



independent development trust

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements
for the year ended 31 March 2023

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	We are responsible for delivering social infrastructure and social development programme management services on behalf of government. The social infrastructure programmes we deliver include public schools, clinics, community centres, government offices and these are predominantly in rural communities in the nine provinces of South Africa.
Registered office	Glenwood Office Park Corner Oberon and Sprite Street Faerie Glen 0043
Business address	Glenwood Office Park Corner Oberon and Sprite Street Faerie Glen 0043
Postal address	P O Box 73000 Lynnwood Ridge 0040
Accounting authority	Department of Public Works and Infrastructure
Bankers	ABSA
Auditors	Auditor General of South Africa Chartered Accountants (S.A.) Registered Auditors

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Trustees' Responsibilities and Approval

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The Auditor General South Africa is engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, they set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The members have reviewed the entity's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 4 - 36 which have been prepared on the going concern basis, where approved by the Board of Trustees on 31 May 2023 and were signed on its behalf by:

Mrs. Zimbini Hill
Chairperson

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position as at 31 March 2023

		2023	2022
	Note(s)	'000	Restated* '000
Assets			
Current Assets			
Receivables from exchange transactions	2	91,815	60,719
VAT receivable	3	3,441	7,742
Receivables - Programme payroll	4	492	1,588
Programme assets	5	2,123,733	1,557,752
Cash and cash equivalents	6	143,175	56,586
		2,362,656	1,684,387
Non-Current Assets			
Property, plant and equipment	7	24,506	25,816
Intangible assets	8	11	4
		24,517	25,820
Total Assets		2,387,173	1,710,207
Liabilities			
Current Liabilities			
Finance lease obligation	9	517	479
Payables from exchange transactions	10	120,986	37,821
Programme liabilities	5	2,123,733	1,557,752
		2,245,236	1,596,052
Non-Current Liabilities			
Finance lease obligation	9	424	941
Total Liabilities		2,245,660	1,596,993
Net Assets		141,513	113,214
Reserves			
Initial funding		2,025,000	2,025,000
Accumulated surplus		(1,883,487)	(1,911,786)
Total Net Assets		141,513	113,214

* See Note 19

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Statement of Financial Performance for the year ended 31 March 2023

		2023	2022
	Note(s)	'000	Restated* '000
Revenue			
Revenue from exchange transactions			
Management fees		212,404	122,112
Interest received		3,826	1,516
Other income	11	1,447	12,525
		217,677	136,153
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies		70,300	93,000
Total revenue		287,977	229,153
Expenditure			
Employee related costs	12	(161,280)	(134,524)
Depreciation and amortisation		(3,483)	(3,779)
Impairment of non-current assets		(87)	-
Finance costs		(157)	(1,054)
Operating lease expense		(6,950)	(7,440)
Reversal of impairment		23,641	6,490
Loss on disposal of assets		-	(1,882)
Administration expenses	13	(97,604)	(65,334)
Total expenditure		(245,920)	(207,523)
Surplus for the year		42,057	21,630

* See Note 19

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Statement of Changes in Net Assets for the year ended 31 March 2023

	Initial funding	Accumulated	Total net
		surplus	assets
	'000	'000	'000
Opening balance as previously reported	2,025,000	(1,972,970)	52,030
Adjustments			
Correction of errors	-	39,554	39,554
Balance at 1 April 2021 as restated*	2,025,000	(1,933,416)	91,584
Changes in net assets			
Surplus for the year	-	21,630	21,630
Total changes	-	21,630	21,630
Opening balance as previously reported	2,025,000	(1,962,595)	62,405
Adjustments			
Correction of errors (Prior to prior period)*	-	34,549	34,549
Correction of errors (prior period)*	-	2,502	2,502
Restated* Balance at 1 April 2022 as restated*	2,025,000	(1,925,544)	99,456
Changes in net assets			
Surplus for the year	-	42,057	42,057
Total changes	-	42,057	42,057
Balance at 31 March 2023	2,025,000	(1,883,487)	141,513

*Note(s)

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* See Note 19

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Cash Flow Statement for the year ended 31 March 2023

