



VAALHARTS WATER USER ASSOCIATION

**ANNUAL REPORT
2023-2024**



A. INTRODUCTION

This report will provide feedback on all operations and activities of the Vaalharts Water User Association (VHWUA) for the financial year 2023/2024.

The focus of this report will be on the following areas:

- Operations
- Social Contributions
- Financial Results
- Committee Reports
- Auditor Report

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C. List of Abbreviations

VHWUA	-	Vaalharts Water User Association
m ³	-	cubic meters
CEO	-	Chief Executive Officer
CFO	-	Chief Financial Officer
MANCO	-	Management Committee
IFRS	-	International Financial Reporting Standards
ISAE	-	International Standard for Assurance Engagements
PWC	-	PriceWaterHouseCoopers
WSP	-	Workplace Skills Plan
EWSETA	-	Energy and Water Sector Education and Training Authority
DWS	-	Department of Water and Sanitation
VHP	-	Vaalharts Farms
KB	-	Klipdam / Barkley- West
WAS	-	Water Administration System
Ha	-	hectares
EF	-	Emerging Farmer
HDI	-	Historically Disadvantaged Individual

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1. CHAIRPERSON'S REPORT

This year was a bad agricultural production year. With the commercial farming industry being the core of the willing payers on the scheme the result of the bad production year resulted in a terrible budget result. We had to make budget adjustments more than once to not end up in a terrible loss, but what was really exposed this year was the fact that we are recovering little to no funds from our strategic users.

The Department also decided to do all emergency/urgent rehabilitation which has now lead to a mayor backlog on imminent collapses due to their inefficiencies.

During the next financial year the focus needs to be on securing support from DWS for action against strategic users as well as having them realise that collaboration is needed with urgent/emergency rehabilitation as VHWUA has all the resources on site to support the DWS' resource issue on local level.

1.1. Operational Review

The more normal rainfall year not only ensured that our water loss percentage returned to normal but also prevented further mayor rain damage to occur.

The lower income experienced caused the administration to cut on all non-essentials thus putting all projects not related to our core functions under pressure.

Our human resources department continued to have great results in terms of lowering costs and safety incidents.

1.2. Vaalharts Taung Revitalization (VTR) Project Feedback

The integrated Masterplan was completed in June, but unfortunately by end of the financial year the DBSA and the DWS was not able to come to an agreement yet for the disbursement of the funds to initiate phase 2 by appointing contractors to finalise the detail designs, feasibility studies and funding models.

Lets hope faster progress is shown soon as the potential for expansion is lying waiting while large areas of the canal is collapsing weekly.

1.3. Transformation

Transformation within the Vaalharts WUA remains a success story and really combines all factors that transformation consists off.

The efforts to build and support strong communities by running efficient capacity building programmes along with a lot of work under the children of the scheme while creating opportunities for businesses to take part and promoting job opportunities is really paying off in the relationships experienced.



Figure 1: Water Safety Volunteers

1.4. Manco Composition

Table 1: Manco March 2024

<u>CATEGORY - IRRIGATION</u>	<u>Nr</u>	<u>NAME</u>
Wyk/Ward 1	1	WILLEM DE KLERK
Wyk/Ward 2	2	ANTON HOWARTH
Wyk/Ward 3 (5 Seats VH)	3	PIETER BURGER
Wyk/Ward 4	4	JOHAN BEYTELL
Wyk/Ward 5	5	PIET VAN NIEKERK
KB Kanaal/Canal (2 Seats KB)	6	MATT BOND
	7	JANNIE LIEBENBERG
Spitskop (1 Seat Spitskop)	8	BENNIE LIEBENBERG
Taung Bosele (2 Seats Taung)	9	MBULELO TAU
Taung Areagengmmogo	10	MATTHEWS SENOKWANE
<u>EMERGING FARMERS</u>	<u>Nr</u>	<u>NAME</u>
(1 Seat Across Scheme)	11	DANIEL STAORT
<u>SMALL SCALE USERS</u>	<u>Nr</u>	<u>NAME</u>
(1 Seat VH)	12	CHRISTEL STOMAN
(1 Seat Taung)	13	TUMELO LETELE
(1 Seat KB/Spitskop)	14	FABIAN LOBELO
(Traditional Leader Co-Opted)	15	KGOSI MOTHIBI
(Traditional Leader Co-Opted)	16	KGOSI MANKUROANE
<u>LOCAL WATER AUTHORITIES</u>	<u>Nr</u>	<u>NAME</u>
(1 Seat Water Boards)	17	MARUPING RAPUDUNGOANE (
	18	
(1 Seat Phokwane)	19	
(1 Seat Magareng)	20	
<u>INDUSTRIES</u>	<u>Nr</u>	<u>NAME</u>
(1 Seat)(Co-Opted)	21	
<u>GOVERNMENT DEPARTMENTS</u>	<u>Nr</u>	<u>NAME</u>
(1 Seat Dept. Agriculture)	22	PONDAI KANYASA (NC) /
	23	
(1 Seat DWS Region)	24	RUTH MOTHEKHE

1.5. Vote of Thanks

Thank you to the team for making the finances work during such a difficult financial year. We hope and pray that it will go better with the commercial sector soon while we hope a paying culture can be created soon under the non-payers so that everyone pulls together on this cart to make sure the institution can survive.

Pieter Burger

Chairman of Manco

2. HISTORY OF THE ASSOCIATION

The Vaalharts Water User Association (VHWUA) was established by proclamation no 421 in Government Gazette no. 22281 dated 18 May 2001. The Minister of Water Affairs has approved the Constitution of the Water User Association and certain powers and duties in terms of the National Water Act have been delegated to the VHWUA.

In 1934 building work on the Vaalharts Government Water Scheme started. Vaalharts Weir was constructed on the Vaal River, just upstream of Warrenton, to divert water into the Vaalharts Main Canal which supplies the North, West, Klipdam-Barkly and Taung canals. The canal system comprises of a total of 1176 kilometres of concrete lined canals supplying irrigation water to a total of 39 820 hectares (scheduled), as well as industrial water to six towns and other industrial users, and household water to individual farms for primary use.

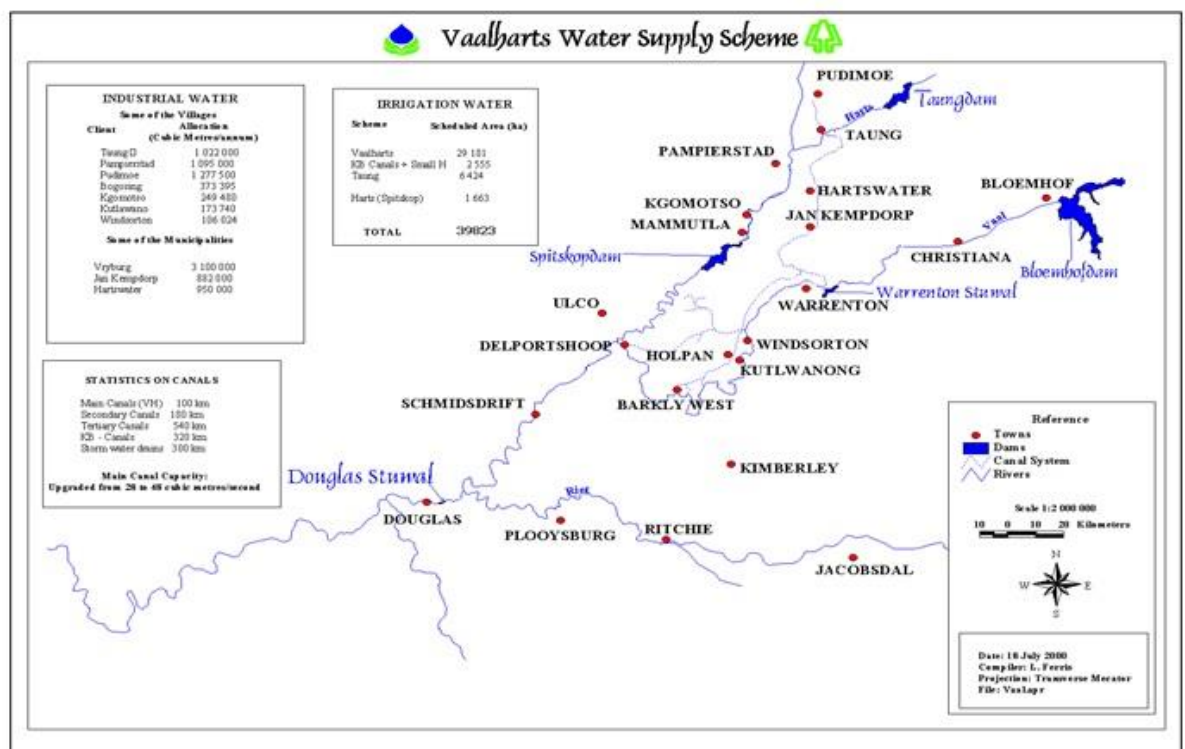


Figure 2: Vaalharts Water Supply Scheme

Irrigation activities and storm water drainage on the Vaalharts Government Water Scheme and Taung Irrigation necessitated the building of the dual purpose drainage canals to convey both storm water and subsurface drainage water out of the irrigation

scheme. A total of 314 kilometres of concrete lined drainage canals were built to serve this purpose.

