Port St Johns Development Agency SOC Limited
(Registration number 2017/230833/30)
Annual Financial Statements
for the year ended 30 June 2025

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Stimulation of Economic Growth
Registered office	Tourism Information Centre Building - Erf 41 Town Entrance Port St Johns 5120
Business address	Tourism Information Centre Building - Erf 41 Town Entrance Port St Johns 5120
Bankers	ABSA Bank Limited
Auditors	Auditor General of South Africa Registered Auditors
Company registration number	2017/230833/30

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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

Director's Responsibilities and Approval

The directors are 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 directors 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 directors 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 directors to meet these responsibilities, the 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 directors 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 directors have reviewed the entity’s cash flow forecast for the year to 30 June 2026 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 parent municipality 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 is primarily responsible for the financial affairs of the entity, is supported by the entity's external auditors.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the board of directors on 31 August 2025 and were signed on its behalf by:

S.Z. Qobo
Chief Executive Officer

Director's Report

The directors submit their report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

2. 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 assets and settlement of liabilities, contigent obligations and commitments will occur in the ordinary course of the business as Port St Johns Development Agency is funded 100% by Port St Johns Municipality with no intention to stop in the near future.

3. Subsequent events

The acting CEO S. Batyi resigned on 02 July 2025, and A. Majokweni was appointed as acting CEO from 11 July 2025.

4. Directors

The directors of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
A. Peyana	South African	Appointed 01 September 2024, resigned 20 May 2025
T. Hlazo - Chairperson	South African	Appointed 01 September 2024
L. Rolobile	South African	Appointed 01 September 2024
S. Faku	South African	Appointed 12 February 2025
B. Tonise	South African	Appointed 01 September 2024, resigned 18 February 2025
P. Majali	South African	Appointed 01 September 2024, resigned 02 December 2024
N. Mtakati-Futwa	South African	Appointed Sunday, 01 September 2024, resigned

5. Auditors

Auditor General of South Africa will continue in office for the next financial year.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the board of directors and were signed on its behalf by:

S.Z. Qobo
Chief Executive Officer

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024
Assets			
Current Assets			
Receivables from non-exchange transactions	3	166,388	169,988
Prepayments	4	-	49,013
Cash and cash equivalents	5	1,090,874	7,784
		1,257,262	**226,785**
Non-Current Assets			
Property, plant and equipment	6	473,479	540,128
Total Assets		**1,730,741**	**766,913**
Liabilities			
Current Liabilities			
Finance lease obligation	7	17,731	26,216
Payables from exchange transactions	8	1,132,537	569,871
VAT payable	9	370,322	398,811
Employee benefit obligation	10	53,393	-
Provisions	12	110,611	-
		1,684,594	**994,898**
Non-Current Liabilities			
Finance lease obligation	7	18,014	4,058
Total Liabilities		**1,702,608**	**998,956**
Net Assets		**28,133**	**(232,043)**
Accumulated surplus		28,133	(232,043)
Total Net Assets		**28,133**	**(232,043)**

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024
Revenue			
Revenue from exchange transactions			
Other income		22,045	26,176
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies		13,043,478	8,002,841
Services received in kind		131,478	159,720
Total revenue from non-exchange transactions		**13,174,956**	**8,162,561**
Total revenue	13	**13,197,001**	**8,188,737**
Expenditure			
Employee related costs	15	(9,428,392)	(7,921,497)
Board Members' Fees	16	(569,525)	(48,005)
Depreciation and amortisation	17	(108,621)	(185,419)
Finance costs	18	(9,107)	(10,913)
Lease rentals on operating lease	19	(174,423)	(200,408)
Gain or loss on disposal of assets and liabilities		-	(4,310)
General Expenses	20	(2,646,757)	(2,160,766)
Total expenditure		**(12,936,825)**	**(10,531,318)**
Surplus (deficit) for the year		**260,176**	**(2,342,581)**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	2,266,228	2,266,228
Adjustments		
Prior year adjustments 25	(157,892)	(157,892)
Balance at 01 July 2023 as restated*	**2,108,336**	**2,108,336**
Changes in net assets		
Surplus for the year	(2,340,379)	(2,340,379)
Total changes	(2,340,379)	(2,340,379)
Balance at 01 July 2024	**(232,043)**	**(232,043)**
Changes in net assets		
Surplus for the year	260,176	260,176
Total changes	260,176	260,176
Balance at 30 June 2025	**28,133**	**28,133**

