



KOBWA

WATER FOR EVER

KOMATI BASIN WATER AUTHORITY
Annual Financial Statements
for the year ended 31 March 2025

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

General Information

Country of incorporation and domicile	Republic of South Africa and Kingdom of Eswatini
Legal form of entity	Bilateral organisation formed in 1992 through a Treaty between the Government of the Republic of South Africa and the Kingdom of Eswatini.
Directors	Mr. A. Thobejane Mr. L. Mzizi Ms. N. Mabuza Ms. E. Magagula Mr. B. Singwane Mr L.C. Mohalaba (Resigned 17 September 2024) Mr. T.M. Shongwe (Chief Executive Officer, Ex-Officio)
Bankers	Standard Bank: Republic of South Africa and Kingdom of Eswatini
Auditors	Nexia SAB&T
Secretary	First Corporate Secretaries (Pty) Ltd
Preparer	The annual financial statements were prepared by: A3ccube Proprietary Limited Supervisor: Finance Director (Juan de Wet)

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Abbreviations used:

AFS	Annual Financial Statements
FRAC	Finance Risk and Audit Committee
GRAP	Standards of Generally Recognised Accounting Practice
JSE	Johannesburg Stock Exchange
IAS	International Accounting Standards
JWC	Joint Water Commission
KOBWA	Komati Basin Water Authority
KoE	Kingdom of Eswatini
RSA	Republic of South Africa
The Parties	The Governments of South Africa and the Kingdom of Eswatini
THRC	Technical and Human Resources Committee
Treaty	Refers to the Treaty on the development and utilisation of water resources of the Komati River Basin between the Government of the Republic of South Africa and the Government of the Kingdom of Eswatini of 1992.

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Board's Responsibilities and Approval

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the AFS and related financial information included in this report. It is the responsibility of the directors to ensure that the AFS fairly present the state of affairs of KOBWA 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 AFS and was given unrestricted access to all financial records and related data.

The AFS have been prepared in accordance with GRAP including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The AFS 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 KOBWA and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board 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 AFS. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

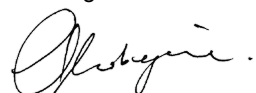
The directors have reviewed KOBWA's cash flow forecast for the 12 months from date of signing and, in the light of this review and the current financial position, they are satisfied that KOBWA has or has access to adequate resources to continue in operational existence for the foreseeable future. The 2025/26 budget was approved and the first two tranches have been received. This gives the Board comfort and assurance that KOBWA has sufficient financial resources to cover expected expenditure for the next 12 months.

The AFS are prepared on the basis that KOBWA 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.

The Board is responsible for the completeness and accuracy of all financial information published in annual reports, electronic media, KOBWA's website and submissions to the JSE.

The external auditor is responsible for independently reviewing and reporting on KOBWA's AFS. The AFS have been examined by KOBWA's external auditor and his report is presented on pages 6 to 10.

The AFS set out from pages 13 to 47, which have been prepared on the going concern basis, were approved by the Board and were signed on its behalf by:



Mr A Thobejane
Board Chairperson
Date: 28/10/2025

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Finance, Risk and Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2025.

FRAC members and attendance

The FRAC consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference.

Name of member	Designation
Ms. N. Mabuza	Chairperson
Mr. L.C. Mohalaba	Member (Resigned 17 September 2024)
Mr. M Singwane	Member
Mr. T.M Shongwe	Ex-officio Member

FRAC responsibility

The FRAC is satisfied that the members thereof have the required knowledge and experience as set out in the Treaty. The committee held 4 meetings in the financial year as well as one special meeting.

The FRAC has ensured that KOBWA has, in accordance with paragraph 7.3(e)(ii) of the JSE Debt and Specialist Securities Listings Requirements, established appropriate financial reporting procedures and that those are operating.

The FRAC also reports that it has adopted appropriate formal terms of reference as its FRAC Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by KOBWA over financial and risk management is effective, efficient and transparent. The requirements of the Treaty and the Delegation of Authority continue to be complied with and the Board also continues to subscribe to the King IV Report on Corporate Governance requirements. The internal audit function provides the FRAC and management with assurance that the internal controls are appropriate and effective.

As per the JSE regulations, KOBWA adopted the King IV principles and continues to review them in light of operational environment changes. An Application Register which was adopted by the Board outlining how KOBWA adopted the specific principles is available on request.

The Board considered the information provided by the newly appointed audit firm, Nexia SAB&T, and the audit partner (Mr. Ziyad Sonpra) in accordance with paragraph 7.3(e)(iii) of the JSE Debt and Specialist Securities Listings Requirements and is satisfied with their suitability for appointment as KOBWA auditors. The previous auditors, PricewaterhouseCoopers Inc's contract came to an end.

The FRAC has satisfied that the Finance Director, Mr. Juan de Wet, has appropriate experience and expertise to fulfil his duties.

Evaluation of annual financial statements

The FRAC has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the auditors;
- reviewed the accounting policies and practices; and
- reviewed KOBWA's compliance with legal and regulatory provisions.

The FRAC concur with and accept the Nexia SAB&T's report on the annual financial statements, and recommend to the Board for approval.

Internal audit

The committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to KOBWA and its audits.

KOMATI BASIN WATER AUTHORITY

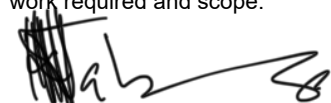
Annual Financial Statements for the year ended 31 March 2025

Finance, Risk and Audit Committee Report

External auditors

The FRAC nominated Nexia SAB&T as the independent auditor and Ziyad Sonpra as the designated partner, who is a registered independent auditor, for the 2024/25 audit. The committee satisfied itself through inquiry that the external auditor is independent as per the standards stipulated by the auditing profession.

The FRAC in consultation with executive management agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the audit work required and scope.



Ms. N. Mabuza

Chairperson of the FRAC

Date: 28/10/2025

To the Directors of Komati Basin Water Authority

Report on the Audit of the Financial Statements*Opinion*

We have audited the financial statements of Komati Basin Water Authority (the Authority) set out on pages 13 to 47, which comprise the statement of financial position as at 31 March 2025, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Komati Basin Water Authority as at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with the General Recognised Accounting Practice ("Standards of GRAP"), issued by the International Accounting Standards Board in accordance with Section 89 and 91(1) of the Public Finance Management Act (Act 1 of 1999) of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error, and they are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Audit. Tax. Advisory.

Chairperson: Ms A Zange

Chief Executive Officer: Mr MF Sulaman

SAB&T Chartered Accountants Incorporated t/a Nexia SAB&T

Company Registration Number: 1997/018869/21 | IRBA Registration Number: 921297

Offices in: Bloemfontein, Cape Town, Centurion, Durban, Johannesburg, Kimberley, Nelspruit, Polokwane, Port Elizabeth, Rustenburg

B-BBEE rating: Level 1 Contributor in terms of Generic Scorecard - B-BBEE Codes of Good Practice

SAB&T Chartered Accountants Incorporated is a member of Nexia, a leading, global network of independent accounting and consulting firms.

Please see the "Member firm disclaimer, <https://nexia.com/member-firm-disclaimer/>" for further details.

SAB&T Chartered Accountants Incorporated is an authorised financial services provider.

* A full list of directors is available for inspection at the company's registered office or on request.

Our determination of materiality is a matter of professional judgement and is affected by our perception and understanding of the financial information needs of intended users, which is the quantitative and qualitative factors that determine the level at which relevant decisions taken by users would be affected by a misstatement. These factors helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined final materiality for the financial statements as follows:

	Financial statements
Final materiality	R1 213 908 (2024: R1 565 818)
Basis for determining materiality	1% of the total expenditure There was no change in the benchmark applied from the prior year
Rationale for the materiality benchmark applied	We chose the authority's total expenditure as the appropriate benchmark because, in our judgement, it is the key benchmark against which the performance of the Authority would most commonly be measured by the funders, who are the primary users of the financial statements. We considered that the Authority is not profit oriented and total funds utilised on the mandated functions will be the primary focus for funders. The parameter of 1% was selected after business environment, ownership, and capital structure considerations.

During our audit, we reassessed initial materiality and revised our final materiality after identifying audit adjustments to depreciation expense that significantly reduced total expenditure.

Emphasis of matter

We draw attention to the matter below. Our opinion is not modified in respect of this matter.

