



KOMATI BASIN WATER AUTHORITY
Annual Financial Statements
for the year ended 31 March 2024

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

General Information

Country of incorporation and domicile	Republic of South Africa and the 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	PriceWaterhouseCoopers Inc Chartered Accountants (S.A.) Registered Auditors
Secretary	Mr T. Sithole
Preparer	The annual financial statements were prepared by: Kago Solutions and Advisory Pty Ltd Supervisor: Finance Director (Juan de Wet)

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Index

The reports and statements set out below comprise the annual financial statements presented to the Board of directors:

	Page
Board's Responsibilities and Approval	3
Finance, Risk and Audit Committee Report	4 - 5
Report of the Independent Auditors	6 - 10
Director's Report	11 - 12
Statement of Financial Position	13
Statement of Financial Performance	14
Statement of Changes in Net Assets	15
Cash Flow Statement	16
Significant Accounting Policies	17 - 36
Notes to the Annual Financial Statements	37 - 57

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 the Komati River Basin between the Government of the Republic of South Africa and the Government of the Kingdom of Eswatini of 1992.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

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 annual financial statements 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 the entity 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.

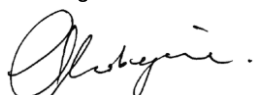
The directors have reviewed the KOBWA's cash flow forecast for the 12 months from date of signing and, in the light of this review and the current financial position, they are satisfied that KOBWA has or has access to adequate resources to continue in operational existence for the foreseeable future. The 2024/25 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 57, 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: 20/10/2024

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Finance, Risk and Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2024.

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
Ms. E. Magagula	Member
Mr L.C. Mohalaba	Member (Appointed 01 February 2023, 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.

The FRAC has ensured that KOBWA has, in accordance with paragraph 7.3(e)(ii) of the JSE Debt 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 audit firm, PricewaterhouseCoopers Inc, and the audit partner (Mr. Johannes Nicolaas Boshoff) in accordance with paragraph 7.3(e)(iii) of the JSE Debt Listings requirements and is satisfied with their suitability for reappointment as KOBWA auditors.

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 AFS 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 PriceWaterhouseCoopers Inc's report on the AFS, 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

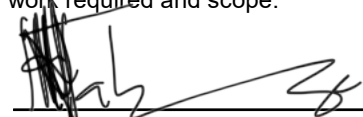
Annual Financial Statements for the year ended 31 March 2024

Finance, Risk and Audit Committee Report

External auditors

The FRAC nominated PricewaterhouseCoopers Inc as the independent auditor and Johannes Nicolaas Boshoff as the designated partner, who is a registered independent auditor, for the 2023/24 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

21/10/2024



Independent auditor's report

To the Directors of Komati Basin Water Authority

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Komati Basin Water Authority ("the Authority") as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice ("Standards of 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 .

What we have audited

Komati Basin Water Authority's financial statements set out on pages 13 to 57 comprise:

- the statement of financial position as at 31 March 2024;
- the statement of financial performance for the year then ended;
- the statement changes in net assets for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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)*.

Our audit approach

Overview

Overall materiality

- Overall materiality 1 565 818, which represents 1% of total expenditure.

Key audit matters

- Accounting for unspent conditional grants.

PricewaterhouseCoopers Inc., Block 5, Riverside Office Park, Aqua Street, Mbombela, 1200
P O Box 1875, Mbombela, 1200
T: +27 (13) 754 3300, F: +27 (13) 754 3400, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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. 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.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, 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.

<i>Overall materiality</i>	1 565 818
<i>How we determined it</i>	1% of total expenditure.
<i>Rationale for the materiality benchmark applied</i>	We have selected total expenses as our materiality benchmark because, in our view, it most appropriately reflects the operations of the Authority. It is a benchmark against which the performance of the Authority would be measured by users of the financial statements, given the fact that it is a non-profit-oriented entity. We chose 1% which is consistent with the quantitative materiality thresholds that we would typically apply when using this benchmark to compute materiality.

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.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
Accounting for unspent conditional grants Refer to the following disclosures in the financial statements as it relates to this key audit matter: - Note 1.19 - Revenue from non-exchange transactions. - Note 6 - Cash and cash equivalents. - Note 14 - Unspent conditional grants; and - Note 20 - Government grants and subsidies. The Authority receives grant funding from the Governments of South Africa and Kingdom of	Our audit addressed this key audit matter as follows: - Through discussions with management and inspection of underlying documentation, we: - obtained an understanding of the condition of the grant funding and whether the Authority has any obligations to repay the unspent conditional grants to the Parties. It was established that such conditions exist; and - evaluated whether any approval was granted by the JWC or the Parties

Eswatini (together the “Parties”) on an annual basis. In terms of the conditions of the operational grant, the Authority is required to utilise the funding in the year in which it is receivable. South Africa has also funded future interest expenditure. The portion that is not utilised or conditional in the current year is recognised as a liability.

As at 31 March 2024, the Authority recognised a liability of R/E 356 389 339 in respect of unspent conditional grants. These grants are payable to the Parties in proportion to their contribution or conditions are not met.

The amount recognised as a liability in the current year can be utilised in the following financial year subject to approval granted by the Joint Water Commission (“JWC”) (in its capacity as representatives of the Parties) or the Parties. Such approval may either be for other projects designated by the JWC or the Parties may request for the funds to be paid back.