Note(s)

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Grants		15,000,000	9,168,293
Other receipts		22,045	29,476
		15,022,045	9,197,769
Payments			
Employee costs		(8,825,250)	(7,662,645)
Suppliers		(2,824,619)	(2,133,715)
Finance costs		(9,107)	(10,913)
Board fees		(478,446)	(48,005)
VAT		(1,765,033)	(821,094)
		(13,902,455)	(10,676,372)
Net cash flows from operating activities	21	**1,119,590**	**(1,478,603)**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	-	(24,099)
Proceeds from sale of property, plant and equipment	6	-	94
Net cash flows from investing activities		**-**	**(24,005)**
Cash flows from financing activities			
Finance lease payments		(36,500)	(73,379)
Net increase/(decrease) in cash and cash equivalents		**1,083,090**	**(1,575,987)**
Cash and cash equivalents at the beginning of the year		7,784	1,583,771
Cash and cash equivalents at the end of the year	5	**1,090,874**	**7,784**

The accounting policies on pages 11 to 22 and the notes on pages 23 to 37 form an integral part of the annual financial statements.

Port St Johns Development Agency SOC Limited
(Registration number 2017/230833/30)
Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual 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						
Other income	352,310	-	**352,310**	22,045	**(330,265)**	32.1
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	12,000,000	3,000,000	**15,000,000**	13,043,478	**(1,956,522)**	32.2
Services received in kind	-	-	**-**	131,478	**131,478**	32.3
Total revenue from non-exchange transactions	**12,000,000**	**3,000,000**	**15,000,000**	**13,174,956**	**(1,825,044)**	
Total revenue	**12,352,310**	**3,000,000**	**15,352,310**	**13,197,001**	**(2,155,309)**	
Expenditure						
Employee related costs	(8,786,537)	(1,244,113)	**(10,030,650)**	(9,428,392)	**602,258**	32.4
Board Fees	(100,000)	(380,000)	**(480,000)**	(569,525)	**(89,525)**	32.5
Depreciation and amortisation	(352,310)	-	**(352,310)**	(108,621)	**243,689**	32.6
Finance costs	-	-	**-**	(9,107)	**(9,107)**	
Lease rentals on operating lease	(42,966)	-	**(42,966)**	(174,423)	**(131,457)**	32.7
General Expenses	(2,885,153)	(1,446,583)	**(4,331,736)**	(2,646,757)	**1,684,979**	32.8
Total expenditure	**(12,166,966)**	**(3,070,696)**	**(15,237,662)**	**(12,936,825)**	**2,300,837**	
Surplus/(Deficit)	**185,344**	**(70,696)**	**114,648**	**260,176**	**145,528**	
Surplus for the year from continuing operations	**185,344**	**(70,696)**	**114,648**	**260,176**	**145,528**	
Loss on disposal of PPE	(2,000)	-	**(2,000)**	-	**2,000**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**183,344**	**(70,696)**	**112,648**	**260,176**	**147,528**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Other budget disclosures						
Purchase of property, plant and equipment	(15,000)	10,000	**(5,000)**	-	**5,000**	32.9
Project expenditure	(211,310)	78,696	**(132,614)**	-	**132,614**	32.11
	(226,310)	**88,696**	**(137,614)**	**-**	**137,614**	
Net increase/(decrease) in cash and cash equivalents	(226,310)	88,696	**(137,614)**	-	**137,614**	
Cash and cash equivalents at the end of the year	**(226,310)**	**88,696**	**(137,614)**	**-**	**137,614**	

Significant Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

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 Rand.