The Ganspan Social Welfare Settlement was developed with a scheduled area under the Vaalharts Canal System of 229.8 hectares of which 150 hectares are developed. The Vaalharts Agricultural Research Station was also developed and was scheduled for 381.2 hectares of which 180.5 hectares are developed. All the above were operated and maintained by the Department of Water Affairs.

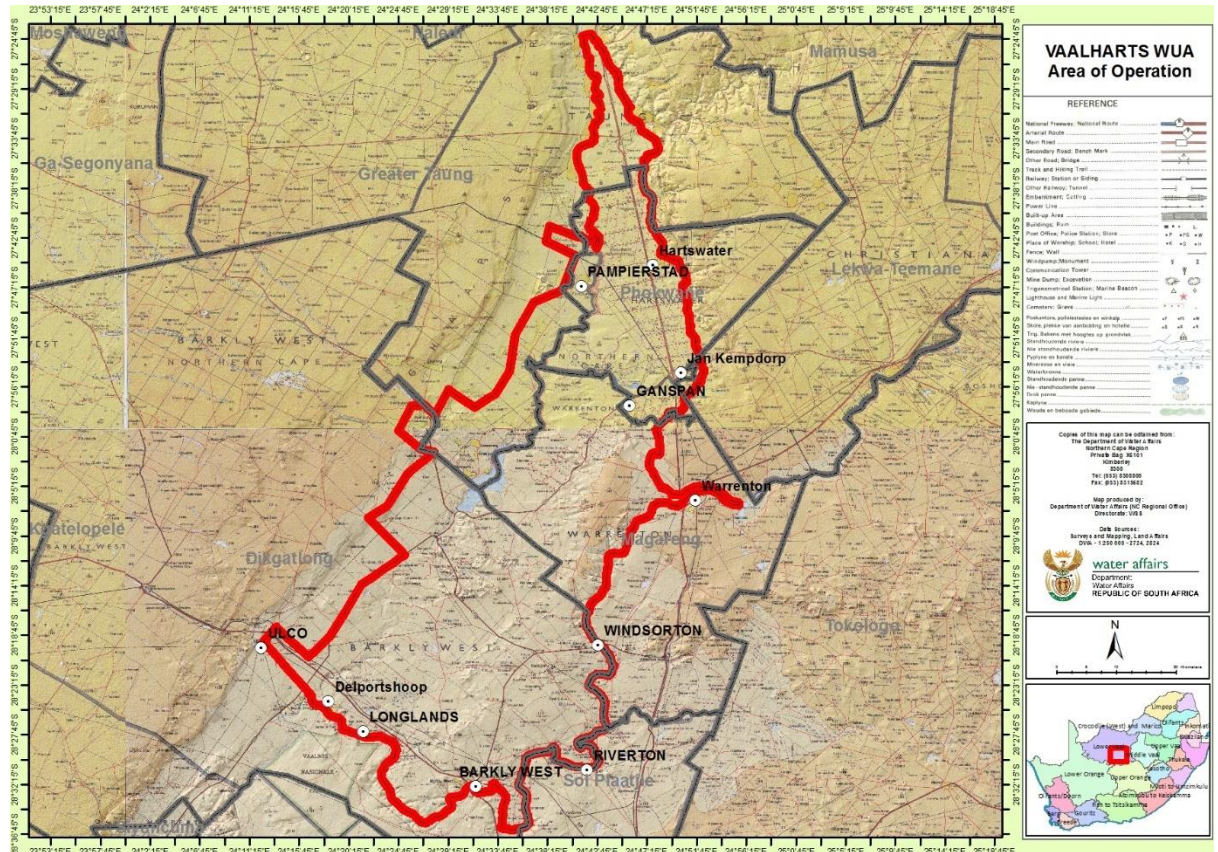


Figure 3: VHWUA Area of Operation

The area also includes a few restitution cases, one of them being Majeng which is situated close to the Spitskop dam. The community of Majeng was removed during the 1970's and only given back their land in 2002. Currently the community has had 60 hectares of water rights returned to them from their original amount of 600 hectares, however the infrastructure has gone to waste and needs urgent refurbishment if the community is to ever be functional irrigators again.

3. AUDIT COMMITTEE REPORT

This is the report of the audit committee of Vaalharts Water User Association appointed for the financial year ended 31 March 2024 in compliance with the Constitution of the Association.

3.1. Membership

The Board appointed the committee for the 2024 financial year at the management committee meeting dated 29 March 2022.

The committee consists of members of the management committee together with the Chief Executive Officer and Chief Financial Officer.

For most of the financial year, the members were W Erasmus (chairman), A Brand (Vice-Chair), DJ van Eeden (CEO) and H Etzebeth (Acting Financial Manager), however after the financial year Mr. Johan Beytell was elected as the new Chairperson on 11 April 2024 and the new committee handled the 2023/2024 financial statements and audit report.

3.2. Purpose

The purpose of the committee is to:

- assist the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards;
- oversee the activities of, and to ensure coordination between, the activities of internal and external audit;
- provide a forum for discussing financial, enterprise-wide, market, regulatory, safety and other risks and control issues; and to monitor controls designed to minimize these risks;
- review the company's annual integrated report, including the annual financial statements, as well as its interim report and any other public reports or announcements containing financial information;
- receive and deal with any complaints concerning the accounting practices, internal and external audit or the content and audit of its financial statements or related matters; and
- annually review the committee's work and charter to make recommendations to the board to ensure its effectiveness.

3.3. Duties carried out

The committee has performed its duties and responsibilities during the financial year according to its charter.

3.3.1. Financial statements

The committee:

- confirmed, based on management's review, that the annual financial statements were prepared on the going concern basis;
- examined the annual financial statements and other financial information made public, prior to their approval by the board;
- considered accounting treatments, significant or unusual transactions and accounting judgements;
- considered the appropriateness of accounting policies and any changes made
- reviewed the representation letter relating to the annual financial statements and the ISAE 3240 reasonable assurance opinion in respect of the preliminary announcement, signed by management;
- considered any problems identified as well as any legal and tax matters that could materially affect the financial statements; and
- met separately with management, external audit and internal audit and satisfied themselves that no material control weakness exists

3.3.2. External audit

The committee:

- nominated PriceWaterhouseCoopers Inc as auditors and JP Allen as the independent auditor and designated audit partner, respectively to the management committee for appointment for the financial year ended 31 March 2024, of the Association, and ensured that the appointments complied with legal and regulatory requirements for the appointment of an auditor;
- approved the external audit engagement letter, the audit plan and the budgeted audit fees payable to the external auditors;
- determined the nature and extent of all non-audit services provided by the independent auditors and pre-approved all non-audit services undertaken;

- obtained assurances from the independent auditors that adequate accounting records were being maintained;
- confirmed that no reportable irregularities had been identified or reported by the independent auditors under the Auditing Profession Act; and

3.3.3. Independence of external auditors

The committee is satisfied that PriceWaterhouseCoopers Inc is independent of the Association after taking the following factors into account:

- representations made by PriceWaterhouseCoopers Inc to the committee;
- the auditors do not, except as external auditors or in rendering permitted non-audit services, receive any remuneration or other benefit from the Association;
- the auditors' independence was not impaired by any consultancy, advisory or other work undertaken;
- the auditors' independence was not prejudiced as a result of any previous appointment as auditors; and
- the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

3.3.4. Combined assurance

The committee reviewed the plans and reports of the external auditors and other assurance providers including management and concluded that these were adequate to address all significant financial risks facing the business.

3.3.5. Acting Financial Manager, Internal Auditors TGA and finance function

The committee:

- considered the appropriateness of the experience and expertise of the acting Financial Manager and Internal Auditors TGA and concluded that this was appropriate; and
- considered the expertise, resources and experience of the finance function and concluded that these were appropriate.

3.4. Annual financial statements

Following the review by the committee of the annual financial statements of Vaalharts Water User Association for the year ended 31 March 2024, the committee is of the view that, in all material respects, it complies with the relevant provisions of the Constitution of the Association and the entity's accounting policies and fairly presents the financial position at that date and the results of its operations and cash flows for the year. In conjunction with the risk committee and social and ethics committee, the committee has also satisfied itself as to the integrity of the remainder of the annual integrated report.

Having achieved its objectives for the financial year, the committee recommended the annual financial statements and annual integrated report for the year ended 31 March 2024 for approval to the management committee.

J Beytell

Chairman

4. HUMAN RESOURCE COMMITTEE REPORT

It is an honour and prestige to be afforded an opportunity to present the human resources and remuneration report of the aforementioned committee for the period 2023/2024.