We considered the accounting for these grants to be a matter of most significance to the current year audit due to:

- the magnitude of the liability at year end in relation to the financial statements; and
- subjectivity in the application of Standard of GRAP 19 - *Provisions, Contingent Liabilities and Contingent Assets* (“GRAP 19”) in accounting for the liability recognised at year due to the uncertain timing of the repayment to the Parties.

during the financial year. No such instances were identified.

We assessed whether the requirements of GRAP 19 were applied appropriately in accounting for the unspent conditional grants. This included an evaluation of the Authority’s application of the requirements of GRAP 19. No material exceptions were identified.

- *Through discussions and inspection of underlying documentation, we considered any correspondence from the JWC or the Parties received subsequent to year end and whether this could impact the accounting for the unspent conditional grant liability at year end. We concluded that the correspondence received does not have any impact on the accounting of the liability at year end. Note 36.*
- *We inspected the bank balances supporting the liability and that it has been appropriately identified as restricted cash. No material exceptions were noted.*
- *For a sample of expenditure incurred and funded from the JWC approved allocation, we evaluated whether these are in agreement with the conditions of utilisation. No material exceptions were noted.*
- *We tested the classification of rental and other income that is refundable to the parties until such time as the JWC approves application of these income sources as grant funding in the income statement. No material exceptions were noted.*

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 Statement for the year ended 31 March 2024”, which we obtained prior to the date of this auditor’s report, and the document titled: “KOBWA Annual Report 2023/2024”, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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 KOBWA'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 skepticism 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 Authority'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 Authority'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 Authority 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 to communicate with them all relationships and other matters that may 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

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Komati Basin Water Authority for 8 years.

A handwritten signature in black ink, appearing to read 'J N Boshoff'.

PricewaterhouseCoopers Inc.
Director: J N Boshoff
Registered Auditor
Mbombela, South Africa
Date: 24 October 2024

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Director's Report

The directors have pleasure in submitting their report for Komati Basin Water Authority for the year ended 31 March 2024.

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 JSE Debt Listing 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 2024/25 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

Other than the resignation of one of the independent non-executive directors, 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 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

The directors of KOBWA during the 2023/24 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	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

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Director's Report

6. Directors (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
Ms. M. Maseko	Eswatini	Corporate Services Director, resigned 17 April 2023
Mr. M.A. January	South Africa	Corporate Services Director, appointed 16 October 2023

7. Secretary

The Company secretary of KOBWA 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 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.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

Figures in Rand/Lilangeni	Note(s)	2024 R/E	2023 R/E Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	1 655 181	1 831 562
VAT receivable	4	3 645 128	2 745 691
Prepayments	5	890 929	507 305
Hambros Bank Loan Sinking Fund	10	30 375 000	30 375 000
Guaranteed Grant Income Receivable	11	20 250 000	20 250 000
Cash and cash equivalents	6	312 237 937	278 104 089
		369 054 175	333 813 647
Non-Current Assets			
Property, plant and equipment	7	4 231 181 681	4 279 796 965
Investment property	8	10 850 479	11 352 905
Intangible assets	9	1 184 790	1 486 036
Hambros Bank Loan Sinking Fund	10	342 836 302	346 500 000
Guaranteed Grant Income Receivable	11	176 806 638	178 041 632
		4 762 859 890	4 817 177 538
Total Assets		5 131 914 065	5 150 991 185
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	4 828 760	3 369 142
Payables from non-exchange transactions	13	43 868 167	24 398 160
Unspent conditional grants	14	265 264 339	220 733 883
Provisions	15	785 982	881 320
Designated Project Funds	16	18 765 472	21 934 000
Accruals	18	157 395	1 178 277
		333 670 115	272 494 782
Non-Current Liabilities			
Financial Liabilities at Amortised cost	17	370 814 993	369 638 183
Unspent conditional grants	14	91 125 000	121 500 000
		461 939 993	491 138 183
Total Liabilities		795 610 108	763 632 965
Net Assets		4 336 303 957	4 387 358 220
Reserves			
Maintenance Reserve	19	5 532 330	5 532 330
Accumulated surplus		4 330 771 627	4 381 825 890
Total Net Assets		4 336 303 957	4 387 358 220

* See Note 33

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Performance

Figures in Rand/Lilangeni	Note(s)	2024 R/E	2023 R/E Restated*
Revenue			
Revenue from non-exchange transactions			
Government grants & subsidies	20	86 512 588	81 748 453
Finance Income	21	19 015 006	22 950 540
Total revenue from non-exchange transactions		105 527 594	104 698 993
Expenditure			
Employee related costs	22	(23 860 127)	(22 841 580)
Depreciation and amortisation	23	(54 379 102)	(53 242 001)
Finance costs	24	(51 801 909)	(51 798 210)
Provision for VAT impairment		-	(1 588 515)
Gain/(Loss) on disposal of assets	7	3 959	(68 589)
General Expenses	25	(26 544 678)	(27 284 221)
Total expenditure		(156 581 857)	(156 823 116)
Deficit for the year		(51 054 263)	(52 124 123)

* See Note 33

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Statement of Changes in Net Assets

Figures in Rand/Lilangeni	Maintenance Reserve	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2022	5 532 330	4 433 769 336	4 439 301 666
Changes in net assets			
Proceeds from asset disposal relating to prior years	-	180 677	180 677
Net income recognised directly in net assets	-	180 677	180 677
Deficit for the year	-	(52 124 123)	(52 124 123)
Total recognised income and expenses for the year	-	(51 943 446)	(51 943 446)
Total changes	-	(51 943 446)	(51 943 446)
Restated* Balance at 01 April 2023	5 532 330	4 381 825 890	4 387 358 220
Changes in net assets			
Deficit for the year	-	(51 054 263)	(51 054 263)
Total changes	-	(51 054 263)	(51 054 263)
Balance at 31 March 2024	5 532 330	4 330 771 627	4 336 303 957
Note(s)	19		