Restatement of corresponding figures

As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2025.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key Audit Matter	How our audit addressed the key audit matter
Derecognition of Dams and Weirs During the year ended 31 March 2025, the Authority derecognised dams and weirs, from its financial statements. This derecognition was based on management's assessment that the assets do not meet the asset definition in the <i>Conceptual Framework for General Purpose Financial Reporting (Conceptual Framework)</i> and consequently, the recognition criteria under GRAP 17 – <i>Property, Plant and Equipment</i>. This was due to Authority's lack of control over these assets. The determination involved significant judgment regarding the ownership, future economic benefits, and the Authority's continuing control over the economic benefits or service potential embodied in these assets. We considered this a key audit matter due to: • The material value of the assets derecognised as disclosed in note 33 to the financial statements; • The judgements required in the application of the control criteria to the circumstances of the Authority; • The complexity of applying GRAP standards in the context of cross-border infrastructure; and • The potential impact on the Authority's financial position and stakeholder reporting.	Our audit has addressed this key audit matter as follows: • Obtained an understanding of the Authority's mandate by reviewing the Treaty to get an indepth understanding of its rights and obligations and that of the Joint Water Commission (JWC), which represents the parties to the Treaty. • We reviewed management's assessment and supporting documentation, including asset registers, legal agreements, and correspondence with the JWC. • We applied the provisions of the GRAP reporting framework, particularly the Conceptual Framework, GRAP 17 <i>Property, Plant and Equipment</i>, GRAP 32 <i>Service Concession Arrangements</i>, GRAP 109 <i>Accounting by Principals and Agents</i> to the circumstances of the Authority to confirm if the derecognition was appropriate. • We performed a technical review on the annual financial statements, with special emphasis on the control of the dams and weirs. • We obtained an opinion from our GRAP technical experts regarding the criteria of control over the assets and any consequential impact arising from the GRAP reporting framework. • We assessed the adequacy and accuracy of disclosures in the financial statements. The adjustments made included in the prior period restatements disclosed under Note 33 to the financial statements. • We verified that the derecognised assets were removed from the accounting records. Based on the procedures as listed above, we found the application of the control criteria and resulting adjustments to be appropriate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Komati Basin Water Authority Annual Financial Statements for the year ended 31 March 2025", which includes the Board's Responsibilities and Approval, the Finance, Risk and Audit Committee's Report and the Director's Report. The other information is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate KOBWA or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Audit Tenure

In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Komati Basin Water Authority for 1 year.

Disclosure of Fee-related Matters

In terms of the EAR Rule, we disclose the following fee-related matters:

	Amount	Network/Joint audit / external component auditors
Audit services fees paid or payable	R623 129.80	None
Assurance services	None	None
Non-audit services	None	None

We communicated with those charged with governance the above fee related matters. Where the total fees represented or are likely to represent more than 15% of total fees received by us, this together with the relevant safeguards applied was communicated with those charged with governance in support of our independence.

Nexia SAB&T

Nexia SAB&T

Per. Ziyad Sonpra

Director

Registered Auditor

28 October 2025

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Director's Report

The directors have pleasure in submit their report for Komati Basin Water Authority for the year ended 31 March 2025.

1. Constitution and corporate profile

KOBWA was established as a bi-national Authority in terms of the Treaty of 1992 signed by the two Member States the KoE and the RSA for the utilisation of the water resources within the Komati Basin, comprising of the Komati River and the Lomati River. KOBWA's mandate is to implement Phase 1 of the Treaty which comprises the design, construction, operation and maintenance of the Driekoppies Dam on the Lomati River in RSA (phase 1a), and the Maguga Dam on the Komati River in KoE (phase 1b). The design and construction phase of the Dams were completed and currently, KOBWA's mandate is the operation and maintenance of the Dams.

2. Review of activities

Main business and operations

KOBWA receives no direct income for the management of water resources for the two countries. It is however the responsibility of the RSA and the KoE in terms of the Treaty to provide funding for KOBWA's operations mainly through the grant system in line with the provisions of the Treaty.

The AFS have been prepared in accordance with the Standards of GRAP issued by the Accounting Standards Board in terms of section 89 of the Public Finance Management Act in South Africa and the Debt and Specialist Securities Listings Requirements.

These AFS are presented in South African Rand and Eswatini Lilangeni, which is the functional currency of the entity. The exchange rate between these two currencies is 1:1.

Full details of financial position, financial performance and cash flows are set out in these financial statements.

3. Going concern

The annual financial statements have been prepared on the going concern assumption which is underpinned by a commitment from the Parties to continue funding KOBWA with a budget having already been approved for the 2025/26 financial year.

In light of the above and to the best knowledge of the Directors, there is no known reason which may negatively impact the continued existence of KOBWA. The AFS 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.

4. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year and up to date of the publishing of these financial statements.

5. Accounting policies

The AFS were prepared in accordance with GRAP, including any interpretations of such Statements issued by the Accounting Practices Board. No changes in policies were made.

6. Directors' information

The directors of entity during the 2024/25 year and to the date of this report are as follows:

Name	Nationality	Designation
Mr. A. Thobejane	South Africa	Chairperson-Independent, Non-Executive
Mr. L. Mzizi	Eswatini	Vice Chairperson-Independent, Non-Executive
Ms. N. Mabuza	Eswatini	Chairperson FRAC-Independent, Non-Executive
Ms. E. Magagula	Eswatini	Member THRC-Independent, Non-Executive
Mr. B. Singwane	South Africa	Chairperson THRC-Independent, Non-Executive
Mr. L.C. Mohalaba	South Africa	Independent, Non-Executive, resigned 17 September 2024

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Annual Financial Statements for the year ended 31 March 2025

Director's Report

6. Directors' information (continued)

EXECUTIVE MANAGEMENT	Nationality	Designation
Mr. T.M. Shongwe	Eswatini	CEO, appointed 1 October 2022
Mr. J. de Wet	South Africa	Finance Director, appointed 1 May 2022
Mr. S.M. Nkomo	Eswatini	Operations Director, term ended 31 July 2025
Mr. Monde January	South Africa	Corporate Services Director, appointed 16 October 2023

7. Secretary

The Company secretary of entity is Mr. T. Sithole of First Corporate Secretaries, appointed on 1 January 2022.

8. Corporate governance

Pursuant to paragraphs 7.6, 7.10, 7.13 and 7.16 of the JSE Debt and Specialist Securities Listings Requirements, the directors confirm the following:

8.1 Board evaluation:

KOBWA has a Corporate Governance Policy approved in January 2019 which under section 14 stipulates the frequency and procedure to be followed during the evaluation of Board and individual Board Members. By the end of the reporting period the Board was in the process of undertaking an evaluation of the Board and that of individual Directors.

8.2 Conflict of interest:

KOBWA has a conflict of interest policy approved in June 2022 which guides on how the institution manages issues of conflict of interest at all levels of the organisation.

KOBWA does not have any conflict of interest recorded for the period under review.

8.3 Domestic Prominent Influential Persons

KOBWA is not a State-Owned Entity neither a Municipality hence the none existence of Domestic Prominent Influential Persons within the structures of the organisation. However, the organisation does have a policy to deal with the disclosure and treatment of Prominent Influential Persons (i) at board level and (ii) for prescribed officers of the organisation should the need arise.

KOBWA does not have any Domestic Prominent Influential Persons recorded for the period under review.

8.4 Procurement & Loans:

No procurement partners represent 10% or more of KOBWA's annual procurement spend.

No loans or procurement with any related parties, domestic prominent influential persons, or prescribed officers were issued or transacted.

