debtors	74 167	18 875
Other debtors	-	798
Lungisani Farmers Corp	-	45 000
Other receivables	-	25 807
Debt impairment	-	(90 481)
	74 167	**(1)**

Debt impairment provision movement		
balance at the beggining	(90 480)	(173 657)
Debt impairment reversal	-	83 177
	(90 480)	**(90 480)**

4. Receivables from non-exchange transactions

LG SETA	-	177 107

5. VAT receivable

Statutory Receivable	858 772	480 474
Input VAT Receivable	94 839	103 755
	953 611	**584 229**

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	7 932 238	6 456 894

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

6. Cash and cash equivalents (continued)

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
FN BANK - Main Account - 62215290355	609 799	1 056 135	37 580	671 765	1 101 623	37 580
FNB BANK - Livestock Account - 62238128351	1 056 377	974 450	213 286	1 052 200	974 450	213 286
FNB BANK - SMME Account - 62238128517	56 445	52 068	392 163	(925 881)	81 716	392 163
FNB Investment account - 76202953868	-	2 051 599	-	(167 176)	2 051 599	-
FNB BANK - Reserve Account - 62238130231	5 868 695	338 924	14 354	5 868 724	338 953	14 354
FNB BANK - Capacity Building - 62723833621	45 978	91 417	5 609	(289 133)	92 856	5 609
FNB BANK - Commercial NFS - 62822669620	306 864	1 815 704	699 670	1 721 739	1 815 697	699 670
Total	**7 944 158**	**6 380 297**	**1 362 662**	**7 932 238**	**6 456 894**	**1 362 662**

Notes to the Annual Financial Statements

Figures in Rand

7. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	283 000	-	283 000	283 000	-	283 000

Reconciliation of investment property - 2024

	Opening balance	Total
Investment property	283 000	283 000

Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	280 000	3 000	283 000

Details of investment property

The Municipal entity's mandate is to amongst others acquire, own and manage land and buildings necessary to enable it to achieve its stated aims and objectives. This includes managing and developing some of the properties under the ownership of the Parent Municipality. Fortdonald site is one of the properties managed by the Municipal entity:

Investment property subsequent measurement

The investment property is subsequently measured at fair value, the valuations were perfomed by professional valuers registered with the South African Council for Property Valuers Profession and South African Institute of Valuers.

Methodology

7. Investment property (continued)

The property was valued using the comperative method. The method involves identifying properties that have been sold on the market. They are compared with the subject property and an adjustment is then made to the values to reflect thier differences.

Other Factors

Other factors considered in detemining the property value:
- Current condition of the property.
-Highest and best use of the property.

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	1 747 792	(509 583)	1 238 209	1 747 792	(461 882)	1 285 910
Furniture and fixtures	660 326	(609 346)	50 980	660 326	(587 317)	73 009
Motor vehicles	294 626	(290 373)	4 253	294 626	(288 246)	6 380
IT equipment	1 349 952	(981 562)	368 390	1 085 196	(909 182)	176 014
Other property, plant and equipment	-	-	-	25 692	(25 692)	-
Total	**4 052 696**	**(2 390 864)**	**1 661 832**	**3 813 632**	**(2 272 319)**	**1 541 313**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Depreciation	Total
Buildings	1 285 910	-	(47 701)	1 238 209
Furniture and fixtures	73 010	-	(22 029)	50 981
Motor vehicles	6 379	-	-	6 379
IT equipment	176 014	264 756	(72 380)	368 390
	1 541 313	**264 756**	**(142 110)**	**1 663 959**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Total
Buildings	1 344 283	-	(58 373)	1 285 910
Furniture and fixtures	73 716	26 639	(27 345)	73 010
Motor vehicles	8 506	-	(2 127)	6 379
IT equipment	259 112	60 000	(143 098)	176 014
	1 685 617	**86 639**	**(230 943)**	**1 541 313**

Pledged as security

No assets were pledged as security.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
General expenses	189 624	100 941

9. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	266 229	(6 868)	259 361	400 000	(7 306)	392 694

Figures in Rand	2024	2023

9. Intangible assets (continued)

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	392 694	(133 333)	259 361

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software, other	126 027	400 000	(133 333)	392 694