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 Materiality

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

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 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.

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset’s carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

Any increase in an asset’s carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	20 Years
Plant and machinery	Straight-line	5 Years
Furniture and fixtures	Straight-line	6 Years
Motor vehicles	Straight-line	5 - 10 Years
Office equipment	Straight-line	3 Years
Computer equipment	Straight-line	3 Years
Community	Straight-line	10 Years
Security Measures	Straight-line	3 Years
Signage	Straight-line	5 Years

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

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

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).

1.6 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 uncollectability.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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').

Significant Accounting Policies

1.6 Financial instruments (continued)

- 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.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- cash;
- a residual interest of another entity; or
- 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 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.

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.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity’s net assets, either before the contribution occurs or at the time of the contribution; or

Significant Accounting Policies

1.6 Financial instruments (continued)

- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at 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.

Significant Accounting Policies

1.6 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 fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Significant Accounting Policies

1.6 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.

Significant Accounting Policies

1.6 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).

1.7 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.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

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

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

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 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.

1.9 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Significant Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or

1.10 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Short-term employee benefits

1.11 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.

Significant Accounting Policies

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

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

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

Significant Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity’s operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.13 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.14 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.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.15 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.

Significant Accounting Policies

1.15 Related parties (continued)

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.

1.16 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.

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	2025	2024

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 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 (as revised) Mergers	Not yet set	Unlikely there will be a material impact
• GRAP 106 (as revised) Transfer of Functions Between Entities Not Under Common Control	Not yet set	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	Not yet set	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Not yet set	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	Not yet set	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Receivables from non-exchange transactions

	2025	2024
Staff Debtor	16,669	20,269
Board of Directors Receivable	149,719	149,719
	166,388	**169,988**

4. Prepayments

Prepayment relates to annual software licencing paid for the period ending 30 September 2025

5. Cash and cash equivalents

Cash and cash equivalents consist of:

	2025	2024
Cash on hand	4,384	4,571
Bank balances	1,086,490	3,213
	1,090,874	**7,784**

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA BANK - Main Account-406-064-2488	417,025	2,503	1,578,560	417,025	2,503	1,578,560
ABSA BANK - Salaries Account-406-320-8356	669,150	395	2,601	669,150	395	2,601
ABSA BANK - Mngazi - 407-165-4521	-	-	-	315	315	-
Total	**1,086,175**	**2,898**	**1,581,161**	**1,086,490**	**3,213**	**1,581,161**

6. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	371,440	(67,943)	303,497	371,440	(49,250)	322,190
Furniture and fixtures	265,158	(210,072)	55,086	265,158	(212,431)	52,727
Motor vehicles	431,324	(431,323)	1	431,324	(422,323)	9,001
Office equipment	2,017	(2,016)	1	2,017	(2,016)	1
Computer equipment	493,657	(431,837)	61,820	451,687	(371,009)	80,678
Community	24,300	(5,476)	18,824	24,300	(3,038)	21,262
Security measures	13,826	(13,825)	1	13,826	(11,627)	2,199
Signage	95,587	(61,338)	34,249	95,587	(43,517)	52,070
Total	**1,697,309**	**(1,223,830)**	**473,479**	**1,655,339**	**(1,115,211)**	**540,128**

Notes to the Annual Financial Statements

Figures in Rand

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Depreciation	Total
Buildings	322,190	-	(18,693)	303,497
Furniture and fixtures	52,727	-	2,359	55,086
Motor vehicles	9,001	-	(9,000)	1
Office equipment	1	-	-	1
Computer equipment	80,678	41,972	(60,830)	61,820
Community	21,262	-	(2,438)	18,824
Security measures	2,199	-	(2,198)	1
Signage	52,070	-	(17,821)	34,249
	540,128	**41,972**	**(108,621)**	**473,479**