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Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2025

Figures in Rand/Lilangeni	Notes	2025 R/E	2024 R/E Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	1 388 588	1 655 181
VAT receivable	4	419 615	3 645 128
Prepayments	5	1 105 468	890 929
Hambros Bank Loan Sinking Fund	9	30 375 000	30 375 000
Guaranteed Grant Income Receivables	10	20 250 000	20 250 000
Cash and cash equivalents	6	352 953 227	312 237 937
		406 491 898	369 054 175
Non-Current Assets			
Property, plant and equipment	7	110 893 920	116 641 152
Intangible assets	8	897 408	1 184 790
Hambros Bank Loan Sinking Fund	9	348 409 396	342 836 302
Guaranteed Grant Income Receivables	10	178 453 342	176 806 638
		638 654 066	637 468 882
Total Assets		1 045 145 964	1 006 523 057
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	9 810 467	4 977 801
Payables from non-exchange transactions	12	30 712 362	43 868 167
Unspent conditional grants	13	124 048 569	265 264 339
Designated Project Funds	14	30 654 084	18 765 472
Accrued interest payable	16	21 093 750	21 093 750
Employee related payable	17	866 092	794 335
		217 185 324	354 763 864
Non-Current Liabilities			
Financial Liabilities at Amortised cost	15	371 995 543	370 814 993
Unspent conditional grants	13	60 750 000	91 125 000
Designated project funds	14	213 912 320	-
		646 657 863	461 939 993
Total Liabilities		863 843 187	816 703 857
Net Assets		181 302 777	189 819 200
Reserves			
Maintenance Reserve	18	5 532 330	5 532 330
Accumulated surplus		175 770 447	184 286 870
Total Net Assets		181 302 777	189 819 200

Refer to note 33.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Performance

Figures in Rand/Lilangeni	Notes	2025 R/E	2024 R/E Restated
Revenue			
Revenue from exchange transactions			
Service revenue from governments	19	90 977 634	86 512 588
Finance income	20	21 896 704	19 015 006
Gain on disposal of assets	7	205 604	3 959
Total revenue from exchange transactions		113 079 942	105 531 553
Expenditure			
Employee related costs	21	(26 407 313)	(23 860 127)
Depreciation and amortisation	22	(10 402 115)	(9 107 440)
Finance costs	23	(51 807 899)	(51 801 909)
Bad debts written off (CRIDIF - Manage Weir)	24	(61 983)	-
General expenses	24	(32 917 055)	(26 544 678)
Total expenditure		(121 596 365)	(111 314 154)
Deficit for the year		(8 516 423)	(5 782 601)

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Statement of Changes in Net Assets

Figures in Rand/Lilangeni	Maintenance reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	5 532 330	4 381 825 890	4 387 358 220
Adjustments			
Correction of errors 33		(4 191 756 419)	(4 191 756 419)
Balance at 01 April 2023 as restated*	5 532 330	190 069 471	195 601 801
Changes in net assets			
Surplus for the year	-	(5 782 601)	(5 782 601)
Total changes	-	(5 782 601)	(5 782 601)
Opening balance as previously reported	5 532 330	4 330 771 627	4 336 303 957
Adjustments			
Correction of errors 33		(4 146 484 757)	(4 146 484 757)
Balance at 01 April 2024 as restated*	5 532 330	184 286 870	189 819 200
Changes in net assets			
Deficit for the year	-	(8 516 423)	(8 516 423)
Total changes	-	(8 516 423)	(8 516 423)
Balance at 31 March 2025	5 532 330	175 770 447	181 302 777
Note	18		

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Cash Flow Statement

Figures in Rand/Lilangeni	Notes	2025	2024
Cash flows from operating activities			
Receipts			
Service revenue from government		152 281 991	137 219 523
Payments			
Employee costs	21	(26 335 556)	(23 860 127)
Suppliers		(24 868 804)	(27 307 962)
Finance costs		(50 627 349)	(50 625 099)
		(101 831 709)	(101 793 188)
Net cash flows from operating activities	25	50 450 282	35 426 335
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(4 059 659)	(4 786 403)
Proceeds from sale of property, plant and equipment	7	205 606	38 223
Purchase of other intangible assets	8	(307 845)	(208 005)
Decrease/ (Increase) in Hambros bank loan sinking fund	9	(5 573 094)	3 663 698
Net cash flows from investing activities		(9 734 992)	(1 292 487)
Net increase/(decrease) in cash and cash equivalents		40 715 290	34 133 848
Cash and cash equivalents at the beginning of the year		(312 237 937)	(278 104 089)
Total Restricted Cash and Cash Equivalents at End of Period	6	348 749 407	289 565 194
Total Unrestricted Cash and Cash Equivalents at End of Period	6	4 203 820	22 672 743

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

Figures in Rand/Lilangeni	Notes	2025 R/E	2024 R/E
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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 AFS have been prepared in accordance with the GRAP, issued by the Accounting Standards Board in accordance with **Section 89 and 91(1)** of the Public Finance Management Act (Act 1 of 1999) of South Africa and the JSE Debt and Specialist Securities Listings Requirements.

These AFS 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. The numbers in the AFS have been rounded off to the nearest 1 Rand/Lilangeni.

1.2 Presentation currency

These AFS are presented in South African Rand and Eswatini Lilangeni, which is the functional currency of entity. The exchange rate between these two currencies is 1:1.

1.3 Going concern assumption

These AFS have been prepared based on the expectation that KOBWA will continue to operate as a going concern for at least the next 12 months. The going concern assumption is underpinned by a commitment from the Parties to continue funding KOBWA with a budget having already been approved for the financial year 2025/26.

In light of the above and to the best knowledge of the Board, there is no known reason which may negatively impact on the continued existence of KOBWA. 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 Parties continue to honour their bi-lateral obligation and have continued to make commitments for the continued funding of KOBWA. The 2025/26 budget was approved and the first two tranches have been received therefore this gives the Board comfort and assurance that KOBWA has sufficient financial resources to cover expected expenditure for 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.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred that is material.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the AFS, management is required to make estimates and assumptions that affect the amounts represented in the AFS 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 AFS. Significant judgements include:

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Judgements and estimation uncertainty

Impairment testing

KOBWA assesses at each reporting date whether there is any indication that an asset may be impaired. Such indications may include a standard deterioration of dam wall and weirs or below expected water outflow due to pump infrastructure failure or deterioration. If any such indication exists, KOBWA makes a formal estimate of the recoverable service amount of the asset. If no indication of a potential impairment loss is present, GRAP does not require KOBWA to make a formal estimate of recoverable service amount.

KOBWA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Useful lives of assets

Management assesses the appropriateness of the useful lives of non-current assets at the end of each reporting period. The useful lives are determined based on KOBWA's assets management and disposal policies for the different asset classes. Individual assets within these classes which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of the normal replacement parameters.

When the estimated useful life of an asset differs from the previous estimates, the change is applied prospectively in the determination of depreciation charge and reported as a change in accounting estimate.

Control

GRAP Conceptual Framework paragraph 5.10 explains control as follows; 'Control of the resource entails the ability of the entity to use the resource (or direct other parties on its use) so as to derive the benefit of the service potential or economic benefits embodied in the resource in the achievement of its service delivery or other objectives.

To fully assess the issue of control KOBWA also considered its service potential in relation to its assets. In terms of GRAP Paragraph 5.7 of the Conceptual Framework service potential is defined as "... the capacity to provide services that contribute to achieving the entity's objectives. Service potential enables an entity to achieve its objectives without necessarily generating net cash inflows."

Based on the Treaty, KOBWA's objective is the management of water resources in the Komati Catchment. Therefore, the assets are deployed by KOBWA to achieve the said objective. The Treaty gives KOBWA powers to do everything necessary to achieve such objective including acquiring of assets. The powers also include KOBWA having the sole responsibility of managing such assets including granting or restricting access or use thereof.

1.6 Property, plant and equipment

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.

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.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

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	Percentage
Buildings	Straight-line	2%
Furniture and fixtures	Straight-line	10%
Motor vehicles	Straight-line	20%
Office equipment	Straight-line	20%
IT equipment	Straight-line	33.33%
Mobile Units	Straight-line	20%
Infrastructure	Straight-line	5%
Dam Equipment and Pipelines	Straight-line	1%
Sundry equipment	Straight-line	20%
Implements	Straight-line	20%

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. Small tools and assets are expensed to R1.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by KOBWA. 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.

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

- There have been a change in the manner in which the asset is being used;
- There have been a change in the utilisation rate of the asset;
- There have been change of intention for the use of the assets i.e. to sell or use; and
- Technological, environmental and commercial changes that occurs during the period.

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

The entity does not recognise in the carrying amount of an item of property, plant and equipment the costs of the day-to-day servicing of the item. Rather, these costs are recognised in statement of financial performance as incurred. KOBWA separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 7).

1.7 Intangible assets

KOBWA 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.

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.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.7 Intangible assets (continued)

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Residual values are assumed to be Nil.