		2023	2022
	Note(s)	'000	Restated* '000
Receipts			
Sale of goods and services		190,939	102,266
Grants		70,300	93,000
Interest income		3,529	1,483
Other receipts		1,446	24,783
		266,214	221,532
Payments			
Employee costs		(160,737)	(137,307)
Suppliers		(15,998)	(106,742)
Finance costs		(147)	(1,054)
		(176,882)	(245,103)
Net cash flows from operating activities	14	89,332	(23,571)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2,257)	(864)
Proceeds from sale of property, plant and equipment	7	-	2,761
Purchase of other intangible assets	8	(9)	-
Net cash flows from investing activities		(2,266)	1,897
financial statements.			
Cash flows from financing activities			
Finance lease payments		(479)	1,405
Net increase/(decrease) in cash and cash equivalents		86,587	(20,269)
Cash and cash equivalents at the beginning of the year		56,586	76,853
Cash and cash equivalents at the end of the year	6	143,173	56,584

The accounting policies on pages 9 to 16 and the notes on page 17 - 52 form an integral part of the annual

* See Note 19

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Statement of Comparison of Budget and Actual Amount for the year ended March 2023

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	'000	'000	'000	'000	'000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Management fees	262,475	-	262,475	212,404	(50,071)	24.1
Interest received	5,000	-	5,000	3,826	(1,174)	24.2
Other income	-	-	-	1,447	1,447	24.3
Total revenue from exchange transactions	267,475	-	267,475	217,677	(49,798)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	-	-	-	70,300	70,300	24.4
Total revenue	267,475	-	267,475	287,977	20,502	
Expenditure						
Employee related costs	(202,660)	-	(202,660)	(161,280)	41,380	24.5
Depreciation and amortisation	(4,811)	-	(4,811)	(3,483)	1,328	24.6
Impairment of non-current assets	-	-	-	(87)	(87)	
Finance costs	-	-	-	(157)	(157)	
Operating lease expense	(13,493)	-	(13,493)	(6,950)	6,543	
Reversal of impairment / (Debt impairment)	(300)	-	(300)	23,641	23,941	24.7
Administration expenses	(137,485)	-	(137,485)	(97,604)	39,881	24.8
Total expenditure	(358,749)	-	(358,749)	(245,920)	112,829	
Surplus /(Deficit) before taxation	(91,274)	-	(91,274)	42,057	133,331	
Actual Amount on	(91,274)	-	(91,274)	42,057	133,331	
Comparable Basis as Presented in the Budget and Actual Comparative Statement						

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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

	2023	2022
Note(s)	'000	'000

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999) (PFMA).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures are rounded to the nearest thousand Rand.

These accounting policies are consistent with the previous period, except for the changes set out in note First-time adoption of Standards of GRAP.

1.1 Significant judgements and sources of estimation 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 is 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:

Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on an individual basis, based on historical payment data and client specific information. For amounts due to the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Impairment testing

The recoverable amounts of cash-generating units and individual assets 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. It is reasonably possible that the key assumptions used in the judgements relating to possible impairment of receivables may change which may then impact our estimations and may then require a material adjustment to the carrying value of the assets.

Useful lives of property, plant and equipment and other assets

The entity's management determines the estimated useful lives, related depreciation charges and residual values for its property, plant and equipment and other assets. This estimate is based on industry norms and on the pattern in which an asset's future economic benefit or service potential is expected to be consumed by the entity. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

1.2 Property, plant and equipment

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

Property, plant and equipment are depreciated over their expected useful lives to their estimated residual value. The depreciation charge for each period is recognised in surplus or deficit.

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

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Accounting Policies

1.2 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life (years)
Buildings	Straight-line	50
Furniture and fittings	Straight-line	10 - 31
Computer equipment	Straight-line	5 - 22
Canteen Equipment	Straight-line	10 - 24
Leased office equipment	Straight-line	5 - 10
Mechanical equipment	Straight-line	20 - 25
Motor vehicles	Straight-line	14 - 24
Office equipment	Straight-line	10 - 26

1.3 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	6-12

1.4 Financial instruments

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables- programme payroll	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

1.5 Statutory receivables

Identification

Statutory receivables comprise VAT receivable. The entity is registered with the South African Revenue Services (SARS) for VAT on the accrual basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

Subsequent measurement

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

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

Impairment losses

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Accounting Policies

1.5 Statutory receivables (continued)

The entity assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account.

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

1.6 Leases

Finance leases - lessee

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

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

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

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

Operating leases - lessee

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

The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

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

1.7 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

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Accounting Policies

1.7 Impairment of cash-generating assets (continued)

- the number of production or similar units expected to be obtained from the asset by the entity

1.8 Employee benefits

Short-term employee benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises 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 entity recognises that excess as an asset (prepaid 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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.9 Provisions and contingencies

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 expenditures 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 entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 17.