Notes to the Annual Financial Statements

Figures in Rand

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	340,856	-	-	(18,666)	322,190
Plant and machinery	5,809	-	(4,404)	(1,405)	-
Furniture and fixtures	72,469	-	-	(19,742)	52,727
Motor vehicles	52,231	-	-	(43,230)	9,001
Office equipment	1	-	-	-	1
Computer equipment	123,348	34,102	-	(76,772)	80,678
Community	23,692	-	-	(2,430)	21,262
Security measures	6,920	-	-	(4,721)	2,199
Signage	51,033	19,490	-	(18,453)	52,070
	676,359	**53,592**	**(4,404)**	**(185,419)**	**540,128**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

7. Finance lease obligation

Non-current liabilities	18,014	4,058
Current liabilities	17,731	26,216
	35,745	**30,274**
The total future minimum sublease payment expected to be received under non-cancellable sublease	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

8. Payables from exchange transactions

Trade payables	242,602	115,474
Staff union fees	583	2,378
Accrued bonus	253,064	194,765
Provision for leave pay	421,536	252,381
SARS - PAYE, UIF & SDL	168,885	4,870
Staff payable	45,867	3
	1,132,537	**569,871**

Payables consist of creditors not paid and accruals at year end

9. VAT payable

VAT payable	397,975	344,584
VAT Input Accrual	(27,653)	(20,118)
Penalties and other payables	-	74,345
	370,322	**398,811**

10. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation	(53,393)	-

11. VAT receivable

12. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Total
Employee benefit cost	-	110,611	110,611

The employee benefit provision represents management's best estimate of the entity's liability under one period relating to employee benefits that have been earned by employees but not yet paid. These benefits can include pensions, gratuity, leave encashment, and other long-term or post-employment benefits.

13. Revenue

Other income	22,045	26,176
Government grants & subsidies	13,043,478	8,002,841
Service In-kind	131,478	159,720
	13,197,001	**8,188,737**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income	22,045	26,176

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	13,043,478	8,002,841
Service In-kind	131,478	159,720
	13,174,956	**8,162,561**

14. Service in-kind

The municipal entity benefits from use of office space and electricity bills by the parent municipality. The municipal entity has not been paying for these services. The municipal entity was not able to reliable estimate the value of electricity received in kind.

Services in-kind that are significant to the entities operations and/or service delivery objectives		
Office rental	131,478	159,720
	-	-
	131,478	**159,720**

15. Employee related costs

Basic	6,283,330	5,457,074
Bonus	558,738	674,611
Medical aid - company contributions	256,444	-
UIF	40,735	38,244
SDL	76,902	63,352
Provident fund	948,817	853,930
Leave pay provision charge	169,155	64,088
Back pay	115,674	9,866
Overtime payments	154,017	178,731
Acting allowances	808,580	571,902
GAP Market Allowance	16,000	-
Leave payout	-	9,699
	9,428,392	**7,921,497**

16. Board fees

M.W. Mtsotso	-	31,000
M.C. Manana	-	8,386
N. Mtakati - Futiwa	-	8,620
Buhle Tonise	24,459	-
Faku Sindile	82,373	-
Lindelwa Rolobile	127,389	-
Matakati -Futwa Ntombekaya	20,091	-
Mr. A. Peyana (Chair)	149,678	-
Philip Majali	27,458	-
Tshaka Hlazo	138,077	-
	569,525	**48,006**

17. Depreciation and amortisation

Property, plant and equipment	108,621	185,419

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Finance costs

Interest on VAT & PAYE	9,107	8,711

19. Lease rentals on operating lease

Premises		
Contractual amounts	131,478	159,720
Equipment		
Contractual amounts	42,945	40,688
	174,423	**200,408**

20. General expenses

Accounting fees	321,361	242,110
Advertising	33,910	-
Audit & Risk Committee	193,800	128,000
Auditors remuneration	445,538	527,903
Bank charges	15,049	14,523
Catering and refreshments	32,220	19,569
Cleaning materials	38,466	19,187
Computer expenses	599	-
Fines and penalties	60,794	32,555
Insurance	155,553	114,348
Motor vehicle expenses	9,731	25,712
Agricultural development	-	78,177
Printing and stationery	33,904	23,127
Repairs and maintenance	48,739	44,497
Software expenses	70,363	377,522
Staff welfare	-	180
Staff development	19,848	23,067
Telephone and fax	352,528	213,755
Travel - local	258,195	128,140
Tourism development	52,225	83,705
Office admin	5,125	2,189
Strategic planning	498,809	62,500
	2,646,757	**2,160,766**