10. Payables from exchange transactions

	2024	2023
Accrued expenses	(5 636 971)	1 556 363
Payments received in advanced - contract in process	108 291	-
Board control	7 552 758	-
Other creditors	30 731	-
	2 054 809	**1 556 363**

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	2024	2023
Service Seta Grant	-	1 197 424
Fibre Processing and Manufacturing Sector Education Training Authority- FP&M	-	75 002
National Skills Fund- NSF	834 317	834 317
Wholesale and Retail Sector Education Training Authority-W&R	-	304 852
Bank Seta	891 600	1 800 000
Local Governance Sector Education Training Authority-LG	(1 290)	-
Service Seta	1 670 103	-
	3 394 730	**4 211 595**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

12. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Increase due to re-measurement or settlement without cost to entity	Total
Leave provision	911 751	(221 820)	689 931

Reconciliation of provisions - 2023

	Opening Balance	Utilised during the year	Reduction due to re-measurement or settlement without cost to entity	Total
Leave provision	1 254 783	(241 707)	(101 325)	911 751

13. Share capital

	2024	2023
Issued		
Ordinary	100	100

14. Interest Received

	2024	2023
Dividend revenue		
Interest on Bank Accounts	614 877	291 949

The amount included in Investment revenue arising from exchange transactions amounted to R -.

The amount included in Investment revenue arising from non-exchange transactions amounted to R -.

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to Rxxx (PY: Rxxx).

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

15. Government grants & subsidies

Operating grants

Alfred Nzo District Municipality	20 000 000	26 086 956
Service Seta	6 761 437	2 794 403
Local Government Sector Education Training Authority	-	2 305 238
National Skills fund	-	688 000
Bank Seta	2 099 400	-
Construction, Education and Training SETA	706 578	-
	29 567 415	**31 874 597**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Fibre Processing and Manufacturing Sector Education Training Authority

Fibre Processing and Manufacturing Sector Education Training Authority

Balance unspent at beginning of year	75 002	57 936
Current-year receipts	-	200 000
Conditions met - transferred to revenue	(75 002)	(182 934)
	-	**75 002**

This grant is conditional to cloth manufacturing training in the Alfred Nzo DIstrict Municipality .

National Skills Fund

Balance unspent at beginning of year	834 317	615 810
Current-year receipts	-	906 507
Conditions met - transferred to revenue	(10 178)	(688 000)
	824 139	**834 317**

This grant is condition to mixed farming training learnership programe.

Local Governance Sector Education Training Authority

Balance unspent at beginning of year	(177 107)	209 933
Current-year receipts	882 392	1 917 960
Conditions met - transferred to revenue	(706 578)	(2 305 000)
	(1 293)	**(177 107)**

This grant is condition to new venture creation and hoticulture training within the Alfred Nzo District Municipality .

Wholesale and Retail Sector Education Training Authority

Balance unspent at beginning of year	301 950	165 886
Current-year receipts	-	612 000
Conditions met - transferred to revenue	(301 950)	(475 936)
	-	**301 950**

Service SETA

Balance unspent at beginning of year	1 197 894	166 001

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

15. Government grants & subsidies (continued)

Current-year receipts	6 837 634	3 826 533
Conditions met - transferred to revenue	(6 381 583)	(2 794 640)
	1 653 945	**1 197 894**

This grant is condition to learnership on the project management within the Alfred Nzo District.

Bank Seta grant

Balance unspent at beginning of year	1 800 000	-
Current-year receipts	1 191 000	1 800 000
Conditions met - transferred to revenue	(2 099 400)	-
	891 600	**1 800 000**

16. Revenue

Sale of goods	37 528	34 913
Interest received (trading)	614 877	291 949
Government grants & subsidies	29 567 415	31 874 597
Other income 1	71 109	-
Other income 2	-	3 000
	30 290 929	**32 204 459**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	37 528	34 913
Interest received (trading)	614 877	291 949
Other income 1	71 109	-
Fair value adjustment	-	3 000
	723 514	**329 862**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	29 567 415	31 874 597