* See Note 33

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Cash Flow Statement

Figures in Rand/Lilangeni	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Grants		110 508 221	279 184 915
Payments			
Employee costs		(23 860 127)	(22 841 580)
Suppliers		(27 307 962)	(15 173 934)
Finance costs		(50 625 099)	(50 625 127)
		(101 793 188)	(88 640 641)
Net cash flows from operating activities	26	8 715 033	190 544 274
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(4 786 403)	(2 912 734)
Proceeds from sale of property, plant and equipment	7	38 223	-
Purchase of other intangible assets	9	(208 005)	-
Decrease/ (Increase) in Hambros bank loan sinking fund		30 375 000	(20 513 449)
Net cash flows from investing activities		25 418 815	(23 426 183)
Cash flows from financing activities			
Funds received in advance		-	20 513 449
Net increase/(decrease) in cash and cash equivalents		34 133 848	187 631 540
Cash and cash equivalents at the beginning of the year		(278 104 089)	(90 472 549)
Total Restricted Cash and Cash Equivalents at End of Period		289 565 194	236 691 043
Total Unrestricted Cash and Cash Equivalents at End of Period		22 672 743	41 413 046
Analysis of Cash and Cash Equivalents at End of Period			
Government Payables	13.	43 868 167	24 398 161
Unspent Conditional Grants	14.	356 389 339	342 233 882
Less: Unspent Conditional Grant funded by Sinking Fund	10.	(129 457 784)	(151 875 000)
Designated Project Funds	16.	18 765 472	21 934 000
Total Restricted Cash and Cash Equivalents:		289 565 194	236 691 043
Total Unrestricted Cash and Cash Equivalents at End of Period:		22 672 743	41 413 046
Total Cash and Cash Equivalents at End of Period:	6	312 237 937	278 104 089

The accounting policies on pages 17 to 36 and the notes on pages 37 to 57 form an integral part of the annual financial statements.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

Figures in Rand/Lilangeni	Note(s)	2024 R/E	2023 R/E
---------------------------	---------	-------------	-------------

1. Significant accounting policies

The significant accounting policies applied in the preparation of these AFS 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 Listing 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. They are presented in South African Rand and Eswatini Lilangeni. The numbers in the annual financial statements have been rounded off to the nearest 1 Rand/Lilangeni.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These AFS are presented in South African Rand and Eswatini Lilangeni, which is the functional currency of KOBWA. 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 2024/25.

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 2024/25 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 2024

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The fair value for both cash generating and non-cash generating assets is not determined at each reporting date but KOBWA assesses at each reporting date or through its operations manual or assets verification process whether there is an indication that the value of the assets may be impaired since the last reporting date. Impairment, therefore, reflects a decline in the utility of an asset to KOBWA. In so doing KOBWA looks at the indications of impairment as stipulated by the standard and in terms of general understanding of asset usage and maintenance plan.

An asset is impaired when the carrying amount of the asset exceeds its recoverable service amount. 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.

GRAP defines the value in use of a non-cash generating asset as the present value of the asset's remaining service potential. The recoverable service amount is the higher of an asset's fair value less costs to sell and its value in use. KOBWA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

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.

Allowance for doubtful debts

KOBWA's receivables from the non exchange transactions is guaranteed by the agreement between the two Governments, therefore funds will always be paid. In terms of other income, an impairment loss is recognised in the Statement of Financial Performance when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

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.

KOBWA in its assessment came to the conclusion that the Treaty gives it control over the ownership and use of its assets to meet its objective therefore control as defined by GRAP is met.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Amortised cost and discounting

Management assesses the appropriateness of discount rates used to calculate the present value of future cash flows in amortised costs and present value calculations annually.

1.6 Investment property

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

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

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

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

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

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

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

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each financial year. If expectations differ from previous estimates, the change is accounted prospectively as a change in accounting estimate. The depreciation charge is recognised in the Statement of Financial Performance unless it is included in the carrying amount of another asset. Residual value is assumed to be zero.

Impairment tests are performed on investment property when there is an indicator that they may be impaired. When the carrying amount of an item of investment property is assessed to be higher than the recoverable amount, an impairment loss is recognised.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Percentage
Investment Property - buildings	2%

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Investment Property is transferred to Property, plant and equipment when its use has changed to that of owner occupied.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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

The entity separately discloses expenditure to repair and maintain investment property in the notes to the AFS (see note 8).

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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%
Dams and Weirs	Straight-line	1-5%
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 the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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. The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 7).

1.8 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

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

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.8 Intangible assets (continued)

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, other	Straight-line	20%

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.9 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.

1.10 Financial instruments

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

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

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

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

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

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.10 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.10 Financial instruments (continued)

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.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in the Statement of Financial Performance.

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

Financial liabilities

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

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.10 Financial instruments (continued)

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

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

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

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

Class	Category
Guaranteed grant income receivable	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Hambros Loan Sinking Fund	Financial asset measured at fair value

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

Class	Category
Hambros Bank Loan (Bond Notes)	Financial liability measured at amortised cost
Designated project funds	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

1.11 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.

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:

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.11 Statutory receivables (continued)

- 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.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.11 Statutory receivables (continued)

- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable 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 receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

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

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.