Contingent assets and contingent liabilities are not recognised because the existence thereof will only be confirmed by the occurrence or non-occurrence of an uncertain future event not wholly within the control of the IDT. Contingencies are disclosed at the best estimate of the settlement or receivable amount at reporting date. Contingencies are not disclosed if the possibility of an outflow or inflow of economic resources or service potential is remote.

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Accounting Policies

1.10 Commitments

Operating Lease Commitments

Operating lease commitments are recognized as liabilities when the contractual agreement creates an obligation to make fixed lease payments in exchange for the use of property, equipment, or other assets. Initial recognition is at the present value of the minimum lease payments over the lease term, including any known escalations. The related asset, representing the right to use the leased asset, is recognized at the same amount.

1.11 Revenue from exchange transactions

Measurement

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

Rendering of services

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed. Management fees are charged as a percentage based on value of work completed as at reporting date.

Interest

Interest is recognised on a time-proportion basis using the effective interest rate method.

1.12 Revenue from non-exchange transactions

Measurement

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

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

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Accounting Policies

1.13 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognized 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.

Fruitless and wasteful expenditure when incurred and confirmed is recorded in the annual financial statement's disclosure. This relates to fruitless and wasteful expenditure incurred in the current financial year, with a one previous financial year comparative analysis

Fruitless and wasteful expenditure for previous financial year (comparative amounts) must be recognized in the period in which they occurred as follows:

- (a) fruitless and wasteful expenditure incurred and confirmed in the previous financial year;
- (b) fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- (c) fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year

Fruitless and wasteful expenditure must be recorded in the notes to the financial statements when confirmed after its assessment. The amount recorded is equal to the value of fruitless and wasteful expenditure incurred and confirmed in that current financial year unless it is impractical to determine, in which case reasons must be provided in the annual report.

For fruitless and wasteful expenditure disclosure in the financial statements refer to note 22.

1.14 Irregular expenditure

Immediate steps must thereafter 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 register is also updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant programme/expenditure item, and updated accordingly in the register.

Irregular expenditure when incurred and confirmed is recorded in the annual financial statements disclosure. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis.

Irregular expenditure for the previous financial year (comparative amounts) must be recognized in the period in which they occurred as follows:

- irregular expenditure incurred and confirmed in the previous financial year;
- irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.
- irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

Irregular expenditure is recorded in the notes to the financial statements when confirmed after its assessment. The amount recorded is equal to the value of irregular expenditure incurred and confirmed in that current financial year unless it is impractical to determine, in which case reasons must be provided in the annual report.

Unauthorized, irregular and fruitless and wasteful expenditure for the current financial year include:

- amounts incurred and confirmed in that financial year; and/or
- payments made as it relates to multi-year contracts.

Unauthorized, irregular and fruitless and wasteful expenditure for the previous financial year include:

- amounts confirmed in that financial year;
- amounts that were under assessment in that financial year and confirmed in the current financial year.

Amounts that were not identified and are identified and confirmed in the current financial year.

For irregular expenditure disclosure in the financial statements refer to note 23.

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Accounting Policies

1.15 Budget information

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1/04/2022 to 31/03/2023.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual 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 .

The annual financial statements and the budget are on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 24.

1.16 Programme expenditure, assets and liabilities

The Entity implements social infrastructure and non-infrastructure programmes and project management services on behalf of all three spheres of government through client-specific service level agreements. The Entity enters into Programme Implementation Agreements (PIAs) with our client departments in terms of standard project contract engagements.

Programme expenditure is comprised as construction costs incurred based upon the date of valuation of the progress certificate and Professional Services Provider costs and fees for infrastructure related programmes and projects. This is inclusive of retention fees and interest charged by contractors which is directly attributable to the Client Department defaulting on timeous transfer of funds. Programme expenditure is reduced by penalties charged by the employer, advance payments not recouped and negative progress work certified. Materials on and off site are not disclosed separately as it is considered as inclusive in value of work executed. Project expenditure relating to Professional Service Providers is recognised at the stage of completion as at reporting date. Work in progress is excluded based upon the generally accepted guideline tariff of professional fees for Quantity Surveyors which provides for invoicing upon successful completion of each stage.

The programme expenditure relating to non-infrastructure programmes is recognised at regular intervals as contractually agreed during the financial reporting period. Funds received from Client Departments are accounted for when the project enters a stage of active implementation. Programme assets are recognised in the financial statements as at reporting date as receivables due to the programmes by the Client Departments for project services rendered and programme cash and cash equivalents at hand at year-end.

Funds held without programme commitments are recognised as a liability as it belongs to the Client Departments and the Entity has an obligation to return these funds upon project completion. Programme construction and Professional Service Provider expenditure incurred but not yet paid at year end are recognised as a programme liability based on the certified stage of completion at reporting date.