21. Cash generated from (used in) operations

Surplus (deficit)	260,176	(2,342,582)
Adjustments for:		
Depreciation and amortisation	108,621	185,419
Gain on sale of assets and liabilities	-	4,310
Movements in retirement benefit assets and liabilities	53,393	-
Movements in provisions	110,611	-
Changes in working capital:		
Other receivables from non-exchange transactions	3,600	3,300
Prepayments	49,013	(49,013)
Payables from exchange transactions	562,665	375,605
VAT Payable	(28,489)	344,358
	1,119,590	**(1,478,603)**

22. Operating surplus (deficit)

Operating surplus (deficit) for the year is stated after accounting for the following:

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

22. Operating surplus (deficit) (continued)

Operating lease charges		
Lease rentals on operating lease - 2		
• Contractual amounts	131,478	159,720
Lease rentals on operating lease - Other		
• Contractual amounts	42,945	40,688
	174,423	**200,408**

Loss on sale of property, plant and equipment	-	(4,310)
Depreciation on property, plant and equipment	108,621	185,419
Employee costs	9,997,917	7,969,502

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Related parties

Relationships	
Directors	Refer to directors' report note 4
Controlling entity	Port St Johns Municipality

Related party balances

	2025	2024
Amounts received from related parties		
Port St Johns Municipality	13,043,478	8,002,841
Services in kind received from related parties		
Port St Johns Municipality	131,478	159,720

Remuneration of management

Management class: Executive management

2025

Name	Basic salary	Annual Bonus	Back Pay	Acting Allowance	Total
P.E. Mafuna - Acting CEO	280,782	40,611	3,498	324,423	649,314
S Batyi - Acting CEO	-	-	19,680	29,520	49,200
	280,782	**40,611**	**23,178**	**353,943**	**698,514**

2024

Name	Basic salary	Annual Bonus	Acting Allowance	Total
P.E. Mafuna - Acting CEO	341,332	14,632	396,434	752,398
A.F. Majokweni - Acting CEO	151,659	14,632	168,885	335,176
	492,991	**29,264**	**565,319**	**1,087,574**

Management class: Non-Executive management

2025

Name	Fees for services as a member of management	Travel	Total
A. Peyana	135,943	13,735	149,678
B. Tonise	23,440	1,019	24,459
L. Rolobile	121,887	5,502	127,389
P. Majali	27,458	-	27,458
T. Hlazo	136,620	1,457	138,077
N. Matakati-Futwa	20,091	-	20,091
S. Faku	82,373	-	82,373
	547,812	**21,713**	**569,525**

2024

Notes to the Annual Financial Statements

23. Related parties (continued)

Name	Fees for services as a member of management	Other benefits received	Total
M.W. Mtsotso	31,000	-	31,000
M.C. Manana	7,500	886	8,386
N. Mtakati-Futwa	7,500	1,120	8,620
	46,000	**2,006**	**48,006**

24. Change in estimate

Property, plant and equipment

A change in the estimated remaining useful lives of various assets of the agency based on their assessment conducted on 30 June 2025. The effect of this revision has increased the depreciation charges for the current and future periods by furniture and fittings R23,989 and computer equipment R 13,731, the impact in surplus 31,719.

25. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2024

	Note	As previously reported	Correction of error	Restated
Payables from exchange transactions		375,107	194,765	569,872
VAT payable		240,916	157,895	398,811
		616,023	**352,660**	**968,683**

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Employee cost		7,726,733	194,765	7,921,498

Payable from exchange

During the 2024/25 financial year, the enity identified that an accrual for the 13th cheque amounting to R194,765 relating to the 2023/24 financial year had not been recognised.

