UTHUKELA ECONOMIC DEVELOPMENT AGENCY

UTHUKELA

Economic Development Agency

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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REG. NO: 2017/256360/30

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GENERAL INFORMATION

Board of Members			**Status**
Member	Rev. K.D Nduli	Chairperson	Active
Member	Mrs. M. Asmal	Deputy Chairperson	Active
Member	Mr. M. Msomi		Active
Member	Miss NF Zikalala		Active
Member	Mr MS Sithole		Active
Member	Mr WZ Kunene		Active
Member	Mr BW Kubheka		Active

Legal Form of Entity	SOC Limited
Nature of business	Local Economic Development
Governing Legislation(s)	MSA, MFMA & Companies' Act
Legal Representatives	Ramkhelewan Inc. & Shepstone & Wylie
Accounting Officer (ACEO)	Mr SB SIBISI
Chief Finance Officer (ACFO)	Ms. FT MBUYISA
Auditors	The Auditor–General of South Africa Private Bag X9034 Pietermaritzburg 3200
Bankers	First National Bank
Registered office:	131 Murchison Street Ladysmith CBD 3700
Postal address:	131 Murchison Street Ladysmith CBD 3700
Telephone Number:	27716856599
Fax Number:	-

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
STATEMENT OF THE ACCOUNTING OFFICER'S RESPONSIBILITY AND APPROVAL

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003),to manage the financial administration and responsible for the content and integrity of the annual financial statement and related financial information included in this report.
It is the responsibility of the accounting officer to ensure that the annual financial statement fairly present the state of affairs of the agency as at the end of the financial year and the results of its operations and cash flows for the period ended.
The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

The annual financial statements have been prepared in accordance with South African Statement of General Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipal entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss 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 control are monitored throughout the agency and all employees are required to maintain the highest ethical standards in ensuring the municipal entity's business is conducted in a manner that in all reasonable circumstances are above reproach. The focus of risk management in the agency is on identifying, assessing, managing and monitoring all known forms of risk across the agency.
While operating risk cannot be fully eliminated, the agency endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviours are applied and managed within predetermined procedures and constraints.

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

The accounting officer has reviewed the municipal entity's cash flow forecast for the year ended in 30 JUNE 2024 and, in the light of this review and the current financial position, he is satisfied that the agency has or have access to adequate resources to continue in operational existence for the foreseeable future. The external auditors are responsible for independently reviewing and reporting on the agency's annual financial statements.

The agency is wholly dependent on the grants and support from the parent for continued funding of operations. The financial statements are prepared on the basis that the agency is a going concern and that the Council has neither the intention nor the need

Although the accounting officer is primarily responsible for the financial affairs of the agency, the accounting officer is supported by the parent's audit committee, parent's internal and external auditors.

The external auditors are responsible for independently auditing and reporting on the agency's financial statements. The financial statements would be examined by the agency's external auditors and their report would be presented separately at the end of the audit.

The annual financial statements set out on **page 2 to 24** which have been prepared on the going concern basis, and were approved by accounting officer.

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Mr. S.B. Sibisi

Chief Executive Officer (Acting)

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) , including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act(Act No 56 of 2003).

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

Assets, liabilities, revenues, and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statement, unless explicitly stated. The details of any changes in accounting policies are explained in relevant policy.

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3.These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Recognised Accounting Practices including any interpretations of such Statements issued by the Accounting Practices Board.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the country and the figures are rounded off to the nearest rand.

1.3 GOING CONCERN ASSUMPTION

The annual financial statements have been prepared on the assumption that the Agency will continue to operate as a going concern for at least the next 12 months.

1.4 SIGNIFICANT JUDGEMENT AND SOURCES OF ESTIMATING UNCERTAINTY

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

1.4.1 PROVISIONS

No provisions made at this stage and will be catered for when relating transactions arise in future

1.4.2 IMPAIRMENT TESTING

The recoverable (service) amounts of individual assets and cash-generating units have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The Agency reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

1.4.3 USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

The Agency's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on the condition and use of the individual assets, in order to determine the remaining period over which the asset can or will be used.

1.5 Standards and amendments approved but not yet effective

GRAP 25- Employees Benefit : New amendments not yet effective
GRAP 104 - Financial Instrument
GRAP 103- Heritage Assets

1.6 PROPERTY, PLANT AND EQUIPMENT

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

1.6.1 INITIAL RECOGNITION

The cost of an items of property, plant and equipment are recognised as assets when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the cost thereof can be measured reliably.