4.1. Members of the committee

1. Mr. OF Lobelo – Committee Chairperson
2. Mr. E Letele – Vice-Chairperson
3. Mr. DJ van Eeden – Chief Executive Officer
4. Mr. MV Mokoena - Human Resource Manager
5. All heads of departments

4.2. Terms of reference are *inter alia*

- To develop and ensure implementation of human resources polices
- Oversee compliance with employment legislation
- Oversee fair and sound labour practices
- Bridge the gap between labour and management
- Oversee skills development plan
- Oversee selection and recruitment
- Oversee development of an organogram

To mention a few.

4.3. Policies

During the period under review the committee was able to review and develop other policies on top of the existing polices, below are policies which have been reviewed/developed and were approved by MANCO:

1. Vehicle subsidy Policy (amended)
2. Selection and recruitment policy (amended)
3. SCM policy (amended)

4.4. Long Service Awards

Vaalharts Water Users Association was able to hold our long service awards ceremony, the ceremony aims to motivate workers and show appreciation to employees who served the institution for a number of years with loyalty and faithfulness and also to avoid an exodus of personnel from the institution.

4.5. Employment Equity.

In compliance with Employment Equity Act No 55 of 1998 the 5 year period Employment Equity Plan was drafted, approved by MANCO and submitted to department of labour.

The annual submission of the employment equity report was done, approved and accepted by the department of labour.

4.6. Skills Development

The annual workplace skill plan also known as WSP together with the annual training report also known as ATR was drafted as per the legislative requirement of the Skills Development Act No 97 of 1998, it was submitted to EWSETA (energy and water sector education and training authority) it was approved for mandatory grant, which is a partial reimbursement of the accredited training cost for the year under review.

Vaalharts Water during the financial year 2023/2024 trained 77 employees on occupational based training, skills program, academic, statutory and refresher training which is an improvement of 57.14% from the last financial year targets.

Vaalharts Water is also in a process of capacitating its supervisors, boilermakers and mechanics to bridge the skills gap for immediate future company opportunities and for their self-developments.

4.7. Occupational Health and Safety

In terms of the Occupational Health and Safety Act No 85 of 1993 Vaalharts Water has an approved risk assessment and action plan in accordance with the department of labour regulations and directives.

Vaalharts Water is due to conduct its annual independent OHS audit, for the financial year 2022/23 it received 89.28% for legal compliance which was vast improvement from the financial year 2021/23 of 77.28% it obtained.

Vaalharts Water has trained its health and safety officer, safety reps and first aiders, this is very important not only for compliance but as a proactive measure against the occupational risk of accidents and health risks.

4.8. Way forward

Vaalharts Water aims to realign its human resources towards the hybrid model type of structure and employees in order to minimise labour cost, to maintain its positive progression towards health and safety of its workers.

Upskilling of employees remains one of the important goals of the company for the benefit of both the company and the employees.

To overcome the challenge of recruitment of people with disability and women as required by the Employment Equity Act and to enable access to premises for people living with disabilities as a reasonable accommodation in terms of the act which remains one of the goals indicated on our employment equity plan for compliance.

F Lobelo

VHWUA HR Committee Chairperson

5. CIVIL DEPARTMENT

In order to ensure sustainable water supply to all water users, continuous maintenance and refurbishment is needed on the Vaalharts Water Scheme. The maintenance of all infrastructure belonging to the Department of Water and Sanitation within the Vaalharts Water Scheme, is the responsibility of the Civil and Technical Departments, while DWS as the owners of the infrastructure, is responsible for all refurbishments and betterments.

During the previous Financial Years, the Refurbishment of the North Canal was done by the VHWUA and claimed back from DWS. During the 2023-2024 Financial Year the Department decided to use their own Construction team to fulfil this duty.

The following were achieved by DWS during scheduled dry periods on the North Canal:

- 19 Concrete panels were replaced.
- 53m³ Concrete were placed.
- 47.5m were replaced.

Compared to VHWUA's work on the North Canal during the same dry periods in 2022-2023:

- 469 Concrete panels were replaced.
- 782m³ Concrete were placed.
- 1172.5 m were replaced.

5.1. Concrete Works

During the Financial year under review the following concrete maintenance work was conducted:

Table 2: Concrete Works

STRUCTURE	CONCRETE m³	SLABS	METERS
Feeder canals	362.5	453	1359
Community furrows	608	1352	4056
Drainage canals	588	733	2201

KB canals	138	307	920
Ganspan	9.5	13	39
VHP	20.5	46	137
Pre-Cast	18		
Other	175.5		
TOTAL:	1945		

5.2. Sluices

During the 2023-2024 Financial year the following sluices were replaced:

- 41 Community Sluices and Calibrated
- 14 Division Sluices

5.3. Maintenance of Drainage Canals

The Civil Department did a large quantity of normal Concrete Maintenance work on the Drainage Canals.

The flood damage that occurred during the 2023-2024 Financial Year were reported to DWS.

DWS: Construction West is currently on site repairing these above-mentioned damages to the Drainage Canals.

The cleaning of the drainage canals was done by the Civil Departments Drain team. Primary drains were mechanically cleaned, and secondary drains were cleaned by contractors on a tender basis.

During the financial year under review, the following Drainage canals were cleaned::

Table 3: Drains

DRAINS CLEANED	DISTANCE IN METERS
Primary and secondary drains mechanically cleaned	160 072

Secondary drains cleaned by contractors	350 811
--	---------

5.4. Maintenance of Buildings

This section of the Civil department is responsible for the maintenance on all buildings under the administration of VHWUA. This includes 95 Houses as well as all offices and Work Shops.

The team does all the normal maintenance work thorough out the year, the following were bigger projects that were completed:

- | | |
|--------------------------|-------------------------------------|
| • Admin Building | Painting inside and outside |
| • House GB079 | Replace Roof |
| • Admin Office | Painting Outside |
| • Batching Plant | Painting inside and outside |
| • Mechanical Workshop | Painting of Floor |
| • House W11 | Painting inside and outside |
| • House W12 | Painting inside and outside |
| • House W13 | Painting inside and outside |
| • House W09 | Painting inside and outside |
| • House RB1 | Painting inside and outside |
| • House GB080 | Painting inside and outside |
| • House H20/1 | Install Ceiling |
| • Civil Office
Office | Converting old Kitchen to
Office |
| • House B057 | Replace Wooden Floors |
| • Community Garden | Restore Buildings |

6. WATER CONTROL

6.1. Efficiency and Control of Water

Table 4: Water Use Efficiency



Water Use Efficiency Accounting Report: Weeks 1 to 53

VHS: Vaalharts 2023/2024

Year	Mnth	Agriculture (x1000 m3)	Industrial (x1000 m3)	Municipality (x1000 m3)	Household (x1000 m3)	Down stream (x1000 m3)	Other (x1000 m3)	Total used (x1000 m3)	Released (x1000 m3)	Total loss (x1000 m3)	Loss (%)	Alloc used (x1000 m3)	Alloc avail (x1000 m3)	Used (%)	Avail (%)
2023	Apr	9 084	5	884	36	4 981	25	15 015	17 393	2 378	13.7	9 998	274 069	3.5	96.5
2023	May	4 315	4	737	36	4 161	22	9 274	11 417	2 144	18.8	15 075	268 992	5.3	94.7
2023	Jun	8 212	21	674	45	5 960	22	14 933	21 355	6 421	30.1	24 004	260 063	8.5	91.5
2023	Jul	8 449	17	722	36	5 147	16	14 387	19 518	5 131	26.3	33 208	250 859	11.7	88.3
2023	Aug	19 430	38	845	45	8 123	22	28 502	37 997	9 494	25.0	53 543	230 524	18.8	81.2
2023	Sep	24 032	28	1 052	36	8 054	22	33 223	40 142	6 919	17.2	78 678	205 389	27.7	72.3
2023	Oct	31 938	7	993	36	10 886	25	43 885	53 694	9 809	18.3	111 640	172 427	39.3	60.7
2023	Nov	29 969	4	1 003	45	10 809	32	41 862	51 994	10 132	19.5	142 649	141 418	50.2	49.8
2023	Dec	24 916	4	725	36	7 642	36	33 360	44 136	10 777	24.4	168 331	115 736	59.3	40.7
2024	Jan	16 103	5	849	36	7 093	23	24 109	31 136	7 027	22.6	185 311	98 756	65.2	34.8
2024	Feb	37 879	22	809	45	10 670	41	49 467	63 743	14 276	22.4	224 063	60 004	78.9	21.1
2024	Mar	27 239	34	1 041	36	8 453	29	36 832	43 577	6 745	15.5	252 406	31 661	88.9	11.1
		241 567	190	10 334	463	91 981	315	344 850	436 103	91 253	20.9	252 406	31 661	88.9	11.1

6.2. Loss Percentage

In the table below the past 24 year's loss percentages can be seen. A clear reduction can be seen from 2007 when the WAS program was introduced fully. The biggest factor used to be the operational losses. For even more savings in future attention needs to be given to seepages due to the ageing infrastructure and better monitoring with programs to have more real data available.