1.13 Impairment of cash-generating assets

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

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

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Management designates assets as cash-generating as follows:

- Investment Property;
- Loans & Receivables

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

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

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- A decision to halt the construction of the asset before it is complete or in a usable condition; and
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Management designates assets as non-cash-generating as follows:

- Property, Plant and Equipment; and
- Intangible Assets

An impairment loss is recognised immediately in the Statement of Financial Performance.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

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

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

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

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

In assessing whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased, an entity shall consider, as a minimum, the following indications:

External sources of information

- The asset's market value has increased significantly during the period.
- Significant changes with a favourable effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated.
- Market interest rates or other market rates of return on investments have decreased during the period, and those decreases are likely to affect the discount rate used in calculating the asset's value in use and increase the asset's recoverable amount materially.

Internal sources of information

- Evidence is available that indicates that the asset has been restored following physical damage to the asset.
- Significant changes with a favourable effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, the asset is used or is expected to be used. These changes include costs incurred during the period to improve or enhance the asset's performance, restructure the operation to which the asset belongs, or a decision to use rather than dispose of an asset.
- A decision to resume construction of the asset that was previously halted before it was completed or in a usable condition.
- Evidence is available from internal reporting that indicates that the economic performance of the asset is, or will be, better than expected.
- A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in the Statement of Financial Performance.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.15 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.

1.16 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Provisions are only utilised for the expenditure for which they were originally recognised.

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

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

Provisions are not recognised for future operating surplus. If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

1.17 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.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.18 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.

Revenue from exchange transactions is recognised as revenue in the accounting records when the JWC has approved that KOBWA can utilise the revenue.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables - refer to note 1.11).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, 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 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, 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.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.19 Revenue from non-exchange transactions

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

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

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

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

Where KOBWA receives other revenue from other sources like rental income, or interest, such revenue does not transfer to KOBWA. In terms of the Treaty such funds are for the Parties who allocate and authorise their use. Until such funds have been approved for use by KOBWA, they are treated as liabilities payable to the Parties in their ratio of contribution.

Recognition

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

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

Measurement

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

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

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

Unspent Conditional Grants

KOBWA recognises a liability in respect of that portion of the Grant Revenue which have been unspent in the financial year. Such grant will be payable to the Parties in proportion to their contribution. Should KOBWA wish to have access to such funds, KOBWA has to seek approval for its use and only then can the funds be allocated. Such approved funds are recognised as Designated Funds and only recognised as revenue when they are actually spent on the specified project.

Transfers

KOBWA recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. KOBWA only needs to have the right to receive such asset for the asset to be recognised but does not necessarily need to have received the actual asset. Transferred assets are measured at their fair value as at the date of transfer.

1.20 Borrowing costs

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

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.20 Borrowing costs (continued)

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to KOBWA, and the costs can be measured reliably. KOBWA applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of KOBWA. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to KOBWA on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

Capitalisation is suspended during extended periods in which active development is suspended.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 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 is managed as one segment and as such there is no separate segment disclosure.

1.22 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.

1.23 Related parties

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

In identifying related party relationships, attention should be given to the substance of a relationship and not merely its legal form.

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

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

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

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.23 Related parties (continued)

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.

1.24 Events after reporting date

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

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

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

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

1.25 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.

1.26 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 10 and Note 17.

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 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024 R/E	2023 R/E
---------------------------	-------------	-------------

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 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 Mergers	Not yet determined	Unlikely there will be a material impact
• GRAP 106 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 1 (amended): Presentation of Financial Statements (Going Concern)	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	105 758	240 364
Staff debtors	368 661	410 436
Deposits	1 180 762	1 180 762
	1 655 181	1 831 562

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.

Deposits breakdown

Fincorp deposit	1 000 000	1 000 000
Electricity deposit	180 762	180 762
	1 180 762	1 180 762

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
---------------------------	------	------

4. VAT receivable

VAT	3 645 128	2 745 691
South African Revenue Services		
Opening gross amount	5 977 850	3 996 170
Impairment balance	(3 996 170)	(2 407 655)
Net balance after impairment	1 981 680	1 588 515
Current year claims	1 615 309	1 981 680
Current year increase in impairment	-	(1 588 515)
	3 596 989	1 981 680

The current year balance is further broken down as follows:

	2024
Cumulative VAT claims not paid by SARS	4 731 186
Less: VDP not finalised	(207 165)
Less: Apportionment 2023	(152 792)
Less: Apportionment 2024	(745 163)
Net VAT receivable SARS	3 626 066
Impairment balance	(29 077)
	3 596 989

Eswatini Revenue Services

ERS Withholding Tax	-	764 011
ERS VAT Control	48 139	-
	48 139	764 011

5. Prepayments

Prepayments	890 929	507 305
-------------	---------	---------

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.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	17 500	17 500
Bank balances	9 213 443	6 056 988
Short-term deposits	303 006 994	272 029 601
	312 237 937	278 104 089

All funds are under the management of KOBWA and includes funds ringfenced for Designated Project Funds (Note 16), Unspent Conditional Grants (Note 14), Government Payables (Note 13). 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. On 10 September 2024, the Department of Water and Sanitation (RSA) approved the use of surplus funds amounting to R188,461,325 to be utilized for specific strategic projects at Driekoppies Dam. These funds are held by KOBWA and recognized as unspent conditional grant. Refer to Note 14.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
6. Cash and cash equivalents (continued)		
Details of cash and cash equivalents that is restricted and included in the totals above:		
Government payables	Refer to Note 13. 43 868 167	24 398 160
Designated Project Funds	Refer to Note 16. 18 765 472	21 934 000
Unspent conditional grants	Refer to Note 14. 356 389 339	342 233 882
Less: Unspent conditional grants funded by Hambros Loan Sinking Fund	Refer to Note 10. (129 457 784)	(151 875 000)
	289 565 194	236 691 042