The IDT charges management fees on programme expenditure incurred for the reporting period as stipulated by the National Treasury Instruction note 4 of 2014/15. All amounts disclosed in the programme assets and liabilities note are VAT inclusive.

The following principles are applied in the recording of construction programme expenditure stemming from construction contracts:

- Construction contract is a contract, or similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of design, technology and function of their ultimate purpose or use.
- Construction contract is a contract, or similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of design, technology and function of their ultimate purpose or use.
- Contractor is an entity that performs construction work pursuant to a construction contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general prime contractor, a sub-contractor to a general contractor, or a construction manager.
- The IDT enters into fixed price contracts, which is a contract in which the contractor agrees to a fixed contract price to which the variation order process and escalations may apply.
- ~~The fees relating to Professional Service Providers are estimates based on the construction contract value and~~
rates per Professional Discipline guided by the fees published in the Government Gazette from time to time.

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Accounting Policies

1.16 Programme expenditure, assets and liabilities (continued)

- Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with Client Department.

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
	'000	'000
2. Receivables from exchange transactions		
Creditors with debit balance	221	3,060
Prepayments	3,365	532
Receivables - Management fees	92,476	63,813
Salary control accounts	342	2,462
Staff debtors	17	17
Sundry receivables	23,785	63,373
Allowance for impairment	(28,391)	(72,538)
	91,815	60,719
Ageing of receivables from exchange transactions		
0 - 30 Days	81,661	30,297
31 - 60 Days	3,949	2,241
61 - 90 Days	1,911	1,297
+ 90 Days	4,294	13,125
	91,815	46,960
Total receivables from exchange transactions	91,815	60,719

Trade and other receivables pledged as security

IDT did not pledge any of its Receivables as security for borrowing purposes.

Credit quality of trade and other receivables

All trade receivables for management fees are government entities (departments) for which external credit ratings are not available. The entity assesses the credit quality of those departments that are neither past due nor impaired with reference to the historical payment rates, as follows:

1. Good paying client with debt 60 days and less, or
2. Slow paying client with debt older than 60 days and less than a year:

Fair value of trade and other receivables

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between IDT and Receivables as well as the current payment ratios of IDT's Receivables.

Trade and other receivables impaired

As of 31 March 2023, trade and other receivables of R 57,483,353 (2022: R 111,148,000) were impaired.

The amount of the provision was R 28,390,728 as of 31 March 2023 (2022: R 72,537,886).

The ageing of trade receivables past due but not impaired is as follows:

31 - 60 Days	4,016	914
61 - 90 Days	1,943	531
+ 90 Days	5,796	6,893

Reconciliation of provision for impairment of trade and other receivables

Opening balance	72,538	88,377
Provision for impairment	(24,300)	(52,588)
Adjustment - Provision for doubtful debts	-	44,388
Bad debts written-off	(19,847)	(7,639)
	28,391	72,538

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
	'000	'000

2. Receivables from exchange transactions (continued)

Provision for impairment of Receivables has been made for all balances outstanding based on the collectability of the amounts outstanding. No further credit provision is required in excess of the Provision for Impairment.

3. VAT receivable

VAT	3,441	7,742
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VAT Receivable arise where the entity has a claim from the South African Revenue Service where the VAT Inputs exceeded the VAT outputs as per the Value-Added Tax Act 89 of 1991.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60 days.

4. Receivables - programme payroll

Programme payroll	492	1,588
Ageing of receivables - programme payroll		
0 - 30 Days	305	-
31-60 Days	80	-
+90 Days	7,599	8,700
Allowance for impairment	(7,492)	(7,112)
	492	1,588

Programme payroll relates to the payroll costs paid by IDT to Programme staff on behalf of client departments.

5. Programme assets and liabilities

The IDT has entered into binding arrangements with various client departments wherein it acts on behalf and for the benefit of the client departments in delivering programmes committed in their various votes. Such arrangements require the IDT to undertake transactions with third parties.