This omission constitutes a prior period error in terms of GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors. The error has been corrected by restating the comparative figures for the 2023/24 financial year. The correction has no impact on periods prior to 2023/24. The correcting impacted is as follows:

- Employee related costs: increase of R194,765

- Payables from exchange: increase of R194,765

25. Prior-year adjustments (continued)

VAT Payable

During the 2024/25 financial year, the municipality identified an error relating to VAT accounting in years prior to the 2023/24 financial year. The cumulative misstatement amounted to R157,895.

This constitutes a prior period error in terms of GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors. The error has been corrected retrospectively by adjusting the opening balance of accumulated surplus/(deficit) and the related VAT balances as at 1 July 2023. The error did not impact the 2023/24 surplus/(deficit).

The effect of the correction is summarised as follows:

Statement of financial position as at 1 July 2023 (opening balances):
- VAT receivable / (VAT payable): adjusted by R157,895
- Accumulated surplus/(deficit): adjusted by R157,895

Comparative figures for the 2023/24 financial year have been restated only where necessary to reflect the corrected VAT opening balances.

26. Risk management

Financial risk management

The entity’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, 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.

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1,122,967	-	-	-
VAT payable	370,322	-	-	-

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	569,872	-	-	-
VAT payables	398,811	-	-	-

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 receivables 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 receivable, 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.

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

Financial instrument	2025	2024
Receivables	166,388	169,988
Cash and cash equivalents	1,090,874	7,784

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. 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 assets and settlement of liabilities, contigent obligations and commitments will occur in the ordinary course of the business as Port St Johns Development Agency is funded 100% by Port St Johns Municipality with no intention to stop in the near future.

28. Fruitless and wasteful expenditure

Opening balance as previously reported	83,790	64,166
Add: Fruitless and wasteful expenditure identified - current	69,400	19,624
Closing balance	**153,190**	**83,790**

Fruitless and wasteful expenditure is presented inclusive of VAT

Fruitless and wasteful expenditure emanates from:
Expenditure in vain- conference accommodation
Interest and penalties - PAYE and VAT

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Interest and penalties - VAT,PAYE, UIF and SDL		-	64,392

29. Irregular expenditure

Opening balance as previously reported	8,040,453	7,559,455
Add: Irregular expenditure - (Non-compliance with laws and regulations) - current	301,264	480,998
Closing balance	**8,341,717**	**8,040,453**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Irregular expenditure (continued)

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

Three written quotations not invited	52,611	-
Overspending of current budget	230,089	-
Award without appropriate approval	18,564	-
	301,264	**-**

30. Deviation from supply chain management regulations

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:

Biological assets that form part of an agricultural activity	-	37,685
Expenditure	7,303	-

31. Segment information

General information

Identification of segments

The municipal entity operates within Port St Johns in the Eastern Cape Province. The entity is engaged in carrying out the promotion and implementation of the local economic development initiatives and investment promotions in Port St Johns Municipality. operations are centralised and are principally in this location. No identifiable segments reported.

32. Budget differences

Material differences between budget and actual amounts

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

32. Budget differences (continued)

32.1 **Other income**
Comprises of receipts from LGSETA for skills development initiatives, as well as claims received from insurance.

32.2 **Government grants**
The variance is attributed to the impact of VAT output on the reported amounts.

32.3 Services receive in kind
The variance arises from the exclusion of VAT in the calculation of services received in kind.

32.4 Employee related
The variance is attributable to cost savings resulting from the CEO position remaining vacant during the reporting period.

32.5 **Board** fees
The variance is attributable to increased board activity focused on the strategic development of the entity.

32.6 Depreciation
The variance is attributable to is as result of less assets acquired in the year.

32.7 **Lease rentals on operating lease**
The variance is attributable to rental expense which offset the service in kind received.

32.8 General expenses
This is due to other programmes that were not implemented during the year under review

32.9 Project expenditure
This is due to other programmes that were not implemented during the year under review