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

7. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	65 428 793	(18 171 533)	47 257 260	65 428 793	(16 007 744)	49 421 049
Plant and machinery	696 596	(694 319)	2 277	712 319	(677 110)	35 209
Furniture and fixtures	2 002 454	(1 673 311)	329 143	2 082 186	(1 443 944)	638 242
Motor vehicles	4 547 990	(3 212 453)	1 335 537	3 329 621	(3 081 080)	248 541
Office equipment	342 410	(224 464)	117 946	247 041	(221 389)	25 652
IT equipment	3 030 491	(2 444 375)	586 116	2 777 605	(2 383 526)	394 079
Infrastructure	73 776 411	(30 509 913)	43 266 498	71 344 618	(26 867 883)	44 476 735
Sundry equipment	8 354 648	(6 913 271)	1 441 377	8 092 599	(6 299 321)	1 793 278
Dam equipment and pipelines	30 525 810	(10 490 712)	20 035 098	30 339 419	(9 137 519)	21 201 900
Mobile Units	549 884	(549 866)	18	637 458	(637 434)	24
Dams and Weirs	4 474 825 171	(358 014 760)	4 116 810 411	4 474 825 171	(313 262 915)	4 161 562 256
Total	4 664 080 658	(432 898 977)	4 231 181 681	4 659 816 830	(380 019 865)	4 279 796 965

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

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	35 209	-	(3)	(32 929)	2 277
Furniture and fixtures	638 242	4 517	(22 757)	(290 859)	329 143
Motor vehicles	248 541	1 218 369	-	(131 373)	1 335 537
Office equipment	25 652	117 246	(1 619)	(23 333)	117 946
IT equipment	394 079	552 128	(9 271)	(350 820)	586 116
Infrastructure	44 476 735	2 431 794	-	(3 642 031)	43 266 498
Sundry equipment	1 793 278	275 957	(608)	(627 250)	1 441 377
Dam equipment and pipelines	21 201 900	186 392	-	(1 353 194)	20 035 098
Mobile Units	24	-	(6)	-	18
Dams and weirs	4 161 562 256	-	-	(44 751 845)	4 116 810 411
	4 279 796 965	4 786 403	(34 264)	(53 367 423)	4 231 181 681

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	51 236 978	-	-	(1 815 929)	49 421 049
Implements	71 819	-	(8)	(36 602)	35 209
Furniture and fixtures	806 652	-	(780)	(167 630)	638 242
Motor vehicles	510 896	-	(9)	(262 346)	248 541
Office equipment	36 166	-	(2 000)	(8 514)	25 652
IT equipment	576 456	176 437	(2 585)	(356 229)	394 079
Infrastructure	45 442 558	1 416 597	-	(2 382 420)	44 476 735
Sundry equipment	1 202 009	1 319 700	(63 202)	(665 229)	1 793 278
Dam equipment and pipelines	22 993 949	-	-	(1 792 049)	21 201 900
Mobile Units	28	-	(4)	-	24
Dams and Weirs	4 206 331 901	-	-	(44 769 645)	4 161 562 256
	4 329 209 412	2 912 734	(68 588)	(52 256 593)	4 279 796 965

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	4 898 977	4 487 041
------------------------------------	-----------	-----------

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 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

8. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	14 869 885	(4 019 406)	10 850 479	14 869 885	(3 516 980)	11 352 905

Reconciliation of investment property - 2024

	Opening balance	Depreciation	Total
Investment property	11 352 905	(502 426)	10 850 479

Reconciliation of investment property - 2023

	Opening balance	Depreciation	Total
Investment property	11 855 331	(502 426)	11 352 905

A register with details of the land and buildings which constitute the investment properties is available for inspection by authorised personnel or entities and other stakeholders or their duly authorised representatives at the Maguga office of KOBWA. The investment property relates to houses located at the Glen Village in Piggs Peak town of Eswatini and are houses rented to third parties at market rates therefore do not qualify to be classified as owner occupied.

There are no restrictions or encumbrances on the investment property.

There are no commitments in the foreseeable future to buy or build any investment properties.

The rental income fluctuates annually depending on the occupancy. Annual rental income for all available to rent properties is 2024: R/E 934 882 (2023: R/E 813,197) and is declared back to the Parties. Refer to Note 13.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

9. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 929 515	(1 744 725)	1 184 790	2 721 510	(1 235 474)	1 486 036

Reconciliation of intangible assets - 2024

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

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	1 969 018	(482 982)	1 486 036

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 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
---------------------------	------	------

10. Hambros Bank Loan Sinking Fund

Hambros Loan Sinking Fund

Standard Bank - RSA Funds to redeem capital	243 753 518	225 000 000
Standard Bank - RSA Funds to service bi-annual interest payments	129 457 784	151 875 000
	373 211 302	376 875 000

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.

The 2023 figures have been restated. Refer to note 33 for disclosure of prior year adjustments.