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 and changes are accounted for prospectively as changes in estimate.

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	Straight-line	20%

1.8 Guaranteed Grant Income Receivable

Guaranteed Grant Income Receivable represents the guaranteed future grants (cash) receivable from the Parties. The Parties have guaranteed KOBWA's debt, and in accordance with the Treaty are legally obligated to fund KOBWA for the servicing and repayment of its debt. The funds form part of KOBWA budget through which the payments are made and therefore are operational funds in respect of cashflows.

The grants from the Parties are paid to KOBWA to enable it to pay its lenders in accordance with the terms and conditions of its loan agreements. Therefore the grants are fixed, determinable and guaranteed.

The receivable is discounted to its present value. As the receivable reaches maturity over time, the interest effect of unwinding the discount is recorded to the statement of financial performance. When KOBWA receives the grant, it is recorded against the receivable and therefore reduces the balance.

1.9 Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument at cost including transaction costs using trade date accounting.

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.

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 the Statement of Financial Performance.

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 the Statement of Financial Performance.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.9 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.

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 the Statement of Financial Performance.

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.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in the Statement of Financial Performance.

Classification

KOBWA 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

Guaranteed grant income receivable
Cash and cash equivalents
Receivables from exchange transactions
Receivables from non-exchange transactions
Hambros Loan Sinking Fund

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost

KOBWA 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

Hambros Bank Loan (Bond Notes)
Designated project funds
Payables from exchange transactions
Payables from non-exchange transactions
Unspent conditional grants

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost

1.10 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.10 Statutory receivables (continued)

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Until all conditions are fulfilled, these are kept in the statement of financial position as deferred grants or liabilities.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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.

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.

1.12 Employee benefits

Identification

Employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.13 Commitments

Items are classified as commitments when KOBWA has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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.

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Service revenue from the governments

When the outcome of a transaction involving the rendering of services can be estimated reliably, maintenance revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of maintenance revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, maintenance revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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.

1.15 Expenditure

Expenses was recognised when they are incurred, and it is probable that future economic benefits will flow to the entity, following the accrual basis of accounting.

1.16 KOBWA as an agent

In this context, KOBWA was established in terms of an official treaty between the Government of the Kingdom of Eswatini and the Government of the Republic of South Africa, for the development and management of dams in the Komati Basin Area.

As part of its responsibilities, KOBWA has also undertaken the collection of rental income from residential units that were originally used to house staff during dam construction. These properties are now leased to the general public. However, it is important to note that KOBWA collects these rental payments on behalf of the Parties, who retain ownership and control over the properties.

According to paragraph 25 of GRAP 109, an entity is classified as an agent when all three of the following conditions are met:

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.16 KOBWA as an agent (continued)

- a) The entity does not have the power to determine the significant terms and conditions of the transaction;
- b) The entity does not have the ability to use all, or substantially all, of the resources resulting from the transaction for its own benefit; and
- c) The entity is not exposed to variability in the outcome of the transaction.

In Kobwa's case

- The Parties determines the key terms and conditions of the rental agreements – not KOBWA.
- KOBWA does not retain or use the rental income for its own operational purposes – these funds belong to the Parties.
- KOBWA bears no financial risk or variability in rental collection. If tenants fail to pay rent, it is the Parties that bear the impact, not KOBWA.

Therefore, KOBWA meets all the criteria of an agent as set out in GRAP 109 and should be accounted for as such in the financial statements.

1.17 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.

KOBWA operates in the following geographical areas based on the locations of its respective offices:

- Head Office at Maguga Dam, Eswatini
- Driekoppies Dam, South Africa.

Separate financial information is not available for each geographical location, and KOBWA does not use the geographical locations for decision making, and therefore KOBWA has not reported information per segment.

1.18 Budget information

In terms of GRAP24, an entity may be required, or may elect, to make publicly available its approved budget, its final budget or both its approved and final budget. As KOBWA is not mandated, or elected to make its budget publicly available no statement of comparison of budget and actual amounts has been presented.

1.19 Related parties

KOBWA discloses the following in the notes to the financial statements:

- Related party relationships where control exists, irrespective of whether there have been transactions between the related parties. This disclosure includes the name of its controlling party and if different, the ultimate controlling party.
- The nature of any related party relationships as well as required information about transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.
- the remuneration of management per person and in aggregate.

1.20 Events after 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.

1.21 Water in dams

KOBWA does not attribute any value to the water stored in its dams. The water is accumulated naturally from upstream, and furthermore KOBWA does not charge for the water released to the Parties.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.22 Hambros loan sinking fund

The Department of Water and Sanitation have earmarked certain prepaid funds that are held by KOBWA for the redemption of the Hambros Bank Loan in 2027 - refer to Note 9 and Note 15.

These funds cannot be used for any other purpose without express approval from RSA Treasury.

The funds were transferred into a capital and interest fund respectively on 28 September 2023, they may only be utilised for the repayment of the Hambros Bank Loan in 2027.

KOBWA has reclassified the total capital fund amount as non-current due to the redemption date in 2027. Annual interest to be serviced is shown as a current asset.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025 R/E	2024 R/E
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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 April 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 (as revised) Mergers	Not yet determined	Unlikely there will be a material impact
• GRAP 106 (as revised) Transfer of Functions Between Entities Not Under Common Control	Not yet determined	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	Not yet determined	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	Not yet determined	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Not yet determined	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	Not yet determined	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	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 exchange transactions

Debtors (1)	71 037	105 758
Staff debtors	149 429	368 661
Deposits	1 168 122	1 180 762
	1 388 588	1 655 181

Staff debtors

The advances to employees relate to housing and study loans, repayable over an agreed period with the employee and recovered through payroll.

Fincorp deposit

Revolving fund deposited and managed by FinCorp for the benefit of qualifying people within the Komati Basin. FinCorp is an authorised financial services provider in the KoE. The fund has confirmed the balance available.

(1) No debtors were past due and not impaired.

Deposits breakdown

Fincorp deposit	1 000 000	1 000 000
Electricity deposit	168 122	180 762
	1 168 122	1 180 762

Financial assets receivables included in receivables from exchange transactions above	1 388 588	1 655 181
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KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
4. VAT receivable		
VAT Control	419 615	3 645 128
Input VAT balance at the beginning of the financial year	7 593 289	5 977 850
Additional Input AT claimed	1 758 480	1 615 439
Input VAT balance at the end of the financial year	9 351 769	7 593 289
Payment received by SARS / Adjustments made	(8 935 966)	-
Input VAT balance at the beginning of the financial year	415 803	7 593 289
RSA VAT INPUT control account balance	36 125	-
RSA VAT OUTPUT balance	-	(130)
Vat / Tax Provision	(29 077)	(3 996 170)
ERS Withholding Tax	(1 618)	(6 922)
ERS VAT Control balance	(1 618)	55 061
	3 812	(3 948 161)
Total	419 615	3 645 128

5. Prepayments

Prepayments	1 105 468	890 929
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Prepayments are for various goods and service related to the following year's budget, in line with procurement policies. The major increase can be attributed to insurance costs.

KOBWA incurred certain expenses during the financial year which were recognised as prepayments, as the related goods or services were paid for in advance of the period in which they would be received or rendered. These prepayments fall into three categories:

- 1. Prepayments for Goods:** Payments were made in advance for goods that had not yet been received as at year -end. it is confirmed that these goods were received in April, 2025 subsequent to the reporting date.
- 2. Software Installation Services:** Payments were made in advance to enable the installation of software within the entity. The installation services were completed and confirmed in April 2025, after the financial year-end.
- 3. Prepaid Insurance:** Insurance premiums were paid in advance, covering the period from April 2025 to December 2025.

These transactions were appropriately classified as prepayments in line with the accrual basis of accounting, as the economic benefits associated with the payments relate to periods following the reporting date.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
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6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	17 500	17 500
Bank balances	8 867 071	9 213 443
Short-term deposits	344 068 656	303 006 994
	352 953 227	312 237 937

All funds are under the management of KOBWA and includes funds ringfenced for Designated Project Funds (Note 14), Unspent Conditional Grants (Note 13), Government Payables (Note 12). Reserves may not be used unless if such funds have been allocated to a project to be implemented by KOBWA. KOBWA may place such funds in approved investments for the purposes of bearing interest.