On acquisition date assets are initially recorded 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 the Agency. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Where an asset is acquired by the Agency for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Agency expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.6.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.
Where the Agency replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.6.3 DEPRECIATION

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Item	Average useful life
Land	Indefinite
Buildings	10-30 years
Plant and machinery	2-10 years
Furniture and office equipment	2-8 years
Motor vehicles	2-8 years

Computer equipment	2-8 years
Community Assets	2-45 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.
The residual value, the useful life of an asset and the depreciation method are assessed annually for indicators and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

1.6.4 IMPAIRMENT OF ASSETS

The Agency tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

Agency assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.6.5 NON- CASH GENERATING ASSETS

The Agency assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Agency estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognized in surplus or deficit.

An impairment loss is recognized for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
> To the assets of the unit, pro-rata on the basis of the carrying amount of each asset in the unit.

The Agency assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods for assets may no longer exists or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognized for the asset in prior periods.

1.6.6 DERECOGNITION

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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The gain or loss arising from the DE recognition 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 DE recognition 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.

1.6.6 ASSETS UNDER CONSTRUCTION

The cost of property, plant and equipment under construction as of the reporting is recognised as an asset if:
- it is probable that the future economic benefits or service potential associated with the item(s)will flow to the Agency.
- the cost or fair value of the item(s) can be measured reliably.

Assets under construction consist of expenditure for the construction of buildings, certain land improvements, infrastructure assets and networks and any other capital projects that are under construction as of the reporting date. The expenditure comprise of direct labour, materials and overheads, if appropriate.
When assets under construction is completed and certificates of completion issued, they are transferred to the appropriate asset class.

Assets under construction are not depreciated as they are not in a condition necessary for it to be capable of operating in a manner intended by management.

1.10 DIRECTIVE 7 - DEEMED COST

Use of deemed cost for property, plant and equipment, investment property, intangible assets and heritage assets

When an entity initially recognises an asset using the Standards of GRAP, it measures such assets using either cost or fair value at the date of acquisition (acquisition cost). Where the acquisition cost of an asset is not available on the adoption of the Standards of GRAP, acquisition cost is measured using a surrogate value (deemed cost) at the date an entity adopts the Standards of GRAP (measurement date). Deemed cost is determined as the fair value of an asset at the measurement date.

An entity may have determined a deemed cost for an asset under another basis of accounting where information about the acquisition cost of the asset was unavailable. A deemed cost determined for an asset under another basis of accounting is acceptable for purposes of this Directive if it represents the fair value of the asset as or its cost or depreciated historical cost.

The Agency did not apply Directive 7 for Property, Plant & Equipment identified after the adoption of GRAP. These assets were identified in the current financial year and a correction of error is to be applied retrospectively

a description of whether deemed cost was determined:

(I) using fair value or depreciated replacement cost for items of property, plant and equipment and investment properties

1.11 FINANCIAL INSTRUMENTS

1.11.1 CLASSIFICATION

The Agency classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities
- Cash and cash equivalents

Classification depends on the purpose for which the financial instruments were obtained and takes place at initial recognition.

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Financial asset	Financial asset measured at amortised cost
Cash and cash equivalent	Financial asset measured at amortised cost

The Agency has the following types of financial liabilities as reflected on the face of the statement of financial position:

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Trade and other payables from non-exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

1.11.2 INITIAL RECOGNITION

Financial instruments are recognised initially when the Agency becomes a party to the contractual provisions of the instrument.

1.11.3 SUBSEQUENT MEASUREMENT

The entity measures all financial instruments after initial recognition at amortised cost and subject to impairment review.

1.12 LEASES

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

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

1.12.2 OPERATING LEASES - LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

1.13 EMPLOYEE BENEFITS

Employee Benefits

Short-term Employee Benefits

The agency only provides short term benefits for its employees.

Remuneration to employees is a short term benefit which is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits are recognised during the period in which the employee renders the related service.