Movement in carrying amount

Opening balance	376 875 000	356 361 551
Excess funding received	-	20 513 449
Redemption - money market	(15 187 500)	-
Redemption - from interest fund	(15 187 500)	-
Interest earned on capital fund	18 753 518	-
Interest earned on interest fund	7 957 784	-
	373 211 302	376 875 000

Hambros Loan Sinking Fund split

Non-current	342 836 302	346 500 000
Current	30 375 000	30 375 000
	373 211 302	376 875 000

11. Guaranteed Grant Income Receivable

Guaranteed Grant Income Receivable at amortised cost

Guaranteed Grant Income Receivable - Capital	111 356 786	102 667 436
Guaranteed Grant Income Receivable - Interest	85 699 852	95 624 196
	197 056 638	198 291 632

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 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
11. Guaranteed Grant Income Receivable (continued)		
Guaranteed Grant Income Receivable split - at amortised cost		
Non-Current asset	176 806 638	178 041 632
Current asset	20 250 000	20 250 000
	197 056 638	198 291 632
Guaranteed Grant Income Receivable reconciliation		
Opening balance	198 291 632	195 591 096
Cash funding from parties	(20 250 000)	(50 625 000)
Unwinding of finance income	19 015 006	53 325 536
	197 056 638	198 291 632
12. Payables from exchange transactions		
Contractors and Suppliers	4 820 408	3 016 477
Employee related payables	8 352	352 665
	4 828 760	3 369 142
13. Payables from non-exchange transactions		
Bank Interest	41 654 832	22 519 922
Rental income collected on behalf of Parties	1 703 199	1 374 114
Other Government Payables	510 136	504 124
	43 868 167	24 398 160
Reconciliation of Government Payables		
Opening balance	24 398 160	18 095 238
Gate entrance fees	20 410	533 970
Rental income	934 882	813 197
Other	174 388	26 947
Interest earned	36 619 785	10 897 714
Unspent grant	-	(524 012)
Approved and allocated by the Parties	(18 279 458)	(5 444 894)
	43 868 167	24 398 160

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.

14. Unspent conditional grants

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.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
14. Unspent conditional grants (continued)		
Movement during the year		
Balance at the beginning of the year	342 233 883	133 553 259
Additions during the year	117 909 988	305 252 938
Additions - Approved Operational Budget including sundry income	75 203 718	96 130 415
Additions - Income received in advance for future finance payments	-	20 513 449
Additions - Additional funds received from RSA	243 960	166 042 728
Additions - Interest earned on additional funds received in advance from RSA	41 717 142	21 499 358
Additions - Additional funds received from KoE	745 168	432 445
Additions - Savings from Designated Project Funds	-	634 542
Utilised	(103 754 532)	(96 572 314)
Utilised - Recognised as Grant Income	(52 928 414)	(45 728 337)
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	-	(218 977)
Utilised: Allocated to JWC Events	(201 118)	-
Balance at the end of year	356 389 339	342 233 883
Non-current liabilities	91 125 000	121 500 000
Current liabilities	265 264 339	220 733 883
	356 389 339	342 233 883

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.

15. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Total
13th cheque provision	399 608	433 397	(399 608)	433 397
Leave pay provision	481 712	1 507 093	(1 636 220)	352 585
	881 320	1 940 490	(2 035 828)	785 982

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
13th cheque provision	336 344	399 608	(336 344)	399 608
Leave pay provision	277 866	1 024 920	(821 074)	481 712
	614 210	1 424 528	(1 157 418)	881 320

13th cheques are part of employees' structured packages and paid out annually in December.

Leave pay is provided for per KOBWA human resource policy and becomes due over the passage of time, increasing the liability. Leave is redeemed by the employee upon taking it or selling leave back to KOBWA, reducing the liability.

Time value of money is considered insignificant and immaterial for the provisions listed above.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
---------------------------	------	------

16. 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.

Designated project funds movement

Opening balance	21 934 000	28 289 620
Conditions met - Transferred to Revenue	(3 168 528)	(6 355 620)
	18 765 472	21 934 000

Breakdown of funds

Driekoppies Dam Projects - RSA	18 486 144	20 119 711
DWA Projects	14 153	155 621
LMPC Funds	48 636	196 936
JWC Projects	216 539	1 461 732
	18 765 472	21 934 000

17. Financial liabilities at amortised cost

At amortised cost

Hambros Bank Limited Loan	370 814 993	369 638 183
---------------------------	-------------	-------------

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	370 814 993	369 638 183
-------------------	-------------	-------------

18. Accruals

Accruals	157 395	1 178 277
----------	---------	-----------

19. 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
---------------------	-----------	-----------

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
20. Government grants & subsidies		
Operating grants		
Government grant	86 512 588	81 748 453
Operational Grants:		
Conditional operational grants received - RSA	39 553 417	34 620 622
Conditional operational grants received - KoE	13 374 997	11 103 770
Conditional operational grants received - Other	3 209 174	5 649 061
Conditional interest grants received - RSA	30 375 000	30 375 000
	86 512 588	81 748 453

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.

21. Finance income

Refer to note 11 for the unwinding of finance income.

Government grants and subsidies are disclosed in note 20.