This year which was a more normal rainfall year saw the loss percentage return to close to 20%.

Table 5: Loss Percentages

Year	Release	Agriculture	Industries	Losses
2001 / 2002	342493656	220601667	10706508	32.46
2002 / 2003	466115640	300543082	11776505	33.00
2003 / 2004	488284140	301224875	7400411	36.79
2004 / 2005	433936910	276099880	6737981	34.82
2005 / 2006	366491600	223932100	9310951	36.36
2006 / 2007	406172300	255986842	6885718	35.28
2006 / 2007	373348400	243647992	9027348	32.32
2007/2008	351413400	202907300	9442000	26.12
2008/2009	396550400	227259400	11689000	25.22

2009/2010	374724500	212461900	86550000	24.71
2010/2011	366491600	243647992	9027348	25.4
2011/2012	371800500	263311734	10517915	26.1
2012/2013	447967500	335745351	10929292	22.6
2013/2014	459084500	324462500	12150000	26.7
2014/2015	449132500	335851500	13178000	22.3
2015/2016	493176500	347370500	14740000	26.6
2016/2017	326706500	237113500	22212200	22.7
2017/2018	44194000	325974000	16685000	22.8
2018/2019	477785000	356746000	16845000	21.7
2019/2020	421883000	323894000	15788000	19.7
2020/2021	362031000	294394000	12598000	18.7
2021/2022	321149000	159370000	13087000	20.5
2022/2023	339538000	252552000	11612000	22.1
2023/2024	344850000	334326000	10524000	20.9

6.3. Representation of HDI Farmers on the Vaalharts Water Scheme

Table 6: Current HDI Farmer Hectares

Scheme	Total ha	HDI ha	%
Vaalharts	28968	549.3	1.9
Spitskop	1663	375.41	22.57
KB	2555	360.9	14
Taung	(6424 available) 3759 usable	3759	100
Total	36 945	5044.61	13.65

The Vaalharts/Taung Revitalisation project is expected to add 2665 ha in Taung, an estimated 875 ha of land in the Majeng area as well as 411ha of land in the Sekhing area which will become available for HDI farmers to utilise.

Thus, the project on its own could almost double the HDI farmer representation to 24.4 %.

6.4. Water Measurement

The Vaalharts Sub-District uses calibrated sluices along with the WAS system for indirect measurement, the water is released on a demand system and is controlled and streamlined by Water control.

Vaalharts Water has a registered rain meter by SAWS in Jan Kempdorp, we also measure at 8 other different sights to oversee the Vaalharts irrigation area.

Electromagnetic meters are installed for industrial and Municipal use and give a reading daily to the Water control office. Electronic meters are also used on the Harts River however some do have problems with signal in the field due to mobile networks thus some meters needs to be physically read.

The KB system uses fixed overflows that ensure the amount of water licensed per year is delivered to each user in 250 days per year.

The next phase of the measuring project is new software that can display releases intime on phones and also capture leakages and breaks at the faults on the canal system and Taung, which is currently measured holistically.

6.5. Servitudes

The servitudes team is continuously maintaining the servitudes along the main canals, feeders and community furrows. Servitudes are being prepared to use mulchers more efficiently. A new Supervisor was appointed who shares the vision to be proud of the maintenance of canal servitudes.

The current fleet included a tipper truck, a TLB, 3 tractors, 2 mulchers and a woodchipper. Future projects include to completely debush the North Canal, re-graveling of servitude roads and to continue preparing areas next to canals to be cut with mulchers.

Projects include: debushing the North canal and maintaining trees in servitude areas, prepare area next to canals to be able to cut grass with mulchers, Taung canals cutting trees and removal of obstacles next to canals.

6.6. Taung

The Taung Office is operating at full capacity, a database is in place of all users that has received tribal land and monthly meetings is held to better communication. The office is working parallel with the tribal office and feedback from the community is positive. There is still a challenge to receive the change of ownership details in time.

Crop verification is done bi-annually for proof of irrigation. The Vaalharts Water Officers are visible on daily basis while they attend all the Co-Op meetings for general enquiries and challenges. A focus will now be on ensuring the buyer of the products will commit more on servicing the water accounts while control valves are being investigated in order to try and improve the water ordering process.

6.7. Vaalharts App

The new Vaalharts Water App, developed by FarmSpace is in the process of being rolled out, firstly focussing on the maintenance management of the scheme and notice circulation. Next phases include access for users to monitor their quotas and accounts while water ordering, agricultural monitoring and sluice control will be added at later stages.

6.8. Temporary Water Transfers

Table 7: Temporary Transfers

Total volume of water temporarily transferred for the water year	41 460 411 m ³
Transfers to Vaal River	3 123 549 m ³
Transfers between plots, between irrigators and between properties of the same irrigator	38 336 862 m ³

7. MECHANICAL DEPARTMENT

The core functions of the Vaalharts Water's Mechanical department are:

- Maintenance and service of vehicles and machines.
- Procurement, planning & transportation of fleet and equipment
- Innovation implementation to enhance productivity.
- All mechanical and steel maintenance of canals including sluices etc.
- Inspections of dams and structures.
- Grading of access roads
- Providing fuel and backup services to vehicles and machines on site.
- Electrical maintenance on all operated buildings, houses and dams.
- Community work for schools, hospitals, churches, emerging farmers and communities

7.1. Mechanical and Fleet operations

During the 2023/2024 year the mechanical department completed the following jobs:

Table 8: Mechanical Operations

Vehicle/Machine Maintenance & Service Activities	474
Steel Maintenance & Innovation Activities	195
Electrical Repairs	125
Pool Activities	1000+
Diesel & Tyre Jobs	1000+

Most mechanical maintenance jobs are done inside the Vaalharts Workshop, while others are carried out on site on the Scheme. Mechanics, welding teams, electricians and support teams travel great distances every day to ensure fleet, steel and electrical structures are in a good working condition.

The pool assistance vehicles include two low-bed trucks, two truck mounted crane trucks, a roll-back truck, a mobile crane and a tractor with a slasher. Water is also delivered to concrete sites and water control houses while two graders grades all access roads.

The service truck and fuel delivery vehicles provide diesel, tyre and small service support to machines on site.

7.2. New Fleet Items

During the past financial year, the following new additions to the fleet were added:

Table 9: New Additions

<p>2 x Isuzu NPR AMT 400 Single cab Team Truck.</p>	
<p>1x Toyota Hino 500 2836 6x4 Mixer Truck.</p>	

2 x Kubota SE2200 Mulchers	
1x Isuzu 250c Fleet side S/C	

7.3. Budget

The results for the Mechanical Budget for 2023/2024 are listed below:

Table 10: Mechanical Budget Results

Year Budget	R6 247 962
Year Spent	R5 339 042
Balance	R908 920
% Savings	14%

The 14% saving was made due to the following measures:

- Strict measures to ensure all vehicles, trucks, machines, and the mobile plant is serviced according to intervals to prevent major damage.
- Preventive maintenance on the fleet, all mechanical and steel structures in the Vaalharts scheme.
- Utilising our own mechanical personnel more than contractors.
- The daily using of the Omni accounts financial program to ensure strict budget control to prevent overspending.
- Fleet inspections to identify mechanical problems that could prevent high repair costs.
- The use of the Live Budget to know daily spending and balances.

8. HUMAN RESOURCE DEPARTMENT

8.1. Brief introduction

The Human Resources department is responsible for the acquisition, maintenance and retention of human capital in the institution.

Below are some of the functions entrusted to the Human Resources Department:

- Selection and Recruitment
 - Labour relations
 - Benefits management
 - Skills development
 - Human resources Administration
 - Employment Equity
 - Human Resources Policies development
 - Leave Management
 - Occupational Health and Safety
 - Office Cleaning
 - Security Services
-
- The Mission of the VHWUA Human Resources Department is to be fully compliant with all labour laws, for example: The Basic Conditions of Employment, Labour Relations Act, Skills Development Act, Employment Equity Act etc while ensuring a happy and productive labour force.

 - The Vision is to contribute towards the general development of the Vaalharts Water User Association and South Africa and in particular the community within our area of operation by capacitating employees who will respond to the challenging needs of the scheme which requires flexible employees who are not rigid and able to interact with administration, civil, technological and mechanical developments and also achieve our training and employment equity targets.

 - We have programs in place in terms of learnerships and internships for the local youth who are taken through our program to increase skill levels. We are also committed to social responsibility and, as a water user association, we are busy with the outlay of our social responsibility plans.

- During our dry weeks when we do annual maintenance work, we are able to provide temporary work for the locals.

8.2. Organogram

The organogram for 2023-2024 was approved by Management when changes were made and by Manco when changes were made at Executive and Senior Management level.

8.3. Staff Compliment

The staff compliment for the financial year was 183.

8.4. Training and development

A total number of 77 employees were trained during the financial year, in order to improve their production, efficiency, skills and knowledge.

All training undertaken was occupationally directed, and reported to EWSETA's mandatory grant.

The WSP (Workplace Skills Plan) was submitted to EWSETA during the year under review.