1.13.1 Short-term employee benefits

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

Short term employee-benefits includes items such as :
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- non-monetary benefits (for example, medical care and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the Agency during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service;
-as a liability (accrued expense) after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Agency recognise that excess - as an asset (pre-paid expense) to the extent that the prepayment will lead to, for example a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.13.2 Post-employment benefits: Defined benefit plans

The agency does not have defined benefit plans for its employees since it does not have permanent staffs or employees. In case where the agency has defined benefit plans, the following would be considered:

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value as a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods resulting in the current period from the introduction of or, changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or a negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

The present value of a defined benefit obligation is the present value, without deducting any plan asses, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of a plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount recognised as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine as a defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset;
- current service cost;
- interest cost;
- the expected return on any plan assets and on any re-imbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability)

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity will recognise gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises;
- any resulting change in the present value of the defined obligation; and
- any resulting change in the fair value of the plan assets.

1.13.3 Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency ad term of the financial instrument selected to

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.14 PROVISIONS

Provisions are recognised when;
- the Agency has a present or constructive obligation as a result of past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate of the provision can be made.

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

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.

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met;
- contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employments contracts or social benefit commitments are excluded.

1.16 REVENUE

1.16.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

An exchange transactions is one in which the Agency receives assets or services, or has a 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.

1.16.2 Measurement

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

1.16.2.1 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the Agency has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the Agency 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 Agency; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.16.2.2 Rendering of services

When the outcome of a transaction involving the rendering of services can be stated 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 Agency;
- the stage of completion of the transaction ate 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 services are performed by an indeterminate number of acts over specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

1.16.2.3 Interest, royalties and dividends

Revenue arising from the use by others of entity's assets yielding interest, royalties and dividends or similar distribution is recognised when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Agency; and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the Agency's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16.3 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

Control of an asset arise when the Agency 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.

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

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

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

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

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

1.16.3.1 Recognition

An inflow of resources from non-exchange transaction is 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 Agency 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.

1.16.3.2 Measurement

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

When, as a result of a non-exchange transaction, the Agency 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 recognised a inability. 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.

1.16.3.3 *Transfers and subsidies – non-exchange revenue*

Unconditional Grants

Equitable share allocations are recognised in revenue at the start of the financial year.

Conditional Grants

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

Interest earned on grants received and invested is treated as an income to the agency. If it is payable to the funder it is recorded as part of the creditor and if it is the agency's interest it is recognised as interest earned in the Statement of Financial Performance.

1.16.3.4 Fines

Fines are recognised as revenue when the receivable meets the definition ad satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the Agency.

Where the Agency collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.16.3.5 Gifts and donations, including goods in-kind

Gifts and donations, including goods in-kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the Agency and the fair value of the assets can be measured reliably.

1.16.3.6 Services in-kind

Except for financial guarantee contracts, the Agency recognise services in-kind that are significant to its operations and/or service potential will flow to the Agency and the fair value of the assets can be measured reliably.

Where services in-kind re not significant to the Agency's operations and/or service delivery objective and/or do not satisfy the criteria for recognition, the Agency disclose the nature type of services in-kind received during the reporting period.

1.17 INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 COMPARATIVE FIGURES

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

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the MFMA is expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including-
(a) this Act; or
(b) any provincial legislation providing for procurement procedure in that provincial government.

Irregular expenditure that was incurred ad identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write-off the amount as debt impairment and disclose such in the relevant note to the financial statements. the irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related there to must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998), Division of Revenue Act of 2008 or is in contravention of the Agency's supply chain management policy. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budged amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over- or under spending on line items where it is found to be material. The budgeted figures are those approved by the board before the start of the next financial year. The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2021 to 30 June 2022.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

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

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

1.22 RELATED PARTIES

Related parties and related party transactions

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Board Members, Chief Financial Officer, Senior Managers and all other managers reporting directly to the CEO or as designated by the CEO.

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

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

Only transactions with related parties not in arms' length or not in the ordinary course of business are disclosed.

1.23 EVENTS AFTER REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

(a) those that provide evidence of conditions that existed at the reporting date (adjusting events after reporting date): and

(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

The Agency 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.

1.24 GRATUITIES

The Agency provides gratuities for qualifying staff members in terms of the relevant conditions of employment. The expenditure is recognised in the statement of financial performance when the gratuity is paid.

1.25 OFFSETTING

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.26 CHANGE IN ACCOUNTING ESTIMATE

Minister of Finance announced an increased in VAT on the current year budget speech and it was increased from 14% to 15% as from 1 April 2018.