17. Auditors remuneration

Administration and management fees - third party	1 054 042	1 052 042

18. Contracted services

Consultants and Professional Services	1 113 737	2 534 101
Contractors	189 885	-
Outsourced Services	1 583 840	-
	2 887 462	**2 534 101**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

19. Depreciation and amortisation

Property, plant and equipment	144 237	230 973
Intangible assets	133 333	133 333
	277 570	**364 306**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

20. Employee related costs

Basic	5 881 664	6 075 326
Medical aid - company contributions	433 412	921 404
UIF	41 708	28 200
SDL	76 012	102 085
Acting allowances	149 562	315 282
Car allowance	1 289 968	1 848 814
Pension contributions	566 557	873 034
Backpay	-	93 520
Leave payout	423 664	(101 325)
Termination benefits	80 426	-
	8 942 973	**10 156 340**

Remuneration of Chief Executive Officer

Basic salary	231 479	925 917
Car Allowance	77 159	308 637
Medical Aid Allowances	38 580	154 319
Contributions to UIF	531	1 785
Leave gratuity	344 197	-
Contribution to SDL	7 146	15 432
Pension Fund allwaonce	38 580	154 319
Settlement payout	514 397	-
	1 252 069	**1 560 409**

The settlement agreement for Ms Mandy Bambeni was concluded in September 2023.

Remuneration of Chief Finance Officer

Basic salary	760 362	785 670
Car Allowance	276 495	261 890
Medical aid allowance	-	130 945
Contributions to UIF	1 948	1 785
Contributions to SDL	10 338	13 095
Pension fund allowance	21 725	130 945
Subsistence and travel	27 650	-
	1 098 518	**1 324 330**

Remuneration of Executive Manager: Programmes

Basic salary	785 670	785 670
Car Allownces	261 890	261 890
Medical Aid Allowance	130 945	130 945
Contribution to UIF	2 125	1 785
Pension Fund Allowance	130 945	130 945
Contributions to SDL	12 613	12 211
Acting Allowance	-	11 687
	1 324 188	**1 335 133**

Exectuive Manager: Programmes is the Acting Chief Executive Officer

Remuneration of Executive Manager: Corporate Services

Basic salary	-	785 670
Car Allowance	-	261 890

Figures in Rand	2024	2023

20. Employee related costs (continued)

Medical Aid Allowance	-	130 945
Contributions to UIF	-	1 785
Pension Fund Allowance	-	130 945
Contribution to SDL	-	13 095
	-	**1 324 330**

Acting Chief Executive Officers

Mr Xolo (01 July 2023 to February 2024)	143 625	-
Ms N. Boti (01 March 2024 to 30 April 2024)	2 790	-
Ms N. Maloi (01 May 2024 to 30 June 2024)	2 790	-
	149 205	**-**

21. General expenses

Accommodation	105 414	32 724
Advertising	296 480	47 306
Legal fees	-	754 833
Bank charges	15 837	13 509
Cleaning	89 743	78 242
Electricity	-	325 689
Interest and penalties	2 453 795	24 215
Insurance	92 532	79 958
Board sitting allowance	432 776	246 544
Fuel and oil	7 139	-
Printing and stationery	194 665	20 511
Sheep incubation	-	692 914
Repairs and maintenance	-	102 009
Expense 2	26 585	-
Telephone and fax	499 063	477 029
Travel - local	195 430	12 528
Travel - local	5 898	-
	4 415 357	**2 939 362**

22. Project expenditure

Emfundisweni Skills Development	651 449	614 080
Fibre Processing and Manufacturing Sector Education Training Authority	6 448 945	2 604 145
Bank SETA	1 979 100	-
National Skills Fund	-	688 000
Local Government Service Education Training Authority	57 690	2 232 930
	9 137 184	**6 139 155**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

23. Fair value adjustments

24. Cash generated from operations

Surplus	2 269 212	9 102 180
Adjustments for:		
Depreciation and amortisation	277 570	364 306
Fair value adjustments	-	(3 000)
Impairment reversals	-	(83 176)
Movements in provisions	(221 820)	(343 032)
Changes in working capital:		
Receivables from exchange transactions	(74 168)	86 252
Receivables from non-exchange transactions	177 107	(177 107)
Payables from exchange transactions	498 785	(749 734)
VAT	(369 388)	(3 105 919)
Unspent conditional grants and receipts	(816 865)	2 842 899
SARS Payable	-	(2 352 798)
	1 740 433	**5 580 871**