8.5. Positions filled during the financial year 2023-2024

The following 12 positions were filled during the year under review in accordance with our Selection and Recruitment Policy

- Personal Assistant to the CEO
- Finance Manager
- X3 Senior Drivers/Operators
- Senior Mechanic
- Security Gate Guard
- X2 General Worker: Servitude
- General Worker: Tyres

- Boilermaker Assistant
- SCM Storeman

8.6. Vacancy Rate

The Vacancy rate (Number of unfilled positions (19) vs positions in the establishment (183)) is at 10.38%.

8.7. Staff turnover rate

Staff turnover rate is a rate at which employees leave employment with Vaalharts Water for any reason, the current staff turnover rate is at 6% (10 staff turnover)

The following list is a breakdown of ways personnel left the employment of Vaalharts Water during the year under review:

- Resigned: 1
- Pensioned: 6
- Deceased: 1
- Dismissed 1
- Ill Health 1

8.8. Employment Equity

VHWUA has submitted its employment equity plan and the annual Employment Equity report as per the provisions of the Employment Equity Act and In terms of its a 5-year Employment Equity Plan.

8.9. Injury on Duty Report

During the year under review 17 incidents of injury on duty were reported with no fatalities and the cost was carried by the Department of Labour.

9. FINANCE DEPARTMENT

9.1. Overview of the Past Financial Year

The Finance Department strives to ensure that spending and revenue collection is aligned to the budget. Policies are reviewed annually, developed as required and are implemented to ensure sound financial management. Internal controls have been and are continuously introduced and are implemented consistently. This has resulted in positive improvement within the association with regards to revenue and expenditure as well as maintaining an unqualified audit report.

This department comprises of five units: Bookkeeping, Debtors, Creditors, Payroll and Supply Chain Management, all reporting to the Financial Manager.

Throughout the financial year, the budget vs actual expenditure is monitored. All deviations are explained to ensure compliance to the organisation's mandate. This has resulted in a surplus of R8,239,468r (AFS). The provision for debtors has remained the same due to improved recoveries. The reserve fund continues to grow and is now standing at 30% of the year's Budgeted Expenditure, while the requirement is 50%.

Processes within the SCM and Creditors sections are monitored and improved where necessary to maintain a good financial management system.

The budget for the next financial year 2023/2024 was developed in consultation with all HOD's and their input was considered. Revenue streams are constantly considered while the association strives to keep the water tariff increase affordable to the users. The budget process for the 2024/2025 FY and outer years commences during November 2023.

The audit of the 2023/2024 Financial year went well with only a few matters raised Preparation for the audit was mainly handled by TGA and the matters raised by PWC are ones that can be corrected going forward and further controls will be implemented in the 2024/2025 Financial year, however one or

two are legacy matters that can only be corrected once the constitution of the association is amended.

9.2. Revenue

Increases in tariffs are kept relevant to inflation. Revenue collection was under pressure, this can be attributed to a terrible agricultural year. Revenue from Strategic Users remain a grave problem with DWS expected to step in and help recover the mounting debt. VHWUA implements a Debt Collection Policy, supplemented with legal assistance when necessary. Debtors are monitored on an ongoing basis. Various discussions were held with defaulters and arrangements entered as per policy. The arrangements were monitored to ensure that they are adhered to. Effort has been made to enter into agreements with industrial users and HDI Farmers. This entails an ongoing commitment to ensure good relationships are built and maintained.

9.3. Expenditure

Operational expenditure was monitored throughout the 2023/2024 financial year. The focus is on actual revenue and expenditure to ensure that it align to the approved budget.

By cultivating the involvement of the entire staff compliment of VHWUA, we continue to manage expenditure to align with revenue collected. The entire VHWUA are geared together to ensuring the continuation of a financially viable and sustainable Association.

9.4. Budget

Attention is given to the budgeting process to ensure a realistic short-, medium- and long-term budget. Inputs are received from all the departments, and by doing that a sense of ownership is created. VHWUA use incremental budgeting that involves setting the budget for the next year based on the previous year's budget, with adjustments made to accommodate expected changes.

VHWUA Three Year Budget

	<u>2023/2024</u>	<u>2024/2025</u>	<u>2025/2026</u>	<u>2026/2027</u>	
	<u>Adjusted</u>	<u>Actual</u>			
	<u>Budget</u>	<u>Budget & AFS</u>	<u>Budget</u>	<u>Budget</u>	
		<u>Combined</u>		<u>Budget</u>	
		<u>Summarised</u>			
Capital	4 580 386	4 027 975	4 136 018	4 384 179	4 647 229
Projects	4 047 871	2 700 967	3 183 202	3 374 194	3 576 646
Material, Stock & Fuel	15 363 793	16 429 456	16 392 500	17 376 050	18 418 613
Repairs & Maintenance	4 023 269	3 408 597	4 027 448	4 269 095	4 525 241
Labour Costs	66 650 659	62 662 388	66 650 659	70 649 698	74 888 680
Vehicle Allowance - Capital	2 000 000	1 770 750	2 000 000	2 120 000	2 247 200
Training & Skills Development	587 112	629 200	245 250	259 965	275 563
Travel & Accommodation	130 934	213 370	149 725	158 709	168 231
Other Operational Costs	11 183 352	11 584 734	11 070 323	11 734 542	12 438 615
Consumables	2 585 351	1 136 282	1 539 089	1 631 434	1 729 320
Total Cash Expenses	111 152 725	104 563 720	109 394 213	115 957 866	122 915 338
Provision for Impairment		5 118 113			
Depreciation		4 219 429			
Provision for Leave		3 365 128			
Penalties & Interest		0			
Non-Cash Expenses AFS	0	12 702 670	0	0	0
Total Expenses	111 152 725	117 266 390	109 394 213	115 957 866	122 915 338
Income from Main Activity	95 755 540	99 038 750	92 904 599	102 195 059	112 414 565
Income from Other Sources AP	2 199 718	11 554 843	7 355 849	7 797 200	8 265 032
Total Income	97 955 258	110 593 593	100 260 448	109 992 259	120 679 597
Cash (Deficit / Surplus)	-13 197 467	6 029 873	-9 133 766	-5 965 608	-2 235 742
AFS Netto (Deficit / Surplus AFS)	-13 197 467	-6 672 797			

10. SOCIAL RESPONSIBILITY

10.1. Projects

- Mandela Day Celebrations

This year our institution once again embarked on a community clean-up campaign on Mandela Day. We also delivered fresh fruit to a local creche.



Figure 4: Clean-up

- Water Awareness Campaign

For Water Day and for general Water Resource awareness we reached out to schools in our area of operation and also embarked on cleaning campaigns with communities around our dams.



Figure 5: Water Awareness

- Water Safety Campaign

We hosted successful Water Safety Training Workshops in Taung and Jan Kempdorp inviting children, parents and teachers from all schools close to canals as well as trained volunteers from communities close to canals on lifesaving and living safely close to water.



Figure 6: Water Safety Campaign

- Other

During the year VHWUA supported many other initiatives including the Soup Kitchen initiative in Majeng, the NWU Food and Water Nexus Project, the Department of Social Development Community Forum etc. while we also celebrated Heritage Day with great spirits focussing on cultural foods.



Figure 7: Heritage Day

10.2. General Community Assistance

Table 11: Community Institution Assistance

INSTITUTION	WORK DONE
TRUE WORD MINISTRY, MASAKENG	CLEANING OF YARD
JAN KEMPDORP CHC	REMOVAL OF COLLAPSED TREE
TLHWAHALANG HIGH SCHOOL	CUTTING OF GRASS
VAALHARTS COMBINED SCHOOL	CLEANING OF SCHOOL YARD
VALSPAN HIGH SCHOOL	CUTTING OF GRASS AND CLEANING OF SCHOOL PREMISED
JAN KEMPDORP GHOLF CLUB	REPAIR OF ENTRY ROAD
NG KERK JAN KEMPDORP	REMOVAL OF TREES
NG KERK JAN KEMPDORP	SOIL FOR FILLING
REFORMED EVANGELICAL CHURCH	CLEANING AND FILLING OF STAND
HARTSVAAL PRIMARY SCHOOL	CLEANING OF SCHOOL YARD
BAEBELONA CHURCH OF COD	CLEANING OF SITE
VALSPAN HIGH SCHOOL	FILLING THE RESEVOIR WITH WATER
HOëRSKOOL VAALHARTS	CUTTING OF TREES
GAOSHUPE MAKODI PRIMARY SCHOOL	USAGE OF GRADE AND CRANE
NG KERK JAN KEMPDORP	CUTTING OF TREES
VAALHARTS DISTRICT AGRICULTURAL UNION	FIXING OF ROAD "LANDBOU SKOOL"
KGOSI MOTHIBI	WOOD AND FILLING OF WATER TANK
CPA COMMITTEE – MAJENG	CREATE A FURROW – MACHINERY
ST ANTHONY ROMAN CATHOLIC CHURCH	REMOVAL OF TREES
PHOKWANE MUNICIPALITY	REPAIR OR RESEAL SCHOOL IRRIGATION WATER RETENTION DAM
KOPANANG PRIMARY SCHOOL	GRADING OF SCHOOL GROUND
ANDALUSIA PRIMARY SCHOOL	FIXING AND FILLING OF ENTRY AT SCHOOL
CW KIES PRIMARY SCHOOL	GRADING OF SPORTS GROUND
FUTURUM ACADEMY	2 LOADS OF SOIL
TRUE WORD MINISTRY	CLEANING STAND OF THE CHURCH
JAN KEMPDORP CHC	TRIMMING AND/OR CUTTING OF TREES
SAPS JAN KEMPDORP	MOWING OF LAWNN
MS MOSAL – HU7	REMOVING TOP LAYER OF DRIED SLIT
DWS HOUSE – 5 AKASIA AVENUE, JKD	SOIL
TLHWAHALANG HIGH SCHOOL	CUTTING OF GRASS
JAN KEMPDORP CHC	REMOVAL OF GARDEN WASTE
SA JAGTER-EN WILDBEWARINGSVERENIGING	DEBUSHING
VALSPAN HIGH SCHOOL	FILLING UP OF WATER RESERVOIR