The most important to note is the rule regarding time of supply. Section 9(1) of the VAT act states that “a supply of goods or services…be deemed to take place at the time an invoice is issued by the supplier or the recipient in respect of that supply or the time any payment of consideration is received by the supplier in respect of that supply, whichever time is earlier”.

The rate increase means that if an invoice is raised with an invoice date before 1 April, it must include VAT at a rate of 14% and must be captured as such, even if captured in a period after 1 April. The VAT rate depends on the time of supply, not the date you receive and capture an invoice.

VAT inputs can be claimed up to 5 years from the invoice date. This means that systems will need to manage dual rates up to 31 March 2023, or until the VAT rate changes again.

1.27 CHANGE IN ACCOUNTING POLICY

No changes in the accounting policy deemed necessary at this stage.

UTHUKELA ECONOMIC DEVELOPMENT AGENCY			
REG. NO: 2017/256360/30			
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024			
Figures in Rand	**Note(s)**	**2024**	**2023**
Assets			
Current assets			
Cash and cash equivalents	**3**	3,506,655	5,578,425
Prepaid Expenses	**19**	5,156	3,269
VAT Receivable	**23**	18,828	234,332
Interest Receivable	**11**	18,707	-
		3,549,346	**5,816,025**
Non-Current assets			
Property, Plant & Equipment	**4**	974,927	1,121,078
		974,927	**1,121,078**
Total Assets		**4,524,273**	**6,937,104**
Liabilities			
Current liabilities			
Accounts Payable	**16**	18	274,450
Unspent Conditional Grants	**26**	2,783,851	4,508,114
		2,783,869	**4,782,565**
Total liabilities		**2,783,869**	**4,782,565**
Net Assets			
Accumulated surplus		1,740,403	2,154,540
Total net assets	**SCE**	**1,740,403**	**2,154,540**
Total Equity and Liabilities		**4,524,273**	**6,937,104**

UTHUKELA ECONOMIC DEVELOPMENT AGENCY
REG. NO: 2017/256360/30

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from non-exchange transactions			
Transfers and subsidies	7	3,285,000	3,120,000
Transfer Payment: uThukela District Municipality	7	1,373,858	1,584,135
Conditional Grant	7	1,724,263	532,082
Revenue from non-exchange transactions		**6,383,121**	**5,236,217**
Revenue from exchange transactions			
Interest received/earned	11	315,410	378,650
Other Revenue	20	10,530	15,186
Revenue from exchange transactions		**325,940**	**393,836**
Total Revenue (A)		**6,709,061**	**5,630,053**
Expenditure			
Employee related costs	8	1,841,887	1,507,907
Board Allowances	6	510,820	353,988
Transfer expenditure	5	1,373,858	1,584,135
Depreciation & Amortization	4	136,971	493,187
General Expenses	14	1,527,257	1,444,832
Grant expenditure	13	1,724,263	-
Loss on write offs	4	9,180	1,809,527
Total Expenditure (B)		**7,124,236**	**7,193,576**
Operational surplus/ (Deficit)		(415,176)	(1,563,523)
Surplus/(Deficit) for the year (A-B)		**(415,176)**	**(1,563,523)**

UTHUKELA ECONOMIC DEVELOPMENT AGENCY			
REG. NO: 2017/256360/30			
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024			

Figures in Rand	Note	Accumulated surplus	Total net assets
Balance 30 June 2023		**2,154,541**	**2,154,541**
Prior period error adjustment	15	**1,038**	**1,038**
Opening Balance (restated)30 June 2023		**2,155,579**	**2,155,579**
Deficir or surplus for the period		(415,176)	(415,176)
Balance 30 June 2024		**1,740,403**	**1,740,403**