25. Variances

23. Sale of goods
Variance is immaterial
24. Other Income
There hasbeen no SETA projects that were completed during the year, for the entity to recognise project management fees.
25. Interest received on investments
The entity kept all the funds on call accounts and only transferred to main account when there was expenditure to be incurred.
26. Other Setas
The revenue on this grant is only recognised once the qualifying expenditure is incured and the programes are still running. The programmes were delayed by funders who issued commencement letters very late.
27. Employee cost
Staff vacancies that were not filled during the year..
28. Contracted services
The entity could not implement some of the projects as some key positions were vacant
29. Project expenditure
The programmes were delayed due late issuing of commencement letters by SETAs
29 General expenses
The difference us due to SARS penalties and interest

The difference is due to other items being presented sepertaely on the face of the income statement and the variance is due the increase in seta project during the year.
2.10 Capital expenditure
There were no capital project during the year.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

26. Contingencies

Contingent liabilities

	2024	2023
FBBI Solutions Secure grant funding for ANDM's community based projects. Ikhaya Connect appointed FBBI Solutions to provide cash backed guarantee equal to 10% of the total financed amount.	762 250 000	762 250 000
NJ Madikizela: Case 1945/20 Mr Madikizela was a Center Manager at Emfundisweni Skills Development centre. He had a disagreement with the community and was forced to leave the centre. He took the matter to the court.	1 500 000	3 000 000
Dorinite (Pty) Lt Plaintiff is claiming a sum of R989 668.75 for alleged rendered services and received goods.	989 669	-
	764 739 669	**765 250 000**

27. Prior period errors

During the review of the intangible asset register, we noted that items that do not meet the defination and recognition creteria of the intangible asset were previously recognised as intangible assets. Those items were derecognised from intangible assets and we recognised items which met the defination and recognition creteria of intangible asset, which are 3 year software licences for the accounting system

During the year we noted that vehicle which was in-use was fully depreciatioed. We reassessed the depreciation and adjusted based on the condition of the asset.

During the year we identifed VAT claims rejected by SARS in the prior which were still recorded as a receivable.

The correction of the error(s) results in adjustments as follows:

	2024	2023
Statement of financial position		
Intangible assets - incorrect impairment of software	-	215 143
Re-assessment of fully depreciated vehicle	-	8 506
Input VAT disallowed by SARS	-	(418 792)
	-	**(195 143)**
Statement of financial performance		
Depreciation and amortization	-	97 739
	-	**97 739**

28. Going concern

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 ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the entity and that the subordination agreement referred to in these annual financial statements will remain in force for so long as it takes to restore the solvency of the entity.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

29. Irregular expenditure

Opening balance as previously reported	37 193 360	36 729 831
Add: Irregular expenditure - current	-	463 529
Closing balance	**37 193 360**	**37 193 360**

Incidents/cases identified/reported in the current year include those listed below:

Competitive bidding invited	-	273 951
Appointment not made to the service provider with highest points	-	189 578
	-	**463 529**

30. Fruitless and wasteful expenditure

Opening balance as previously reported	3 374 551	3 317 362
Add: Fruitless and wasteful expenditure identified - current	2 468 223	57 189
Closing balance	**5 842 774**	**3 374 551**

Details of fruitless and wasteful expenditure

Interest on late payments	-	15 115
Interest on late payment SARS	14 764	42 579
Interest on late payment on Eskom	678	-
SARS 2018 Assessment Liability	2 441 146	-
Interest on PWC debEmfunisweni Skills Interest on late payment	217	-
Munsoft interest	-	167
	2 456 805	**57 861**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

31. Segment information

General information

Identification of segments

The segments were organised based on the type and nature of service delivered by the Municipal entity and economic benefits generated. The Municipal entity has various departments which are adminstrative units which do not on its own generate economic benefits or have service potential and do not form part of the Municipal entity's segment reporting. The Municipal entity operates in one geographical are-Alfred Nzo District. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The entity operates throughout the Gauteng Province in ten cities. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Gauteng were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	**Goods and/or services**
Programmes -LED	Primary education services