Total restricted cash and cash equivalents	348 749 407	289 565 194
Total unrestricted cash and cash equivalents	4 203 820	22 672 743
	352 953 227	312 237 937

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

7. Property, plant and equipment

	2025			2024		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Buildings	65 680 063	(20 338 372)	45 341 691	65 428 793	(18 171 533)	47 257 260
Implements	865 572	(653 213)	212 359	696 596	(598 999)	97 597
Furniture and fixtures	2 117 377	(1 611 295)	506 082	2 002 454	(1 415 296)	587 158
Motor vehicles	6 279 381	(3 372 939)	2 906 442	4 547 990	(2 704 073)	1 843 917
Office equipment	342 410	(248 356)	94 054	342 410	(209 207)	133 203
IT equipment	3 517 686	(2 614 070)	903 616	3 030 491	(2 023 777)	1 006 714
Infrastructure	73 687 974	(33 877 827)	39 810 147	73 776 411	(30 509 913)	43 266 498
Sundry equipment	8 733 741	(6 984 973)	1 748 768	8 354 648	(5 980 478)	2 374 170
Dam equipment and pipelines	31 200 058	(11 849 066)	19 350 992	30 525 810	(10 490 712)	20 035 098
Mobile Units	549 884	(530 115)	19 769	549 884	(510 347)	39 537
Total	192 974 146	(82 080 226)	110 893 920	189 255 487	(72 614 335)	116 641 152

KOMATI BASIN WATER AUTHORITY

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Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	47 257 260	251 270	-	(2 166 839)	45 341 691
Implements	97 597	168 976	-	(54 214)	212 359
Furniture and fixtures	587 158	114 927	-	(196 003)	506 082
Motor vehicles	1 843 917	2 072 391	(2)	(1 009 864)	2 906 442
Office equipment	133 203	-	-	(39 149)	94 054
IT equipment	1 006 714	487 192	-	(590 290)	903 616
Infrastructure	43 266 498	-	-	(3 456 351)	39 810 147
Sundry equipment	2 374 170	379 093	-	(1 004 495)	1 748 768
Dam equipment and pipelines	20 035 098	585 810	-	(1 269 916)	19 350 992
Mobile Units	39 537	-	-	(19 768)	19 769
	116 641 152	4 059 659	(2)	(9 806 889)	110 893 920

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Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	49 421 049	-	-	(2 163 789)	47 257 260
Implements	130 529	-	(3)	(32 929)	97 597
Furniture and fixtures	638 242	4 517	(22 757)	(32 844)	587 158
Motor vehicles	1 013 838	1 218 369	-	(388 290)	1 843 917
Office equipment	44 979	117 246	(1 619)	(27 403)	133 203
IT equipment	717 416	552 128	(9 271)	(253 559)	1 006 714
Infrastructure	44 476 735	2 431 794	-	(3 642 031)	43 266 498
Sundry equipment	2 783 201	275 957	(608)	(684 380)	2 374 170
Dam equipment and pipelines	21 201 900	186 392	-	(1 353 194)	20 035 098
Mobile Units	59 311	-	(5)	(19 769)	39 537
	120 487 200	4 786 403	(34 263)	(8 598 188)	116 641 152

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

Operating and administration costs	8 050 849	4 898 977
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There are no restrictions or encumbrances on these assets. The asset register is available for inspection by authorised personnel or entities and other stakeholders or their duly authorised representatives at the KOBWA Maguga office during normal operating hours. There are no financial commitments in respect of major assets or projects resulting in infrastructure assets. The Parties own the land on which Dams and Buildings were constructed.

KOMATI BASIN WATER AUTHORITY
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

8. Intangible assets

	2025			2024		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
Computer software	3 237 360	(2 339 952)	897 408	2 929 515	(1 744 725)	1 184 790

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	1 184 790	307 845	(595 227)	897 408

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	1 486 036	208 005	(509 251)	1 184 790

There are no restrictions or encumbrances on Intangible Assets.

The asset register is available for inspection at the KOBWA Maguga office during normal hours of operation.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
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9. Hambros Bank Loan Sinking Fund

Hambros Loan Sinking Fund

Standard Bank - RSA Funds to redeem capital	269 058 978	243 753 518
Standard Bank - RSA Funds to service bi-annual interest payments long term portion	79 350 418	99 082 784
Standard Bank - RSA Funds to service bi-annual interest payments short term portion	30 375 000	30 375 000
	378 784 396	373 211 302

These funds were received from the Department of Water and Sanitation in excess of KOBWA's operational budget and have been earmarked for the redemption of the Hambros Bank Loan in 2027. These funds cannot be used for any other purpose without approval from RSA Treasury and are considered conditional. These funds were transferred into a capital and interest sinking fund respectively on 28 September 2023 and may only be utilised for the repayment of the Hambros Bank Loan in 2027. The interest fund redeem R/E 15 187 500 bi-annually to settle the RSA of the Hambros loan interest.

Movement in carrying amount

Opening balance	373 211 302	376 875 000
Redemption - Money Market	-	(15 187 500)
Redemption - from Interest Fund (Note 18)	(30 375 000)	(15 187 500)
Interest earned on Capital Fund	25 305 460	18 753 518
Interest earned on Interest Fund	10 642 634	7 957 784
	378 784 396	373 211 302

Hambros Loan Sinking Fund split

Non-current portion	348 409 396	342 836 302
Current portion	30 375 000	30 375 000
	378 784 396	373 211 302

The current portion will be receivable within the next 12 months.

10. Guaranteed Grant Income Receivable

Guaranteed Grant Income Receivable at amortised cost

Guaranteed Grant Income Receivable - Capital	122 030 046	111 356 786
Guaranteed Grant Income Receivable - Interest	76 673 296	85 699 852
	198 703 342	197 056 638

Guaranteed Grant Income Receivable - Capital

Rights to receive grants for the payment of Loans are 100% guaranteed by the Government of South Africa and back to back 40% by the Kingdom of Eswatini. The funds for the loan repayment are received by KOBWA as part of the conditional grant towards payment of the loans and the amounts are known. Grant guaranteed income is the present value of the funds receivable from the Parties for the repayment of the loan.

Guaranteed Grant Income Receivable - Interest

Rights to receive grants for the payment of Loans are 100% guaranteed by the Government of South Africa and back to back 40% by the Kingdom of Eswatini. The funds for the loan repayment are received by KOBWA as part of the conditional grant towards payment of the loans and the amounts are known. Grant guaranteed income is the present value of the funds receivable from the Parties for the repayment of the loan.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
10. Guaranteed Grant Income Receivable (continued)		
Guaranteed Grant Income Receivable split - at amortised cost		
Current asset	20 250 000	20 250 000
Non-Current asset	178 453 342	176 806 638
	198 703 342	197 056 638
Guaranteed Grant Income Receivable reconciliation		
Opening balance	197 056 638	198 291 632
Cash funding from parties	(20 250 000)	(20 250 000)
Unwinding of finance income (Refer to note 19)	21 896 704	19 015 006
	198 703 342	197 056 638
11. Payables from exchange transactions		
Contractors and Suppliers	3 526 116	4 820 406
Accruals	6 284 351	157 395
	9 810 467	4 977 801
12. Payables from non-exchange transactions		
Bank interest	27 176 587	41 654 832
Rental income collected on behalf of Parties	3 025 639	1 703 199
Other Government Payables	510 136	510 136
	30 712 362	43 868 167
Reconciliation of Government Payables		
Opening balance	43 868 167	24 398 160
Gate entrance fees	-	20 410
Rental income	1 285 864	934 882
Other	36 577	174 388
Interest earned	28 946 779	36 619 785
Approved and allocated by the Parties	(43 425 025)	(18 279 458)
	30 712 362	43 868 167
RSA	23 686 488	38 836 738
KoE	7 025 874	5 031 429
	30 712 362	43 868 167

The amounts represent income received by KOBWA other than grants that are in the process of being declared to the JWC. In accordance with the Treaty, all non-grant income must be declared to the JWC which will approve and allocate these funds. Until such time that this process is complete, KOBWA is not entitled to the funds. Instead, these funds are payable to the respective Parties. The general ratio of contribution between the Government of RSA and the KoE is 60:40, for Maguga dam and 100% RSA for Driekoppies Dam. This results in a ratio of roughly RSA 72:28 KoE, depending on the budget for the year.