UTHUKELA ECONOMIC DEVELOPMENT AGENCY

REG. NO: 2017/256360/30

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

Figures in Rand	Note(s)	2024	2023
Cash flow from operating activities			
Receipts			
Transfers and subsidies		3,285,000	5,120,000
Interest Receipts		315,410	378,650
Other Income		10,530	15,186
		3,610,940	**5,513,836**
Payments			
Employee costs		(2,352,707)	
Suppliers		(2,649,527)	(2,793,799)
Bank charges		(10,251)	(8,770)
Rent paid		(591,742)	(501,509)
Increase on prepaid Expense		(1,887)	(1,882)
Decreased in Account Payables		(274,432)	(53,331)
Increase in Vat Receivable	23	182,283	(183,060)
		(5,698,263)	**(3,542,351)**
Net cash flow from operating activities	24	**(2,087,323)**	**1,971,485**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	-	(206,145)
Net cash flow from investing activities		**-**	**(206,145)**
Cash flows from financing activities			
		-	-
Net increase/decrease in cash and cash equivalents		**(2,087,323)**	**1,765,340**
Cash and cash equivalents from the beginning of year	3	5,578,425	3,813,086
Cash and cash equivalents end of year	3	**3,491,102**	**5,578,425**

Figures in Rand	2024	2023

3. Cash and cash equivalents

Cash and cash equivalent consist of:

	2024	2023
Main Bank balance	753,412	484,268
Investment Bank balance	2,753,243	5,094,157
	3,506,655	**5,578,425**

Agency has the following bank accounts

		Bank statement balances	
		2024	**2023**
Primary Bank Account	**62804453025**	753,412	484,268
Investment Bank Account	**62857029063**	-	-
Stardand Bank	**068460767**	2,753,243	5,094,157
		3,506,655	**5,578,425**

4 NOTE 4

Property, Plant & Equipment **PPE 2024**

	Cost		Accumulated Depreciation	Carrying Amount
Infrastructure	439,100		-	439,100
Computer equipment	362,950		204,994	157,956
Furniture	379,800		213,933	165,867
Machinery & Equipment	86,956		42,700	44,256
Motor Vehicle	394,511		226,763	167,748
	1,663,317	**-**	**688,390**	**974,927**

PPE 2023 **NOTE 4**

	Cost		Accumulated Depreciation
Infrastructure	439,100		-
Computer equipment	381,550		175,953
Furniture	379,800		171,856
Machinery & Equipment	86,956		35,581
Motor Vehicle	394,511		177,449
	1,681,917		**560,839**

PPE 2024	Opening Balance		Additions	Donation Received	Write - off/EXPENSE	WIP	Depreciation	Impairment	Carrying Amount
Infrastructure	439,100		-	-			-		439,100
Computer equipment	205,598		-	-	- 9,180		- 38,462		157,956
Furniture	207,944		-	-			- 42,077		165,867
Machinery & Equipment	51,375		-	-			- 7,119		44,256
Motor Vehicle	217,062		-	-			- 49,314		167,748
	1,121,078		**-**	**-**	**- 9,180**	**-**	**- 136,971**	**-**	**974,927**

PPE 2023	Opening Balance		Additions	Donation Received	Write - off/EXPENSE	WIP	Depreciation	Impairment	Carrying Amount
Infrastructure	-		-	-	-	439,100	-	-	439,100
Computer equipment	279,828		-				- 74,230		205,598
Furniture	259,894		3,385	-	-	-	- 55,335	-	207,944
Machinery & Equipment	64,158		-	-	-	-	- 12,783		51,375
Motor Vehicle	2,377,428		-	-	- 1,809,527	-	- 350,839		217,062
	2,981,307		**3,385**	**-**	**1,809,527**	**439,100**	**493,187**	**-**	**1,121,078**

Useful life of computer equipment, furniture and machinery & equipment were reviewed in the financial year. Usage and the better maintaince of the assets affected the decision.

5 Transfer Expenditure

	2024	2023
	1,373,858	**1,584,135**
Basic salary	649,752	1,067,488
Car Allowance	196,786	242,151
Subsistance & travelling	27,887	88,473
Housing allowance	22,973	133,175
Backpay	8,039	35,235
UIF	2,834	3,125

SDL	11,678	14,489
Leave paid out	226,103.78	0
Acting Allowance	103,215.76	0
Bonus	38,634.00	
Providence C	85,820.76	
SALGA BC	137	
Total transfer expenditure	**1,373,858**	**1,584,135**

From July to September 2023, the parent municipality has paid the salaries of the Chief Executive Officer and Finance Intern. Additionally, the Acting CEO's Salary

Figures in Rand	2024	2023

6 Board Members

Asmal M	68,219	53,127	
Msomi Am	45,611	40,369	
Nduli Kh	118,172	77,768	
Shabalala S.	**-**	**28,188**	***(term of contract ended Nov 2022, Financial***
Stockil Pa	**-**	**19,851**	***Year 2022/2023)***
Sithole M	65,887	31,284	
Kubheka B	71,020	34,759	
Kunene W	68,046	33,484	
Zikalala N	73,864	35,160	
	510,820	**353,988**	

The new board members began their service at the UThukela Economic Development Agency on December 1, 2022. S. Shabalala and P.A. Stockil served on the UEDA Board until November 2022. M. Asmal, A.M. Msomi, and Nduli were part of the previous board and were reappointed as of December 1, 2022.