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

31. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Programmes-LED	Non-reportable segment	Total
Revenue			
Government grants and subsidies	5 705 559	26 169 038	31 874 597
Other income	-	291 949	291 949
Income from sale of tendor	-	34 913	34 913
Fair value adjustment	-	3 000	3 000
Total segment revenue	**5 705 559**	**26 498 900**	**32 204 459**
Entity's revenue			**32 204 459**
Expenditure			
Salaries and wages	-	10 002 603	10 002 603
Depreciation and amortisation	-	364 306	364 306
Contracted services	-	2 534 101	2 534 101
General expenses	-	2 939 362	2 939 362
Debt Impairment reversal	-	(83 176)	(83 176)
Project expenditure	6 139 155	-	6 139 155
Auditors remuneration	-	1 052 042	1 052 042
Total segment expenditure	**6 139 155**	**16 809 238**	**22 948 393**
Total segmental surplus/(deficit)	**(433 596)**	**9 689 662**	**9 256 066**
Assets			
VAT receivable	-	584 229	584 229
Cash and cash equivalents	2 241 560	4 215 334	6 456 894
Receivables from non-exchange	-	177 107	177 107
Property plant and equipment	-	1 541 313	1 541 313
Investment property	-	283 000	283 000
Intangible assets	-	392 694	392 694
Total segment assets	**2 241 560**	**7 193 677**	**9 435 237**
Total assets as per Statement of financial Position			**9 435 237**
Liabilities			
Payables from exchange transactions	-	1 402 478	1 402 478
Unspent conditional grants and receipts	2 241 586	1 970 009	4 211 595
Provisions	-	911 751	911 751
Total segment liabilities	**2 241 586**	**4 284 238**	**6 525 824**
Total liabilities as per Statement of financial Position			**6 525 824**

Figures in Rand	2024	2023

32. Related parties

Relationships	
Controlling entity	Alfred Nzo District Municipality
Members of key menagement	N. Xolo Acting Chief Executive Officer (01 July 2023 - 29 February 2024
	Ms N. Maloi Acting Chief Executive Officer (from 01 May 2024)
	Mrs N. Boti Chief Financial Officer
Board Members	Ms F Maqwathi
	Ms N Mabude
	Ms I Magaga
	Ms Matoti
	Mr Vimba

Related party balances

	2024	2023
Seating allowances paid to board		
Ms F Maqwathi	77 500	73 000
Ms N Mabude	148 500	-
Ms I. Magaga	63 000	-
Ms Matoti	58 276	-
Mr N. Vimba	85 500	39 445
Revenue		
Grant received-Alfred Nzo District Municipality (Parent Municipality)	20 000 000	26 086 956
Related party transactions		
	1 431 975	**3 529 505**

33. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Financial liabilities exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Payables from exchange	1 059 085	2 306 098

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

33. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Cash and cash equivalents	6 456 894	1 362 662
Receivables from exchange	-	3 075

The entity is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

34. In-kind donations and assistance

The municipal entity receives shared services from the parent municipality Alfred Nzo District Municipalty in the form of internal audit and audit committee services.

35. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Amount paid - current year	1 054 042	1 052 042

PAYE and UIF

Amount paid - current year	2 872 791	4 908 123

Pension and Medical Aid Deductions

Amount paid - current year	557 945	921 404

VAT

VAT receivable	953 611	165 433
VAT payable	-	(418 796)
	953 611	**(253 363)**

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

36. Deviations

In terms of Section 36 of the Municipal Supply Chain Management Regulation any deviation from the Supply Chain Management Policy needs to be approved/ condoned by the Accounting Officer and noted by the Council. Deviations from the official procurement process during the financial year were approved by the Accounting officer and noted by the Board.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

36. Deviations (continued)

Opening balance	4 380 596	3 321 981
Current year-Deviation	-	1 058 615
	4 380 596	**4 380 596**

Deviations consists of

Exceptional case- Munsoft	-	1 038 240
Emergence - Meridian Hygiene	-	4 922
Sole supplier - SAGE VIP	-	15 453
	-	**1 058 615**