Unwinding of finance income - financial instruments	19 015 006	53 325 540
Reclassified to Government Grant and Subsidies	-	(30 375 000)
	19 015 006	22 950 540

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
22. Employee related costs		
Basic salary	23 430 557	22 483 397
Performance Bonus	357 403	287 227
SDL	72 167	70 956
	23 860 127	22 841 580
Chief Executive Officer (Appointed 1 October 2022)		
Annual Remuneration	1 860 385	814 684
Employer contributions	121 395	58 025
	1 981 780	872 709
Chief Executive Officer (Term ended 30 June 2022)		
Annual Remuneration	-	571 857
Employer contributions	-	50 958
	-	622 815
Finance Director (Appointed 1 May 2022)		
Annual Remuneration	1 256 425	916 100
Employer contributions	65 790	57 547
	1 322 215	973 647
Operations Director		
Annual Remuneration	1 251 860	1 181 646
Employer contributions	140 296	133 961
	1 392 156	1 315 607
Corporate Services Director (Resigned 17 April 2023)		
Annual Remuneration	124 564	1 172 193
Employer contributions	6 639	80 180
	131 203	1 252 373
Corporate Services Director (Appointed 16 October 2023)		
Annual Remuneration	505 940	-
Employer Contributions	28 452	-
	534 392	-
Company Secretary		
Mr. T. Sithole (First Corporate Secretaries)	249 346	435 490
23. Depreciation and amortisation		
Property, plant and equipment	53 367 424	52 256 593
Investment property	502 426	502 426
Intangible assets	509 252	482 982
	54 379 102	53 242 001

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
24. Finance costs		
Hambros Bank loan	50 625 000	50 625 000
Unwinding of Finance	1 176 810	1 173 081
Other interest paid	99	129
	51 801 909	51 798 210
25. General expenses		
Advertising	1 127 980	977 863
Auditors remuneration	461 862	1 209 398
Bank charges	89 216	95 343
Boats And Trailers	24 841	91 689
Communication Dam Management	378 032	249 022
Computer expenses	834 362	737 636
Consulting and professional fees	181 851	161 350
Corporate Social Responsibility	478 512	3 631 079
Dam Enclosure - Fencing	31 755	944
Dam Maintenance General	623 164	508 969
Dam Operations And Maintenance	2 761	3 216
Dam Structure Maintenance	1 951 736	1 870 031
Directors fees, training and meeting related costs	1 895 422	997 602
Electricity	1 176 614	762 428
Entertainment	6 371	66 948
Generators And Other Equipment	841 518	1 039 955
Honorarium	103 700	67 160
Information Centre Management	308 679	293 166
Insurance	885 093	1 517 493
Iso Certification	188 751	244 182
Kobwa Houses Maintenance	985 470	620 120
LMPC Allowances	148 300	163 310
Loan Management Costs	110 774	421 147
Motor vehicle expenses	2 046 940	1 919 175
Motorbikes Maintenance	5 292	3 891
Office Maintenance Cost	1 232 451	1 167 752
Postage and courier	23 341	16 975
Printing and stationery	114 434	113 612
Project Other Costs	6 960	27 075
Protective clothing	185 506	222 623
Secretarial fees	257 168	237 387
Security	2 550 578	1 991 515
Staff Recruitment Costs	545 919	571 528
Staff welfare	695 063	362 490
Subscriptions and membership fees	376 689	248 665
Telephone and fax	1 511 969	1 451 380
Tractors And Trailers Maintenance	98 103	154 922
Training	1 510 093	867 792
Travel - local	537 649	366 456
Treaty Review Costs	169 302	282 068
Water Quality And Dam Risk Management	1 840 457	1 548 864
	26 544 678	27 284 221

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
26. Cash generated from operations		
Deficit	(51 054 263)	(52 124 123)
Adjustments for:		
Depreciation and amortisation	54 379 102	53 242 001
(Gain)/ loss on sale of assets	(3 959)	68 589
Finance income	(19 015 006)	(53 325 536)
Debt impairment	-	1 588 515
Movements in provisions	(95 338)	267 109
Amortised finance costs	1 176 810	1 173 081
Interest earned from Hambros Loan Sinking Fund	(26 711 302)	-
Changes in working capital:		
Receivables from exchange transactions	176 381	19 419
Decrease in receivables from non-exchange transactions	-	1 260 272
Increase in prepayments	(383 624)	(273 782)
Payables from exchange transactions	1 459 616	1 578 182
Increase in VAT receivable	(899 437)	(2 745 899)
Increase in payable from non-exchange transactions	19 470 007	6 297 923
Unspent conditional grants	14 155 456	218 716 401
Decrease in Designated Project Funds	(3 168 528)	(6 355 620)
Increase in guaranteed grant income	20 250 000	20 250 000
Increase / (decrease) in accruals	(1 020 882)	907 742
	8 715 033	190 544 274

27. Taxation

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

28. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At fair value	At amortised cost	Total
Hambros Bank Loan Sinking Fund - non-current	342 836 302	-	342 836 302
Guaranteed Grant Income Receivable - non-current	-	176 806 638	176 806 638
Hambros Bank Loan Sinking Fund - current	30 375 000	-	30 375 000
Receivables from exchange transactions	-	1 655 181	1 655 181
Guaranteed Grant Income Receivable - current	-	20 250 000	20 250 000
Cash and cash equivalents	312 237 937	-	312 237 937
	685 449 239	198 711 819	884 161 058

Financial liabilities

	At amortised cost	Total
Hambros Bank Loan	370 814 993	370 814 993
Payables from exchange transactions	4 828 760	4 828 760
Unspent conditional grants - non-current	91 125 000	91 125 000
Unspent conditional grants - current	265 264 339	265 264 339
Designated Project Funds	18 765 472	18 765 472
Accruals	157 395	157 395
	750 955 959	750 955 959

2023

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
---------------------------	------	------

28. Financial instruments disclosure (continued)

Financial assets

	At fair value	At amortised cost	Total
Hambros Bank Loan Sinking Fund - Non-current	346 500 000	-	346 500 000
Guaranteed Grant Income Receivables - non-current	-	178 041 632	178 041 632
Receivables from exchange transactions	-	1 831 562	1 831 562
Hambros Bank Loan Sinking Fund - current	30 375 000	-	30 375 000
Guaranteed Grant Income Receivables - current	-	20 250 000	20 250 000
Cash and cash equivalents	278 104 089	-	278 104 089
	654 979 089	200 123 194	855 102 283

Financial liabilities

	At amortised cost	Total
Hambros Bank Limited Loan	369 638 183	369 638 183
Payables from exchange transactions	3 369 142	3 369 142
Unspent conditional grants - non-current	121 500 000	121 500 000
Unspent conditional grants - current	220 733 883	220 733 883
Designated Project Funds	21 934 000	21 934 000
Accruals	1 178 277	1 178 277
	738 353 485	738 353 485

No financial assets have been pledged as a collateral.

29. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	2 376 611	2 385 550
---------------------------------	-----------	-----------

Authorised operational expenditure

Already contracted for but not provided for

• Total Operational Commitments	1 060 867	897 699
---------------------------------	-----------	---------

30. Contingencies

There are no contingent liabilities as at the end of the financial year.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
---------------------------	------	------

31. Related parties

Relationships	
Board of directors	Refer to directors' remuneration note 32
Government of RSA	
Government of KoE	
Employees	Refer to note 22

Related party balances

Designated Project Funds

Designated Project Funds	Note 16	(18 765 472)	(21 934 000)
--------------------------	---------	--------------	--------------

Loans to employees

Loans to employees	Note 3	368 661	410 436
--------------------	--------	---------	---------

Unspent conditional grants

Unspent conditional grants - current	Note 14	(265 264 339)	(220 733 883)
Unspent conditional grants - non-current		(91 125 000)	(121 500 000)

Payables from non-exchange transactions

Interest payable	Note 13	(41 654 832)	(22 519 922)
Rent payable		(1 703 199)	(1 374 114)
Other government payables		(510 136)	(504 124)

Guaranteed grant income receivable

Guaranteed grant income receivable - non-current	Note 11	176 806 638	178 041 632
Guaranteed grant income receivable - current		20 250 000	20 250 000

Hambros Loan Sinking Fund

Standard Bank - Money market - Capital	Note 10	243 753 518	225 000 000
Standard Bank - Money market - Interest		129 457 784	151 875 000

Related party transactions

Revenue

Conditional operational grant income for the year	Note 20	86 512 588	81 748 453
Grant receivable for loan repayment	Note 11	20 250 000	20 250 000
Gate entrance fees	Note 13	20 410	533 970
Rental Income	Note 13	934 882	813 197
Other	Note 13	174 387	26 947
Interest earned	Note 13	36 619 785	10 897 714

Expenditure

Directors' fees	Note 32	435 492	378 699
-----------------	---------	---------	---------

Conditional grant income recognised in the statement of financial performance is disclosed in note 20.

Refer to disclosure of non-executive directors' remuneration under note 32 and disclosure of executive management's and other employees remuneration is in note 22.

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 13 under government payables.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
---------------------------	------	------

32. Directors' Remuneration

Executive

Disclosure of executive directors' remuneration is disclosed under note 22.

Non-executive

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

2023

	Annual Remuneration	Contributions	Total
Mr A. Thobejane	117 425	44 447	161 872
Mr L. Mzizi	36 662	39 109	75 771
Ms. N. Mabuza	37 809	3 011	40 820
Ms. E. Magagula	31 389	13 092	44 481
Mr. B. Singwane	39 472	8 672	48 144
Mr L.C. Mohalaba	5 827	1 784	7 611
	268 584	110 115	378 699

33. Prior-year adjustments

Presented below are those items contained in the statement of financial position that have been affected by prior-year adjustments. Note 31 showed an amount of R/E 181,153,446 in 2023 as the Guaranteed grant income receivable - non-current balance in Note 11. This was corrected in to R/E 178,041,632. The 2023 balance in Note 11 is correct. There were no prior year adjustments that affected the statement of cash flow and the statement of financial performance.

Statement of financial position

2023

	Note	As previously reported	Re- classification	Restated
Hambros Bank Loan Sinking Fund - Current		-	30 375 000	30 375 000
Hambros Bank Loan Sinking Fund - Non-current		376 875 000	(30 375 000)	346 500 000
		376 875 000	-	376 875 000

Hambros Bank Loan Sinking Fund

The Hambros Loan Sinking Fund was originally designated a non-current financial asset. The original intention was to allocate funds to settle the RSA capital portion of the Hambros Loan liability in 2027 (R/E 225 000 000). In 2023 the capital and interest grants were received in full amounting to R/E 151 875 000 for servicing the Hambros debt annually and in 2027. It was incorrectly designated all as non-current in Note 10. The cash relating to the 2024 annual interest payment amounting to R/E 30 375 000 has been reclassified as a current portion of the Hambros Loan Sinking Fund. Refer to Note 10.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
---------------------------	------	------

34. 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 Annual Financial Statements 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.

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.

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.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
---------------------------	------	------

34. Risk management (continued)

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 Emalangeneni 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.

35. Going concern

We draw attention to the fact that at 31 March 2024, KOBWA had an accumulated surplus of R/E 4 330 771 627 and that the entity's total assets exceed its liabilities by R/E 4 336 303 957.

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

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

36. Events after the reporting date

No material transactions occurred from year end to the date the AFS were authorised for issue that may necessitate disclosure in the current financial statements.

On 10 September 2024, the Department of Water and Sanitation (RSA) approved the use of surplus funds amounting to R188,461,325 to be utilized for specific strategic projects at Driekoppies Dam. These funds are held by KOBWA and recognized as unspent conditional grant. Refer to Note 14.