10.3. Personnel External Assistance

Table 12: Personnel Assistance

ASSISTANCE	REQUEST
Old Concrete	1 Load
Transport VHW Soccer Team	8 Events

10.4. Emerging Farmer Support & Water Allocation Reform

Vaalharts Water User Association is highly committed to support Water Allocation Reform in the area by supporting and assisting with development of all water use entitlement applications in the area as well as solving any and all water related issues emerging farmers might have.

Currently over and above various small applications VHWUA is involved with the following large water use entitlement applications where VHWUA also provides machines in terms of soil analysis:

- Taung Enlargement of Arable Land
- Majeng Application
- Kgosi Mothibi License

VHWUA also offered the following support to emerging farmers and is also currently busy engaging with the Agricultural Sector in terms of further Emerging Farmer support:

- Co-Operatives Workshops and Training
- Emerging Farmer Fire Breaks
- Emerging Farmer Machine Support

11. FINANCIAL STATEMENTS

Vaalharts Water User Association
Financial statements
for the year ended 31 March 2024

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2024

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Water User Association
Registered office	Van Riebeeck Road Jan Kempdorp 8550
Bankers	Standard Bank
Tax reference number	PBO93001226
Level of assurance	The annual financial statements were audited in terms of the requirements of the Association's Constitution
Preparer	The financial statements were independently compiled under the supervision of: JM du Toit CA(SA)
Issued	<u>2 October 2024</u>
Management Committee Members	
Irrigation	W de Klerk A Howarth P Burger J Beytell P van Niekerk M Bond J Liebenberg B Liebenberg M Tau M Senokwane
Emerging farmers	TD Staoert
Small Scale Users	C Stoman K Mothibi F Lobelo T Letele K Mankuroane
Local Water Authorities	M Rapudungoane (Vaal Central) K Mogamisi (Magalies Water)
Government Departments	P Kanyasa R Mothekhe

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2024

Index

The reports and statements set out below comprise the financial statements presented to the members:

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Statement of Changes in Equity	10
Statement of Cash Flows	11
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The following supplementary information does not form part of the financial statements and is unaudited:	
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Management Committee's Responsibilities and Approval

The management committee is responsible to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the organisation as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the IFRS for SMEs® Accounting Standard.

The financial statements are prepared in accordance with the IFRS for SMEs Accounting Standard and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

Management acknowledges that they are ultimately responsible for the system of internal financial control established by the association and places considerable importance on maintaining a strong control environment. To enable management to meet these responsibilities, the management committee 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 controls are monitored throughout the Association and all employees are required to maintain the highest ethical standards in ensuring the Association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Association is on identifying, assessing, managing and monitoring all known forms of risk across the Association. While operating risk cannot be fully eliminated, the Association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The external auditor were given unrestricted access to all financial records and related data, including minutes of all meetings of the management committee and committees of the board. The management committee believes that all representations made to the independent auditor during their audit are valid and appropriate.

The management committee is also responsible for the Association's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the management committee to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the management committee has every reason to believe that the management committee has adequate resources in place to continue in operation for the foreseeable future.

The management committee of the Association confirms that as at 31 March 2024, the assets of the Association exceeded its liabilities.

The annual financial statements and additional schedules set out on pages 8 to 21, were approved by the management committee on 12-9-2024 and have been signed by them or on their behalf by:



Chairman



Independent auditor's report

To the Members of Vaalharts Water User Association

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Vaalharts Water User Association (the Association) as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard.

What we have audited

Vaalharts Water User Association's financial statements set out on pages 8 to 21 comprise:

- the statement of financial position as at 31 March 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows 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 Association 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)*.

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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

Other information

The management committee are responsible for the other information. The other information comprises the information included in the document titled “Vaalharts Water User Association Financial Statements for the year ended 31 March 2024”, which we obtained prior to the date of this auditor’s report, and the other sections of the document called “Vaalharts Water User Association 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 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, 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 management committee for the financial statements

The management committee are responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs Accounting Standard, and for such internal control as the management committee 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 management committee are responsible for assessing the Association’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 management committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.
- Conclude on the appropriateness of the management committee's 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 Association'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 Association 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 management committee 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.


PricewaterhouseCoopers Inc.
Director: JP Allen
Registered Auditor
Kimberley, South Africa

02 October 2024

Management Committee Report

The management committee has pleasure in submitting the report on the annual financial statements of Vaalharts Water User Association report for the year ended 31 March 2024.

1. Review of activities

Main business and operations

The Association was established in terms of section 115 of the National Water Act, 1998. The Association's main operations include the waterworks of the Vaalharts canal system, including the Barkley West canal and the Taung system, as well as the utilisation and maintenance of the Spitskop and Taung Dams for water supply.

There have been no material changes to the Association's business from the prior year, however the Association has applied the IFRS for SMEs Accounting Standard, for the first time for the 2024 year end.

The operating results and state of affairs of the Association are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net surplus of the Association was R8 239 468 (2023: R2 570 025).

Vaalharts Water User Association's main objective is the effective supply of water to its members. In order to achieve this goal it is important that sufficient funds are available to:

1. finance normal operating expenses;
2. finance the maintenance of infrastructure; and
3. maintain the reserve fund.

The levying of a reasonable rate in line with current market conditions as well as the current water pricing strategy of the Department of Water and Sanitation that is also sufficient to supplement the accumulated surplus, as well as the collection for outstanding receivables is extremely important to enable the Association to achieve its overall main goal.

2. Going concern

The 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.

3. Events after the reporting period

The management committee is not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.

4. Auditor

PricewaterhouseCoopers Inc. will continue in office for the next financial period.

Vaalharts Water User Association
 Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

	Notes	2024 R	2023 R
Assets			
Current Assets			
Trade and other receivables	2	25 990 397	26 828 288
Other financial assets	3	30 923 475	25 973 888
Cash and cash equivalents	4	37 584 099	35 793 282
		<u>94 497 971</u>	<u>88 595 458</u>
Non-Current Assets			
Property, plant and equipment	5	42 003 243	42 097 429
Total Assets		<u>136 501 214</u>	<u>130 692 887</u>
Equity and Liabilities			
Liabilities			
Current Liabilities			
Trade and other payables	6	63 070 287	66 491 014
Equity and reserves			
Capital reserve		42 158 852	42 158 852
Risk reserves		989 586	-
Retained income		30 282 489	22 043 021
		<u>73 430 927</u>	<u>64 201 873</u>
Total Equity and Liabilities		<u>136 501 214</u>	<u>130 692 887</u>

The accounting policies on pages 12 to 16 and the notes on pages 17 to 21 form an integral part of the financial statements.

Vaalharts Water User Association
 Financial Statements for the year ended 31 March 2024

Statement of Comprehensive Income

	Notes	2024 R	2023 R
Revenue	7	99 038 750	91 455 371
Other income	8	3 898 079	11 839 463
Operating expenses	9	(109 969 870)	(107 826 485)
Operating surplus / (deficit)		(7 033 041)	(4 531 651)
Investment revenue	11	7 616 526	7 102 002
Finance cost paid	12	(781)	(326)
Reversal of creditor	18	7 656 764	-
Total comprehensive income for the year		8 239 468	2 570 025

The accounting policies on pages 12 to 16 and the notes on pages 17 to 21 form an integral part of the financial statements.

Vaalharts Water User Association
 Financial Statements for the year ended 31 March 2024

Statement of Changes in Equity

	Capital reserve R	Risk reserve R	Accumulated surplus R	Total equity R
Balance at 1 April 2022	42 158 852	-	19 472 996	61 631 848
Surplus for the year	-	-	2 570 025	2 570 025
Other comprehensive income	-	-	-	-
Surplus for the year	-	-	2 570 025	2 570 025
Balance at 1 April 2023	42 158 852	-	22 043 021	64 201 873
Surplus for the year	-	-	8 239 468	8 239 468
Allocation to risk reserve	-	989 586	-	989 586
Surplus for the year	-	989 586	8 239 468	9 229 054
Balance at 31 March 2024	42 158 852	989 586	30 282 489	73 430 927

The accounting policies on pages 12 to 16 and the notes on pages 17 to 21 form an integral part of the financial statements.