The allocation also considers actual contributions made, draw downs made and the funds are accounted for to the specific Party taking these factors into account.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
13. Unspent conditional grants and receipts		
Unspent grants represent conditional grants that remain unspent at the reporting period. These are payable back to the Parties in proportion to their contribution and is recognised as a liability in the financial statements. In the following financial year, such grants are only utilised upon approval by the JWC or Parties as the condition can only be met in the respective financial year in which the budget relates. Such approval would be either for other projects designated by the JWC in which case revenue would be recognised to the extent of the amounts approved, reducing the amount payable by the Parties in future financial years or the Parties may request the funds to be paid back.		
Movement during the year		
Balance at the beginning of the year	356 389 339	342 233 883
Additions during the year	127 038 916	117 909 988
Additions - Approved Operational Budget including sundry income	78 144 768	75 203 718
Additions - Additional funds received from RSA	13 634 000	243 960
Additions - Interest earned on additional funds received in advance from RSA	35 133 758	41 717 142
Additions - Additional funds received from KoE	126 390	745 168
Utilised	(298 629 686)	(103 754 532)
Utilised - recognised as Grant Income	(57 894 768)	(52 928 414)
utilised - Grant Income interest (RSA)	(30 375 000)	(30 375 000)
Utilised - Guaranteed Income (KoE)	(20 250 000)	(20 250 000)
Utilised - Allocated to Designated Project Funds	(188 000 000)	-
Utilised - Allocated to JWC Events	(2 109 918)	(201 118)
Balance at the end of year	184 798 569	356 389 339
Non-current liabilities	60 750 000	91 125 000
Current liabilities	124 048 569	265 264 339
	184 798 569	356 389 339

Unspent grants represent conditional grants that remain unspent at the reporting period. These are payable back to the Parties in proportion to their contribution and is recognised as a liability in the financial statements. In the following financial year, such grants are only utilised upon approval by the JWC or Parties as the condition can only be met in the respective financial year in which the budget relates. Such approval would be either for other projects designated by the JWC in which case revenue would be recognised to the extent of the amounts approved, reducing the amount payable by the Parties in future financial years or the Parties may request the funds to be paid back.

14. Designated project funds

Designated project funds are earmarked, requested and approved for specific projects with conditions attached to it. Funds are either provided by the Parties or approved from the Party payables already in KOBWA's custody and utilised only for the implementation of specific projects or acquisition of key KOBWA assets. These funds may be allocated at the request of KOBWA. Once the projects are delivered and meet all requirements and conditions, revenue is recognised and funds are utilised from designated funds.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
14. Designated project funds (continued)		
Designated project funds movement		
Opening balance	18 765 472	21 934 000
Additions	227 943 806	-
Conditions met - Transferred to Revenue	(2 142 874)	(3 168 528)
	244 566 404	18 765 472
Breakdown of funds		
Driekoppies Dam Projects - RSA	1 714 050	18 486 144
DWA Projects	14 153	14 153
LMPC Funds	-	48 636
JWS Projects	204 894 397	216 539
Interest on JWC Projects	37 943 804	-
	244 566 404	18 765 472
Opening balance	18 765 472	-
Additions:		
JWC Projects	188 000 000	-
Interest on projects	38 463 631	-
DWS Projects	(276 955)	-
JWC Projects	(328 649)	-
LMPC	(48 636)	-
Roll Over21/22	(8 459)	-
	244 566 404	-
15. Financial liabilities at amortised cost		
At amortised cost		
Hambros Bank Limited Loan	371 995 543	370 814 993
The Loan consists of registered bonds with a face value of R/E 1 million each. The bond's coupon rate is 13.5% with an effective interest rate of 14.87% per annum. The notes were issued at a discount at 90.91946%. The coupon is payable biannually in arrears. The balance of the unpaid interest is accumulated with the capital and is payable on the maturity date on 31 October 2027 to the amount of R/E 375 million. The loan is explicitly guaranteed 100% by the South African Government. The Kingdom of Eswatini guarantees 40% of the loan to the Government of South Africa.		
Non-current liabilities		
At amortised cost	371 995 543	370 814 993
16. Accrued interest payable		
Accrued interest payable relates to the coupon payment on the financial liability at amortised cost payable at year end.		
Accrued interest payable	21 093 750	21 093 750
17. Employee related payable		
13th Cheque	451 363	433 397
Short term employee benefits	21 842	8 353
Leave Pay Provision	392 887	352 585
	866 092	794 335

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Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
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18. Maintenance Reserve

The maintenance reserve is for Maguga Dam only and was approved by the Board and the JWC as an initiative to create, over a period of time a Rehabilitation Fund with a maximum capital contribution of R/E 5,000,000. This is viewed as one of the components of the business continuity plan aimed to rehabilitate the dams if and when required. The partial funding was initiated with the approved amount of R/E 2,650,000 during October 2006. A second transfer of R/E 2,350,000 was approved by the Board at their meeting held on 2 July 2007. Between 1 April 2007 and April 2010 interest earned on the fund was not reflected in the summary income statement but credited directly to the statement of financial position to escalate the Rehabilitation Fund.

The Board passed a resolution on 19 April 2010 that the value of the fund had reached a level where the interest would be treated as any other interest earned by KOBWA. Such interest forms part of the payables from non exchange transactions. The rehabilitation process commenced in the 2014 financial period. No additional amount has been spent on rehabilitation since then. This reserve relates to refurbishment and replacement of capital dam assets and components.

Maintenance Reserve	5 532 330	5 532 330
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19. Revenue

Service revenue from the governments	90 977 634	86 512 588
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Maintenance Revenue:

Maintenance Revenue - revenue RSA	44 604 672	39 553 417
Maintenance Revenue - revenue KoE	14 275 499	13 374 997
Maintenance Revenue - revenue Other	1 722 463	3 209 174
Revenue for interest servicing	30 375 000	30 375 000
	90 977 634	86 512 588

KOBWA receives grant funding from the Parties on an annual basis to fund its operations and repay its debt. The condition of this funding is for KOBWA to utilise it in the year in which it is receivable. The portion of grant that is not utilised is recorded as Unspent Grant in the Statement of Financial Position. Only the portion of the grant that relates to operations is recorded as revenue.

The grant portion that relates to servicing of KOBWA loans is recorded against Guaranteed Grant Receivable income in the Statement of Financial Position.

20. Finance Income

Refer to Note 10 for the unwinding of finance income.

Government grants and subsidies are disclosed in Note 19.

Unwinding of finance income - Financial instruments	21 896 704	19 015 006
	21 896 704	19 015 006

KOMATI BASIN WATER AUTHORITY

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Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
21. Employee related costs		
Basic salary	24 073 539	23 430 557
Contributions to UIF, Medical and Pension Funds	1 977 341	-
Performance Bonus	281 640	357 403
SDL	74 793	72 167
	26 407 313	23 860 127
Chief Executive Officer		
Annual Remuneration	1 961 432	1 860 385
Contributions to UIF, Medical and Pension Funds	127 020	121 395
	2 088 452	1 981 780
Finance Director		
Annual Remuneration	1 275 911	1 256 425
Contributions to UIF, Medical and Pension Funds	70 213	65 790
	1 346 124	1 322 215
Operations Director		
Annual Remuneration	1 392 449	1 251 860
Contributions to UIF, Medical and Pension Funds	150 180	140 296
	1 542 629	1 392 156
Corporate Services Director		
Annual Remuneration	-	124 564
Contributions to UIF, Medical and Pension Funds	-	6 639
	-	131 203
Corporate Services Director (Appointed 16 October 2023)		
Annual Remuneration	1 116 996	505 940
Contributions to UIF, Medical and Pension Funds	64 485	28 452
	1 181 481	534 392
Company Secretary		
Annual Remuneration	378 739	249 346
22. Depreciation and amortisation		
Property, plant and equipment	9 806 889	8 598 188
Intangible assets	595 226	509 252
	10 402 115	9 107 440