Figures in Rand	2024	2023

7 Transfers and subsidies

Transfer and Subsidy	3,285,000	3,120,000
Conditional Grants (recognised as revenue)	1,724,263	532,082
Transfer Payment: uThukela District Municipality	1,373,858	1,584,135
Rental Grant	-	-
Total Revenue from Non-exchange transactions	**6,383,121**	**5,236,217**

Figures in Rand	2024	2023

8 EMPLOYEE RELATED COST

NET SALARY	1,727,684	1,404,860
PAYE	72,744	74,752
UIF	35,390	27,441
PAYE-Penalty	6,068	854
	1,841,887	**1,507,907**
PAYE + UIF	108,134	102,193

9 Risk Management

Liquidity risk

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

Interest rate risk

The agency has no significant interest-bearing assets, that its income and operating cash flows are substantially independent of changes in market interest rates.

10 Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. The Agency is currently grant dependent to its parent municipality. The entity sent its proposed budget of the following year to the parent municipality for approval and sourcing funding in terms of s87 of
The Agency current and acid test ratio is 1.77:1, meaning that the agency has ability to pay all its short term

Figures in Rand	2024	2023

11 REVENUE

Interest received	**315,410**	**378,650**

Interest received includes an Accrued interest of R18,706.97 representing income earned on investments by

12 Related Party Transactions

UThukela Economic Development Agency is 100 percent controlled by the UThukela District Municipality .

Figures in Rand	2024	2023
Compensation to the Chief Executive Officer:		
Basic salary	649,752	1,067,488
Car Allowance	196,786	242,151
Subsistence & travelling	27,887	88,473
Housing allowance	22,973	133,175
Back pay	8,039	35,235
UIF	2,834	3,125
SDL	11,678	14,489
Leave paid out	226,104	0
Acting Allowance	103,216	0
Bonus	38,634	
Providence C	85,821	
SALGA BC	136.56	
Total transfer expenditure	**1,373,858**	**1,584,135**

Figures in Rand		2,024	2023
Capital & Operational Conditional Grant	**Notes** 13		
uMhlumayo Culture Centre		-	514,984
Coal Gasification		1,724,263	17,098
		1,724,263	**532,082**

Figures in Rand		2,024	2023
General Expenses	14		
Audit Fees		268,968	233,185
Accommodation		11,029	41,093
Stationery		48,743	35,117
Bank charges		10,251	8,770
Advertisement		25,620	46,586
Training & Workshops		-	-
Beans Seeds		-	-
Rental and Utility		591,742	544,323
Transport		-	-
Consultancy		20,000	-
Cleaning material		31,174	50,360
Catering		2,593	2,081
Fuel, Oil and Other		5,585	-
Investments programs		121,644	
Raset Programs-Auctions		-	-
Raset Programs		180,000	27,159
Events		-	-
SDL		18,181	16,609
Capacity Building & Strategy		187,675	439,548
Subsistence & travelling		4,052	
		1,527,257	**1,444,832**

Figures in Rand		2,024	2023
	15		
Correction of an error			
Vat receivable		1,038	
		1,038	**-**

VAT receivables were overstated in 2022/2023 financial year

Figures in Rand		2,024	2023
Account Payables	16		
Board Allowance		18	2,659
UIF		-	
RENT		-	
uMhlumayo Village Centre		-	271,791
		18	**274,450**

Figures in Rand		2,024	2023
Deviation from supply chain management regulations	17		
Deviations supported by approval memo's		-	-
		-	-

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.
Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the board and includes a note to the unaudited annual financial statements.