Vaalharts Water User Association
 Financial Statements for the year ended 31 March 2024

Statement of Cash Flows

	Notes	2024 R	2023 R
Cash flows from operating activities			
Cash receipts from customers		104 712 232	82 274 905
Cash paid to suppliers and employees		(101 514 404)	(99 866 059)
Cash generated from / (used in) operations	13	3 197 828	(17 591 154)
Interest received	11	5 135 822	5 492 523
Finance cost paid	12	(781)	(326)
Net cash from / (used in) operating activities		8 332 869	(12 098 957)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(4 505 496)	(4 273 721)
Proceeds from sale of property, plant and equipment	5	432 327	84 463
Cash transferred to investments		(2 468 883)	(1 466 263)
Net cash used in investing activities		(6 542 052)	(5 655 521)
Total cash and cash equivalents movement for the year		1 790 817	(17 754 478)
Cash and cash equivalents at the beginning of the year		35 793 282	53 547 760
Cash and cash equivalents at the end of the year	4	37 584 099	35 793 282

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the IFRS for SMEs Accounting Standard. The financial statements have been prepared on the historical cost basis, unless stated otherwise, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period, except for the changes set out in note 17 First-time adoption of the IFRS for SMEs Accounting Standard.

1.1 Property, plant and equipment

Property, plant and equipment are tangible assets which the Association holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Association and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Association.

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

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	15 years
Furniture and fixtures	Straight line	3 years
Vehicles and equipment	Straight line	8 - 15 years
Steel construction	Straight line	20 years
Water flow meters	Straight line	5 years

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

When indicators are present that the useful lives of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Accounting Policies

1.2 Financial instruments

Initial recognition and measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

Trade receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as a current liability on the statement of financial position.

Trade Payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Rand using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

In certain circumstances, trade payables are reflected based on the Association's own internal accounting records where accurate third party information is not available.

1.3 Impairment of assets

The Association assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

Accounting Policies

1.3 Impairment of assets (continued)

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.4 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay 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.

1.5 Provisions and contingencies

Provisions are recognised when:

- the Association has an obligation at the reporting date as a result of a past event;
- it is probable that the Association will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.6 Operating expenses

Expenses are recognised when incurred and the service or goods have been delivered.

1.7 Reserves

The capital reserve fund is earmarked to serve as a reserve for the maintenance of the normal activities of the Association in times when restrictions on the ability of the association exists to generate sufficient revenue through water charges, such as in times of drought and when water restrictions are in place.

The risk reserves consists of amounts received that have be earmarked for specific purposes in the Spitskop sub division.

Accounting Policies

1.8 Revenue

Income is recognised to the extent that the Association has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of income can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Association. Income is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

The Association includes in income only the gross inflows of economic benefits received and receivable by the Association on its own account. The Association excludes from revenue all amounts collected on behalf of third parties such as goods and services and value added taxes. The amounts collected on behalf of the principal are not income of the Association.

Service income is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The Stage of completion is determined by surveys of work performed. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, income is recognised only to the extent of the expenses recognised that are recoverable.

Interest is recognised, in profit or loss, using the effective interest rate method.

Rental income is received from the renting out of properties to employees of the Association. Rental income is levied on a monthly basis.

Billing agent commission is levied on payments received on behalf of the Department of Water and Sanitation.

The reserve fund is held for a reserve to ensure the continuity of normal activities of the Association. The risk reserve is funded by income received from irrigation users to remove reeds.

Contractor services income is billed and received after work on infrastructure has been performed. The income is billed per hours worked, infrastructure used and other additional resources utilised during the project.

Gain on disposal of assets is recognised if the selling price for the assets exceeds the assets carrying amount.

Discount received is recognised in the applicable period during which the discount has been received.

Employee training income is recognised as and when employees have received and completed training.

Fuel recoveries is recognised once fuel expenses actually incurred has been received back by the Association.

Gate and camping fees is recognised as and when the income is received and the services relating to the fees have been performed.

Legal fees recovered is recognised once legal fees actually incurred has been received back by the Association.

1.9 Interest expense

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

1.10 Comparative figures

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

1.11 Change in accounting policy

The effects of changes in accounting policies on prior periods are recognised as adjustments to opening balances at the beginning of the current period.

Accounting Policies

1.12 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the financial statements.

Critical judgements in applying accounting policies

Management are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Trade and other payables

In certain circumstances, trade payables are reflected based on the Association's own internal accounting records where accurate third party information is not available. This includes the water levies payable to the Department of Water and Sanitation.

Key sources of estimation uncertainty

Residual values of property, plant and equipment

Management reassesses the residual values of property, plant and equipment based on the returns that it currently expects to obtain once the assets reach the end of their useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Trade and other receivables

The Association assesses its accounts receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the profit or loss, the Association makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a debtor.

The impairment for accounts receivable is calculated on a client group basis, based on historical payments, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period that correlate with defaults on the client group.

Vaalharts Water User Association
 Financial Statements for the year ended 31 March 2024

Notes to the Financial Statements

	2024 R	2023 R
2. Trade and other receivables		
Trade receivables	124 215 384	115 320 261
Total trade receivables outstanding	<u>625 277 007</u>	<u>558 584 488</u>
Levies on Department of Water and Sanitation accounts not collected	<u>(501 061 623)</u>	<u>(443 264 227)</u>
Debtor impairment provision	<u>(105 875 364)</u>	<u>(99 989 534)</u>
	18 340 020	15 330 727
Eskom Deposit	184 827	171 966
VAT	7 439 258	11 325 595
Prepaid expense	26 292	-
	<u>25 990 397</u>	<u>26 828 288</u>

The Association has a right to recovery in terms of section 58, 59 and 60 of the Water Act of 1998 regarding water tax debtors.

In terms of the billing agent contract dated 1 April 2022, the Association is responsible for paying to the Department of Water and Sanitation, the amount collected on their behalf and the Department of Water and Sanitation has in terms of paragraph 9.1.4 the sole discretion to take action against defaulters where the Association acts as agent for the Department of Water and Sanitation.

3. Other financial assets

Investments at amortised cost		
Stanlib Income fund - 000402184	<u>30 923 475</u>	<u>25 973 888</u>
Current assets		
Investments at amortised cost	<u>30 923 475</u>	<u>25 973 888</u>

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	15 288	10 810
Current account - Standard Bank	615 752	2 087 187
Other cash and cash equivalents	36 953 059	33 695 285
	<u>37 584 099</u>	<u>35 793 282</u>

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2024

Notes to the Financial Statements

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	36 245 324	(19 448 438)	16 796 886	36 098 394	(17 089 122)	19 009 272
Furniture and fixtures	1 699 735	(867 171)	832 564	1 353 236	(763 566)	589 670
Vehicles and equipment	35 837 435	(13 582 024)	22 255 411	33 517 077	(12 684 660)	20 832 417
Water Flow meters	1 368 924	(358 800)	1 010 124	1 368 924	(293 776)	1 075 148
Steel construction	1 349 971	(241 713)	1 108 258	809 051	(218 129)	590 922
Total	76 501 389	(34 498 146)	42 003 243	73 146 682	(31 049 253)	42 097 429

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Plant and machinery	19 009 272	400 000	(112 166)	(2 500 220)	16 796 886
Furniture and fixtures	589 671	364 820	(6 107)	(115 820)	832 564
Vehicles and equipment	20 832 417	3 173 165	(255 844)	(1 494 327)	22 255 411
Water Flow meters	1 075 148	-	-	(65 024)	1 010 124
Steel construction	590 921	567 511	(6 136)	(44 038)	1 108 258
	42 097 429	4 505 496	(380 253)	(4 219 429)	42 003 243

* Assets were reclassified to align with the budget and the mechanical and operations programme & policy. The following changes were made to the balances based on the reclassification. Plant and machinery decreased with R 14 288 338, Furniture and fixtures increased with R 80 757, Vehicles and equipment increased with R 13 286 827, Water flow meters increased with R 670 068 and steel construction increased with R 251 286.