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Figures in Rand/Lilangeni	2025	2024
23. Finance costs		
Hambros Bank loan	50 625 000	50 625 000
Unwinding of Finance	1 180 550	1 176 810
Other interest paid	2 349	99
	51 807 899	51 801 909
24. General expenses		
Advertising	1 968 863	1 127 980
Auditors remuneration	1 147 038	461 862
Bank charges	107 704	89 216
Boats And Trailers	67 100	24 841
Communication Dam Management	322 678	378 032
Computer expenses	1 332 581	834 362
Consulting and professional fees	457 441	181 851
Consumables	109 918	-
Corporate Social Responsibility	783 138	478 512
Dam Enclosure - Fencing	12 421	31 755
Dam Maintenance General	765 537	623 164
Dam Operations And Maintenance	2 786	2 761
Dam Structure Maintenance	3 064 215	1 951 736
Directors fees, training and meeting related costs	1 541 281	1 895 422
Electricity	1 331 636	1 176 614
Entertainment	10 762	6 371
Generators And Other Equipment	410 250	841 518
Honorarium	109 150	103 700
Information Centre Management	395 018	308 679
Insurance	1 672 964	885 093
Iso Certification	264 782	188 751
Kobwa Houses Maintenance	801 525	985 470
LMPC Allowances	192 606	148 300
Loan Management Costs	150 760	110 774
Motor vehicle expenses	2 608 719	2 046 940
Motorbikes Maintenance	2 246	5 292
Office Maintenance Cost	1 394 131	1 232 451
Postage and courier	21 249	23 341
Printing and stationery	121 152	114 434
Project Other Costs	264 369	6 960
Protective clothing	249 830	185 506
Secretarial fees	378 739	257 168
Security	3 127 054	2 550 578
Staff Recruitment Costs	236 355	545 919
Staff welfare	703 853	695 063
Subscriptions and membership fees	382 969	376 689
Telephone and fax	1 949 917	1 511 969
Tractors And Trailers Maintenance	1 740	98 103
Training	1 453 516	1 510 093
Travel - local	705 569	537 649
Treaty Review Costs	-	169 302
Water Quality And Dam Risk Management	2 293 493	1 840 457
	32 917 055	26 544 678

During the current year bad debt of R61 983 was written off due to debtors not being recoverable.

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Notes to the Annual Financial Statements

Figures in Rand/Lilangeni		2025	2024
25. Cash generated from operations			
Deficit		(8 516 423)	(5 782 601)
Adjustments for:			
Depreciation and amortisation	22	10 402 115	9 107 440
Gain on sale of assets and liabilities	7	(205 604)	(3 959)
Finance income	20	(21 896 704)	(19 015 006)
Bad debts written off	22	61 983	-
Designated funds released to income - non cash		(2 142 874)	(3 168 528)
Increase in financial liabilities at amortised cost	16	1 180 550	1 176 810
Changes in working capital:			
Receivables from exchange transactions	3	204 610	176 381
Prepayments	5	(214 539)	(383 624)
Payables from exchange transactions	11	4 832 667	256 412
Decrease in VAT receivable	4	3 225 513	(899 437)
Increase in payable from non-exchange transactions	12	(13 155 805)	19 470 006
Unspent conditional grants and receipts	13	16 409 230	14 155 456
Increase / (decrease) in Designated Project Funds	14	39 943 806	-
Increase in guaranteed grant income	10	20 250 000	20 250 000
Movement in employee benefits		71 757	86 985
		50 450 282	35 426 335

26. Taxation

No provision for income taxation has been made as entity is exempt for income tax in both RSA and KoE.

27. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Hambros Bank Loan Sinking Fund - non current (Note 9)	348 409 396	348 409 396
Guaranteed Grand Income Receivable - non-current (Note 10)	178 453 342	178 453 342
Hambros Bank Loan Sinking Fund - current (Note 9)	30 375 000	30 375 000
Receivables from exchange transactions (Note 3)	1 388 588	1 388 588
Guaranteed Grant Income Receivables - current (Note 10)	20 250 000	20 250 000
Cash and cash equivalents (Note 6)	352 953 227	352 953 227
	931 829 553	931 829 553

Financial liabilities

	At amortised cost	Total
Financial liability at amortised cost (Note 15)	371 995 543	371 995 543
Payables from exchange transactions (Note 11)	9 810 466	9 810 466
	381 806 009	381 806 009

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
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27. Financial instruments disclosure (continued)

2024

Financial assets

	At amortised cost	Total
Hambros Bank Loan Sinking Fund - non current (Note 9)	342 836 302	342 836 302
Guaranteed Grand Income Receivable - non-current (Note 10)	176 806 638	176 806 638
Hambros Bank Loan Sinking Fund - current (Note 9)	30 375 000	30 375 000
Receivables from exchange transactions (Note 3)	1 655 181	1 655 181
Guaranteed Grant Income Receivables - current (Note 10)	20 250 000	20 250 000
Cash and cash equivalents (Note 6)	312 237 937	312 237 937
	884 161 058	884 161 058

Financial liabilities

	At amortised cost	Total
Financial liability at amortised cost (Note 15)	370 814 993	370 814 993
Payables from exchange transactions (Note 12)	4 977 801	4 977 801
	375 792 794	375 792 794

No financial assets have been pledged as a collateral.

28. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	-	2 376 611
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Future capital expenditure that was already approved are disclosed as commitments.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
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29. Related parties

Relationships

Joint Controlling Entities

Government of the Republic of South Africa

Government of the Kingdom of Eswatini

Related party balances

Designated Project Funds

Designated Project Funds - RSA

Designated Project Funds - KoE

Note 14

(244 088 714) (18 419 578)

(477 690) (345 894)

Unspent conditional grants

Unspent conditional grants - RSA

Unspent conditional grants - KoE

Note 13

(183 241 674) (354 166 701)

(1 556 895) (2 222 637)

Payables from non-exchange transactions

Payables from non exchange transactions - RSA

Payables from non exchange transactions - KoE

Note 12

(23 686 488) (38 836 738)

(7 025 874) (5 031 429)

Guaranteed grant income receivables

Guaranteed grant income receivables - current - KoE

Guaranteed grant income receivables - non-current - KoE

Note 10

20 250 000 20 250 000

178 453 342 176 806 638

Hambros Loan Sinking Fund

Standard Bank - Money market - Capital - RSA

Standard Bank - Money market - Interest - RSA

Note 9

269 058 978 243 753 518

109 725 418 129 457 784

Related party transactions

Revenue

Conditional Operational Grants Received - RSA

Conditional Operational Grants Received - KoE

Note 19

45 469 923 39 553 417

Note 19

15 307 269 13 374 997

Conditional grant income recognised in the statement of financial performance is disclosed in Note 19.

Refer to disclosure of non-executive directors' remuneration under Note 30 and disclosure of executive management's and other employees remuneration is in Note 21.

Other transactions for which grant conditions have not been met as at year end have been recognised under liabilities in the statement of financial position. Refer to Note 12.

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Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
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30. Directors' Remuneration

Executive

Disclosure of executive directors' remuneration is disclosed under Note 21.

Non-executive

2025

	Annual Remuneration	Contributions	Total
Mr. A. Thobejane	114 455	1 608	116 063
Mr. L. Mzizi	96 438	15 441	111 879
Ms. N. Mabuza	89 066	409	89 475
Ms. E. Magagula	77 874	9 500	87 374
Mr. B. Singwane	82 254	3 783	86 037
Mr. L.C. Mohalaba**	-	-	-
	460 087	30 741	490 828

** Mr. L.C Moholaba resigned with effect from 17 September 2025.

2024

	Annual Remuneration	Contributions	Total
Mr. A. Thobejane	139 940	8 042	147 982
Mr. L. Mzizi	57 494	15 595	73 089
Ms. N. Mabuza	38 830	11 620	50 450
Ms. E. Magagula	54 256	18 065	72 321
Mr. B. Singwane	40 787	2 306	43 093
Mr. L.C. Mohalaba	48 544	13	48 557
	379 851	55 641	435 492

31. Risk management

Financial risk management

Financial Risk Management Objectives

KOBWA's overall risk management program focuses on the unpredictability of money markets and seeks to minimise potential adverse effects on KOBWA's cashflow position. The Board through the budgeting and other policies approve policies and procedures for overall risk management, as well as written policies covering specific areas.

Significant risks

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

KOBWA's activities has exposure to the following financial risks from its operations in Financial Instruments which include:

- Currency risk;
- Interest rate risk;
- Liquidity risk; and
- Credit risk.

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31. Risk management (continued)

Liquidity risk

Liquidity Risk is the risk that KOBWA will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. A significant portion of the liabilities are funded with a sinking fund.