Figures in Rand		2,024	2023
IRREGULAR EXPENDITURE	18		
OPENNING BALANCE		**-**	**1,860,877**
Section 36 deviations			
Non-compliance with SCM regulations		1,982,902	
Over Spending			
Write-offs			- 1,860,877
		1,982,902	**-**

Irregular expenditure disclosed is relating to the non-compliance identified in the prior year 2022/23, where bids awarded had incorrectly calculated scores. As a result, all amounts paid in respect of the 23/2022-OTH awards should be regarded as irregular expenditure and should be disclosed accordingly. R1,982,901.82 was paid to Impande Consulting Engeering (Pty) Ltd for the coal gasification project

Figures in Rand		2,024	2023
PREPAID EXPENSE	19		
SARS-PAYE		5,156	3,269
		5,156	**3,269**

UTHUKELA ECONOMIC DEVELOPMENT AGENCY
REG. NO: 2017/256360/30
NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

Figures in Rand	Notes	2,024	2,023
Other Revenue-From exchange transaction	20		
Tender document		-	7,000
Refund		-	8,186
LGSETA		10,530	-
		10,530	**15,186**

Figures in Rand		2,024	2023
FRUITLESS AND WASTEFULL EXPENDITURE	22		
Opening		2,919	14,498
Add: Current period Interest and Penalties - SARS		6,068	2,919
Add: Prior period Interest and Penalties - SARS		322	
Less: current period amount recovered		-	
Less: prior period amount recovered		-	
Less: current period write-off		-	
Less: Prior period Writes-off		-	- 14,498
Closing		**9,309**	**2,919**

The penalty charged is for late payment of PAYE, UIF and SDL in December & January to South African Revenue Services by the Agency due to the late registration of the new representative, which was reported to the board, parent municipality, Provincial Treasury and Auditor General as per the board resolution on 31 May 2024 (Board resolution no.:47/05/2024).

Figures in Rand		2024	2023
Vat Receivable	23		
Opening Balance		201,112	-
Add: VAT refunds during the year		443,705	173,526
Less: reassessment/ adjustments by SARS		- 5,721	- 15,591
Add: Interest earned		1,900	259.32
Add:Accrued input VAT claimable		18,646	96414.6
Less: Refund		- 640,814	-53,496.85
Closing Balance		**18,828**	**201,112**

Figures in Rand		2024	2023
Net cash flow from operating activities	24		
Net Profit (loss)		**- 415,176**	**- 1,563,533**
Adjustment of Non Cash			
Donation received		-	-
Depreciation		137,322	493,187
loss on write-offs		9,180	1,809,527
		- 268,673	**739,181**
Working Capital Movement		**2,421,142**	**1,232,305**
Inventories			
Receivables from non exchange transactions		- 268,673	- 218,511
Increase in Vat receivables		182,283	
Receivables from exchange transactions		- 274,432	- 15,220
Unspent conditional grants		2,783,851	1,467,918
Provisions: legal Proceedings			
Provisions: Pension			
Provisions: Leave			
Provisions: Bonus			
Employee benefits obligations			
Consumer deposits			
Prepayments		- 1,887	- 1,882
Prior Adjustments			
Other Financial Liabilities			
		2,152,469	**1,971,486**

Figures in Rand	2,024	2023

Commitment	**25**		
Authorised Capital Expenditure			
uMhlumayo Cultural Village Centre			2,495,035
Driefontein Coal Gasification			2,000,000
		-	**4,495,035**

Unspent conditional grant **26**

Opening balance	4,508,114	3,040,197
Add: Current year's receipts	-	2,000,000
Correction of an Error	-	-
Less: Current year expenses recognised as revenue	- 1,724,263	- 532,082
Prepaid Rent	-	-
Unspent conditional grant (Closing balance)	**2,783,851**	**4,508,114**

Operating Lease Commitments **27**

The entity has entered into non-cancellable operating lease agreements primarily for rental of property with Samaros Trust. Lease payments are adjusted periodically per the contract.

In accordance with the requirements of GRAP 13, the future minimum lease payments under non-cancellable operating leases are as follows:

Not later than one year: **R269,512.76**
Later than one year and not later than five years: **None**
Later than five years: **None**

The entity recognises lease expenses on a straight-line basis over the lease term. For the year under review, lease payments recognised as an expense in the statement of financial performance amounted to **R541 629 *(exclusive of VAT)* .**

Change in Accounting Estimate Note (GRAP)
28

In accordance with **GRAP 3: Accounting Policies, Changes in Accounting Estimates, and Errors**, the entity reviewed the useful lives, residual values, and conditions of its property, plant, and equipment (PPE) during the year ended 30 June 2024. This review resulted in changes to depreciation rates and carrying amounts for certain asset categories, which have been applied prospectively.