6. Trade and other payables

Department of Water & Sanitation	55 914 384	50 867 500
Total outstanding invoices issued	556 976 007	494 131 728
Less: Levies on Department of Water and Sanitation accounts not collected	(501 061 623)	(443 264 227)
Employee loans	9 500	3 500
Leave accrual	3 365 128	1 143 359
Trade payables	2 709 455	13 522 029
Payroll accruals	915 670	954 626
Other reserves	156 150	-
	63 070 287	66 491 014

7. Revenue

Irrigation - operations and maintenance	94 179 311	86 440 804
Industrial - operations and maintenance	4 859 439	5 014 567
	99 038 750	91 455 371

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2024

Notes to the Financial Statements

	2024 R	2023 R
8. Other income		
Commissions received	1 258 368	2 864 685
Contractor services	10 200	5 697 577
Fuel recoveries	1 556 326	1 697 559
Gate and camping fees	13 218	15 718
Insurance claim received	47 496	118 661
Profit on sale of assets	52 074	68 455
Recoveries	290 030	678 191
Rental income	670 367	595 694
Risk reserve	-	102 923
	<u>3 898 079</u>	<u>11 839 463</u>
9. Operating expenses		
Operating expenses include the following expenses:		
Depreciation and amortisation	4 219 429	4 183 649
Employee costs	65 745 338	64 757 879
Contractors	5 981 576	7 873 691
Petrol and oil	9 846 819	11 696 566
Repairs and maintenance	4 014 450	4 378 590
Other expenses	15 044 145	14 936 110
Debtor impairment provision	5 118 113	7 032
	<u>5 118 113</u>	<u>7 032</u>
10. Employee cost		
Employee costs		
Basic	48 293 351	47 502 825
Long-term benefits - incentive scheme	167 826	69 626
Motor vehicle allowance	2 915 287	2 921 339
Other allowances	8 829 146	8 822 938
Overtime, bonus, honorarium and merit allowance	4 609 685	4 516 045
Skills Development Levy	553 256	547 227
Unemployment Insurance Fund	376 787	377 879
	<u>65 745 338</u>	<u>64 757 879</u>
11. Investment revenue		
Finance income		
Bank	2 067 593	2 633 420
Eskom	12 861	37 984
Interest from debtors	3 055 368	2 821 119
Stanlib Collective Invest	2 480 704	1 609 479
	<u>7 616 526</u>	<u>7 102 002</u>
12. Finance cost paid		
Trade and other payables	411	326
Bank	370	-
	<u>781</u>	<u>326</u>

Vaalharts Water User Association
 Financial Statements for the year ended 31 March 2024

Notes to the Financial Statements

	2024 R	2023 R
13. Cash generated from / (used in) operations		
Net surplus	8 239 468	2 570 025
Adjustments for:		
Depreciation	4 219 429	4 183 649
Profit on sale of assets and liabilities	(52 074)	(68 455)
Movement in risk reserves	989 586	-
Investment income	(7 616 526)	(7 102 002)
Finance costs	781	326
Changes in working capital:		
Trade and other receivables	837 891	15 575 718
Trade and other payables	(3 420 727)	(32 750 415)
	<u>3 197 828</u>	<u>(17 591 154)</u>

14. Taxation

The Association is exempt from income tax in terms of section 10(1)(cA)(i) of the Income Tax Act of 58 of 1962 in terms of an exemption certified dated 30 March 2006.

15. Events after the reporting period

The management committee is not aware of any material event which occurred after the reporting date and up to date of this report that would have a material impact on these annual financial statements.

16. Contingent liability

Currently there is a dispute with the Department of Water and Sanitation regarding the outstanding amount owed. Management together with the Department of Water and Sanitation are busy with a mediation process.

17. First-time adoption of the IFRS for SMEs Accounting Standard

The organisation has applied the IFRS for SMEs Accounting Standard, for the first time for the 2024 year end. On principle this standard has been applied retrospectively and the 2023 comparatives contained in these financial statements differ from those published in the financial statements published for the year ended 31 March 2023. The standard gives certain mandatory exemptions from this principle, and no exemptions have been applied. No adjustments were made to the opening comparative statement of financial position.

18. Reversal of creditor

Reversal of creditor in the current year	<u>7 656 764</u>	<u>-</u>
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Vaalharts Water User Association
Financial Statements for the year ended 31 March 2024

Notes to the Financial Statements

	2024 R	2023 R
19. Related parties		
Relationships		
Current Executive Committee	Pieter Burger (Chairperson) Fabian Lobelo (Vice-Chairperson) Niel van Eeden (CEO) Phia Lombard (Financial Manager) Vincent Mokoena (HRM) Johan Beytell (Audit Chair) Christelle Stoman (Social Chair)	
Management Committee members	Willem de Klerk Anton Howarth Pieter Burger Johan Beytell Piet van Niekerk Matt Bond Jannie Liebenberg Bennie Liebenberg Mbulelo Tau Matthews Senokwane Daniel Staoert Christelle Stoman Tumelo Letele Fabian Lobelo Kgosi Mothibi Kgosi Mankuroane Maruping Rapudungoane (Vaal Central) Kelebogile Mogamisi (Magalies Water) Pondai Kanyasa (NC) Ruth Mothekhe	

Compensation paid to key management

Travel and accomodation costs paid for management committee members	103 522	-
Remuneration of management committee for attendance of meetings	114 397	121 163
	<u>217 919</u>	<u>121 163</u>

Members of the executive committee are also registered water users of the association, and are charged levies based on the same terms and conditions as all other water users of this association. No other transactions were entered into with members of the executive committee during the year.

20. Going concern

The 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.

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2024

Detailed Income Statement

		2024 R	2023 R
Revenue			
Irrigation - operations and maintenance		94 179 311	86 440 804
Industrial - operations and maintenance		4 859 439	5 014 567
	7	<u>99 038 750</u>	<u>91 455 371</u>
Other income			
Commissions received		1 258 368	2 864 685
Contractor services		10 200	5 697 577
Fuel recoveries		1 556 326	1 697 559
Gains on disposal of assets		52 074	68 455
Gate and camping fees		13 218	15 718
Insurance claim received		47 496	118 661
Recoveries		290 030	678 191
Rental income		670 367	595 694
Risk reserve received		-	102 923
		<u>3 898 079</u>	<u>11 839 463</u>
Expenses (Refer to page 23)		<u>(109 969 870)</u>	<u>(107 826 485)</u>
Operating deficit		<u>(7 033 041)</u>	<u>(4 531 651)</u>
Investment income	11	7 616 526	7 102 002
Finance cost paid	12	(781)	(326)
Reversal of creditor		7 656 764	-
		<u>15 272 509</u>	<u>7 101 676</u>
Surplus for the year		<u>8 239 468</u>	<u>2 570 025</u>

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2024

Detailed Income Statement

	2024 R	2023 R
Operating expenses		
Internal audit fees	477 179	-
Advertising	127 930	182 196
Auditing and compilation fees	426 907	390 359
Debtor impairment provision	5 118 113	7 032
Bank charges	129 060	115 353
Cleaning	158 268	563 660
Compensation commissioner	409 761	726 313
Computer expenses	34 330	21 452
Consulting fees	712 010	2 344 927
Contractors	5 981 576	7 873 691
Depreciation, amortisation and impairments	4 219 429	4 183 649
Employee costs	65 745 338	64 757 879
Entertainment, refreshments and canteen	185 929	104 729
HR and Payroll Services	487 692	-
Insurance	1 739 589	1 669 204
Legal expenses	51 209	334 282
Levies	-	(201 347)
MANCO fees	113 528	121 163
Management committee election costs	-	1 086
Membership fees	208 550	278 112
Motor vehicle expenses	1 845 540	1 507 214
Penalties and interest - SARS	-	498
Pest control	638	11 270
Fuel and oil	9 846 819	11 696 566
Printing and stationery	410 235	301 781
Professional Fees	86 900	-
Protective clothing	506 870	627 726
Provision for leave accrual	2 221 770	688 137
Rates, electricity and water	2 309 990	2 853 038
Rental expenses - motor vehicles	-	530
Repairs and maintenance	4 014 450	4 378 590
Security	1 138 306	1 059 193
Skills development	666 553	567 490
Social responsibility	163 344	204 162
Telephone and fax	287 475	227 911
Traveling expenses	144 582	228 639
	<u>109 969 870</u>	<u>107 826 485</u>

The accounting policies on pages 12 to 16 and the notes on pages 17 to 21 form an integral part of the financial statements.

Vaalharts Water User Association
 Financial Statements for the year ended 31 March 2024

Supplementary Information

1. Department of Water and Sanitation

	2024	2023
	R	R
Total outstanding invoices issued by the Department of Water and Sanitation	556 976 007	494 131 728
Less: levies on Department of Water and Sanitation accounts included in trade receivables not collected	(501 061 623)	(443 264 227)
	<u>55 914 384</u>	<u>50 867 501</u>

2. Accounts receivable

	2024	2023
	R	R
Irrigation - Overheads and maintenance	78 896 615	74 480 018
Irrigation - Water levies	16 838 276	52 652 225
Other services - construction contracts and agent commission	1 939 141	6 636 251
Rental income	190 824	160 063
Industrial - overheads and maintenance	43 698 134	34 043 929
Industrial - water levies (NWRI, CMA, water research fund)	484 223 347	390 612 002
Less: Department of Water and Sanitation - water levies (NWRI, CMA, water research fund) only payable once collected	(501 061 623)	(443 264 227)
Unallocated deposits	(509 350)	-
	<u>124 215 364</u>	<u>115 320 261</u>