Prudent liquidity risk management for KOBWA implies maintaining sufficient cash and easily convertible deposits, the availability of timely funding through grants from the Parties following submission and approval of budget as well as reminder letters in respect of such budget. As enshrined by the Treaty, it also includes the availability of surplus funds or access to short term credit facilities to mitigate for late payment of grants.

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

Cash flow forecasts are prepared two months before the beginning of each quarter and request or reminder letters sent to the Governments to allow them to follow internal processes to pay grants by the beginning of each quarter.

Credit risk

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. Credit risk consists mainly of cash deposits, cash equivalents, Guaranteed Grant Income receivable and Parties receivable. KOBWA only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. KOBWA is exposed to the country's credit risk of both governments of RSA and KoE.

No credit limits were exceeded during the reporting period, and management does not expect any surplus (deficit) from non-performance by these counterparties. KOBWA does not calculate credit risk exposure.

Financial instrument	2025	2024
Hambros Bank Loan (Note 15)	371 995 543	370 814 993
Payables from exchange transactions (Note 11)	9 810 466	4 977 801

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31. Risk management (continued)

Market risk

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

KOBWA is exposed to interest rate risk through variable and potentially volatile market interest rates. The Parties guarantee KOBWA's operational and funding needs, thereby mitigating KOBWA's exposure to market interest rate volatility to being very negligible.

Financial liabilities - 2025

	Carrying amount	Less than 1 year	1 to 2 years	2 to 5 years
Financial liabilities at amortised cost (Note 15)	371 995 543	50 625 000	101 250 000	220 120 543
Payables from exchange transactions (Note 11)	9 810 466	9 810 466	-	-
Payables from non-exchange transactions (Note 12)	26 918 321	26 918 321	-	-
Unspent conditional grants (Note 13)	184 798 569	124 048 569	60 750 000	-
Designated Project funds (Note 14)	244 566 404	30 654 084	213 912 320	-

Financial liabilities - 2024

Financial liabilities at amortised cost (Note 15)	370 814 993	50 625 000	101 250 000	218 939 993
Payables from exchange transactions (Note 11)	4 977 801	4 977 801	-	-
Payables from non-exchange transactions (Note 12)	43 868 167	43 868 167	-	-
Unspent conditional grants (Note 13)	356 389 339	365 264 339	91 125 000	-
Designated Project funds (Note 14)	18 765 472	18 765 472	-	-

Foreign exchange risk

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. KOBWA predominantly transacts in South African Rands and Eswatini Emalangeni which are pegged at the exchange rate of 1:1 and also are the currencies in which the grants are received. The percentage of procurement in foreign currencies is very limited and payment is in the short term therefore the level of currency risk is very negligible.

Receivables comprise deposits, employee advances as well as grant guaranteed receivables from the Parties. The utilisation of funds is regularly monitored based on the Parties meeting their obligations. Most of this is limited to delay in funding than actual non-payment and this is monitored through cash flow management. The timing of the payments of grants is managed through the risk register and financial reports to both Board and JWC.

KOBWA is exposed to guarantees for the loan repayments and the bi-lateral agreement ensures the budget commitments are honoured. In terms of investments, KOBWA chooses short term risk free investments which provide liquidity whenever the funds are needed. Designated and other funds under the control of the Parties are at the disposal of KOBWA which cushions KOBWA in case of delays of grant payments.

The entity reviews its foreign currency exposure, including commitments on an ongoing basis. The entity expects its foreign exchange contracts to hedge foreign exchange exposure.

32. Events after the reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year and up to date of the publishing of these financial statements.

33. Prior period errors

Accrued interest payable

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33. Prior period errors (continued)

During the current financial year, KOBWA identified that the accrued interest payable relating to the coupon payment for the financial liabilities at amortized costs was not disclosed in the statement of financial position.

The accrued interest payable has been corrected by disclosing the accrued interest payable in the financial statements. The prior period financial statements have been restated to reflect this correction, in accordance with the requirements for the correction of prior period errors.

Employee benefit liabilities

During the current financial year, KOBWA identified a classification error in the presentation of certain liabilities in the statement of financial position. In prior periods, employee benefit liabilities, such as short-term employee-related obligations, were incorrectly included under Payables from exchange transactions and provisions.

In accordance with the applicable financial reporting framework, employee benefit liabilities should be disclosed separately from trade and other payables, as they arise from employee service and not from exchange transactions with third parties.

This misclassification has been corrected by reclassifying employee benefit liabilities into a separate line item in the statement of financial position. The prior period financial statements have been restated to reflect this correction, in accordance with the requirements for the correction of prior period errors.

Additionally a misclassification in the employee related occurred as well.

	As previously disclosed	Adjustment	Restated amount
Accrued interest payable	-	(21 093 750)	(21 093 750)
Payables from exchange transactions	(4 828 760)	(149 042)	(4 977 802)
Provisions	(785 982)	785 982	-
Employee related payable	-	(794 335)	(794 335)
Accruals	(157 395)	157 395	-
	(5 772 137)	(21 093 750)	(26 865 887)

Property, plant and equipment

During the current financial year, KOBWA reassessed the recognition and disclosure of certain infrastructure assets, specifically dams and weirs previously included in Property, Plant, and Equipment (PPE).

Following this reassessment, it was determined that these assets are, in fact, controlled by the Government of the Republic of South Africa and the Government of the Kingdom of eSwatini. KOBWA does not have ownership, control, or the ability to derive economic benefits from these assets, nor does it bear the associated risks and rewards of ownership.

As a result, the inclusion of these assets in PPE in prior periods was not in compliance with the applicable financial reporting framework. The error has been corrected by derecognising these assets from PPE, and the prior period financial statements have been restated accordingly.

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33. Prior period errors (continued)

Investment property

During the current financial year, KOBWA reassessed the classification and recognition of a property previously disclosed as an investment property in its financial statements. In line with the applicable financial reporting framework, an entity controls an economic resource only if it has the present ability to direct the use of that resource and to obtain the economic benefits that may flow from it. It was concluded that KOBWA does not have control over the property in question. Specifically, KOBWA does not derive economic benefits from the rental use of the houses and acts solely as an agent, collecting rental income on behalf of the Parties. The rental income is remitted to the respective Government and recognised as a payable by KOBWA.

As KOBWA neither controls the use of the property nor retains the economic benefits associated with it, the property does not meet the definition of an investment asset under the applicable standards. Accordingly, the prior recognition of this property as investment property was incorrect.

This error has been corrected by derecognising the property from investment property in the financial statements. The prior period figures have been restated retrospectively to reflect this correction.

Property, plant and equipment (re-assessment in usefull life)

During 2025 , it was discovered that the Komati Basin Water Authority had not performed a reassessment of the useful lives of fully depreciated assets still in use at the end of the reporting period as required by GRAP17.

At the end of the 2025 financial year, the Authority conducted this reassessment and determined that the remaining useful life of these assets was 12 months as at 31 March 2025.

This omission represents a prior period error, as it does not comply with the requirements of GRAP 17. The error has since been corrected, and all comparative figures have been appropriately restated.

2023

	As previously disclosed	Adjustment	Restated amount
Dams and Weirs_Cost	4 474 825 171	(4 474 825 171)	-
Dams and Weirs_Accumulated depreciation	(313 262 915)	313 262 915	-
Accumulated Surplus - opening balance	(4 433 769 336)	4 218 187 231	(215 582 105)
Depreciation and amortisation expense	53 242 001	(45 272 071)	7 969 930
Investment property_Cost	14 869 885	(14 869 885)	-
Accumulated depreciation	(3 516 981)	3 516 981	-
	(207 612 175)	-	(207 612 175)

2024

Dams and Weirs Cost	4 474 825 171	(4 474 825 171)	-
Dams and Weirs Accumulated depreciation	(358 014 760)	358 014 760	-
Accumulated Surplus - opening balance	(4 381 825 890)	4 191 756 419	(190 069 471)
Property, plant and equipment Accumulated depreciation	(70 344 453)	2 269 882	(68 074 571)
Depreciation and amortisation expense	54 379 102	(45 780 914)	8 598 188
Investment property_Cost	14 869 885	(14 869 885)	-
Accumulated depreciation	(4 019 406)	4 019 406	-
	(270 130 351)	20 584 497	(249 545 854)