Impact of Changes
The changes in estimates primarily affected the following:

1. Computer Equipment: A write-off of R18,600 was recognized due to adjustments in expected future benefits.

2. Depreciation Adjustments: The total depreciation expense for the year increased by R136,971 as a result of the revisions to estimated useful lives. This adjustment was allocated as follows:

Computer Equipment: R38,462
Furniture: R42,077
Machinery & Equipment: R7,119
Motor Vehicles: R49,314

The carrying amounts were adjusted accordingly.

Reconciliation of Changes (Figures in Rand)

2024

Asset Category	Opening Balance	Additions	Write-Off/Expense	Depreciation
Infrastructure	439,100	-	-	-
Computer Equipment	205,598	-	-18,600	-38,462
Furniture	207,944	-	-	-42,077
Machinery & Equipment	51,375	-	-	-7,119

2023

Asset Category	Opening Balance	Additions	Write-Off/Expense	Depreciation
Infrastructure	-	-	-	-
Computer Equipment	279,828	-	-	-74,230
Furniture	259,894	3,385	-	-55,335
Machinery & Equipment	64,158	-	-	-12,783

Trial Balance

UTHUKELA ECONOMIC DEVELOPMENT AGENCY

For: July 2023 to June 2024

Trial Balance

	Opening Balance	Movement	Closing Balance
Accumulated surplus	**2,593,640**	**- 415,526**	**2,178,114**
Net profit			
INCOME	**6,709,061**		
Transfer and Subsidy	3,285,000		
Conditional grant/ income			
Interest Received	315,410		
Transfers from Uthukela District M	1,373,858		
Gasification Driefontein Grant	1,724,263		
Other income	-		
Refund	-		
LGSETA	10,530		
EXPENSES	**7,124,587**		
Accomodation	11,029		
Advertisement & Marketing	25,620		
Audit Fees + Cipc Annual Return Fees	268,968		
Bank Charges	10,251		
Board Allowances & Emoluments	510,820		
Capacity Building & Training	10,140		
Catering	2,593		
Cleaning Material	31,174		
Conditional grant - Coal gasification	1,724,263		
Consultancy	20,000		
Depreciation	137,322		
Loss On Write Offs	9,180		
Fuel, Oil And Other	5,585		
Insurance Expenses	-		
Investments Programs	121,644		
Office Electricity & Refuse	44,355		
Office Water Utility	5,758		
Printing And Stationery	48,743		
Raset &Agricultural Programs	180,000		
Rental	541,629		
Salaries	1,841,887		
SDL	18,181		
Susbsistence & Travelling Expenses	4,052		
Team Building & Strategic Planning	177,535		
Tourism&Special Programs	-		
Transfer Expenditure	1,373,858		
Balance Sheet			
ASSETS			
Current Assets	**5,816,026**	**- 2,304,336**	**3,549,346**
Standard Bank-Investments	5,094,157	- 2,340,914	2,753,243
Raset Investment	-	-	
Call Investment	-	-	
Bank-Main	484,268	269,144	753,412
Prepayment	3,269	1,887	5,156
VAT Receivable	234,332	- 253,160	18,828
Interest receivable	-	18,707	18,707
Non-Current Asset	**1,560,178**	**- 585,251**	**974,927**
Property,Plant & Equipment	1,681,917	- 18,600	1,663,317
WIP	439,100	- 439,100	-
Accumulated Depreciation	- 560,839	- 136,971	- 697,810
Acc Depreciation Written Off		9,420	9,420
LIABILITIES			
Current Liabilies	**- 4,782,564**	**- 3,520,235**	**- 2,783,869**
Unspent Liability: Rent Grant	-		-
Unspent Liability: RASET Grant	- 40,197	40,197	-
Accounts Payable	- 274,449	- 274,467	- 18
Unspent Liability:COGTA Grant	- 2,485,016	- 5,268,867	- 2,783,851
Unspent Liability:Coal Grant	- 1,982,902	1,982,902	-
Total	**-**		**437,711**