The comparative amounts pertaining to programme expenditure have been restated as a result of a prior period misstatement

5.1 Consolidated programme asset and liabilities

The movement in the funds held for the delivery of client programmes can be stated as follows:

Total Income (A)		
Opening Bank Balance	656,508	730,778
Funds received from client departments	4,243,953	2,649,977
Interest received	65,138	23,083
	4,965,599	3,403,838

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
	'000	'000
5. Programme assets and liabilities (continued)		
Programme expenditure		
Construction costs	1,528,777	757,811
Professional fees	372,711	223,140
Non- state sector expenditure	1,025,067	536,948
Interest and penalties	2,079	(8,240)
Goods and services	381,249	818,208
Legal fees	9,037	3,208
	3,318,920	2,331,075
Management fees		
Management fees - Infrastructure and social programmes	151,777	81,992
Management fees - Non-state sector	89,373	44,604
	241,150	126,596
Total Expenditure (B)	3,560,070	2,457,670
Programme balance (A-B)	1,405,529	946,168
Interest paid to clients	(20,835)	(21,913)
Programme payments net movement	(118,443)	(267,747)
Closing bank balance	1,266,251	656,508
Programme assets		
Programme trade and other receivables	844,708	871,633
Programme debtors	5,144	27,568
Programme cash and cash equivalents	1,273,881	658,551
	2,123,733	1,557,752
Programme reserves and liabilities		
Funds held in trust	(1,011,236)	(392,705)
Programme trade and other payables	(984,374)	(1,074,094)
Programme retention liability	(128,123)	(90,953)
	(2,123,733)	(1,557,752)

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
	'000	'000

5. Programme assets and liabilities (continued)

The programmes implemented on behalf of client Departments are predominantly material in terms of their quantitative impact, and as a result, they have been aggregated and presented as Programme assets and Programme liabilities.

Significant risks (including risk mitigation strategies) and associated benefits associated with the principal-agent relationship with client departments as required by GRAP109.62(d).

There is a risk that communication breakdowns between the IDT (principal) and client departments (agents) could lead to inefficiencies, misalignment with objectives, and inadequate monitoring.

To mitigate the risk, the IDT will establish clear communication channels and reporting mechanisms. Regular meetings will be scheduled to discuss objectives, progress, challenges, and resource needs. Reports will be submitted by client departments on a defined schedule, detailing their activities, achievements, and financial performance.

Risks that are transferred from the principals (client departments) to the agent (IDT), including risks flowing to the entity as a result of its custodianship over the resources held on behalf of the principals (client departments) as required by GRAP109.63(a)(ii).

Client departments transfer operational risks, such as procurement and inventory management, to the Internal Trading Entity (IDT). These risks involve supply chain disruptions, quality control issues, and inefficiencies in procurement processes.

The IDT, as custodian of resources held on behalf of client departments, faces risks related to resource protection and potential misuse, including theft, unauthorized use, or misallocation of resources.

The IDT establishes robust procurement processes, monitors inventory levels, and implements quality control measures. It maintains effective relationships with suppliers, ensures timely deliveries, and manages inventory efficiently to minimize disruptions.

The IDT implements strict access controls, security measures, and regular audits to safeguard resources. It maintains detailed records of resources received, used, and disbursed on behalf of client departments, ensuring transparency and accountability.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4	20
Bank balances	143,171	56,566
	143,175	56,586

Included in the cash balance above is an amount of R94,274,732 which is held on behalve of the client departments. Refer to note 5 Programme funds - Trade and other payables not yet transfered out

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand

7. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	4,000	-	4,000	4,000	-	4,000
Buildings	16,400	(7,519)	8,881	16,400	(7,191)	9,209
Furniture and fittings	13,030	(7,969)	5,061	13,030	(6,897)	6,133
Office equipment	9,550	(8,308)	1,242	9,526	(7,660)	1,866
IT equipment	8,786	(4,489)	4,297	6,553	(3,521)	3,032
Office equipment - Leased	1,557	(645)	912	1,557	(126)	1,431
Canteen equipment	364	(251)	113	364	(219)	145
Total	53,687	(29,181)	24,506	51,430	(25,614)	25,816

Reconciliation of property, plant and equipment - As at 31 March 2023

	Opening balance	Additions	Depreciation	Impairment loss	Total
Land	4,000	-	-	-	4,000
Buildings	9,209	-	(328)	-	8,881
Furniture and fittings	6,133	-	(1,010)	(62)	5,061
Office equipment	1,866	23	(635)	(12)	1,242

IT equipment	3,032	2,233	(958)	(10)	4,297
Office equipment - Leased	1,431	-	(519)	-	912
Canteen equipment	145	-	(30)	(2)	113
	25,816	2,256	(3,480)	(86)	24,506

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - As at 31 March 2022

	Opening	Additions	Disposals	Depreciation	Total
	balance				
Land	4,000	-	-	-	4,000
Buildings	9,537	-	-	(328)	9,209
Mechanical equipment	79	-	(79)	-	-
Furniture and fittings	7,286	-	(156)	(997)	6,133
Motor vehicles	66	-	(64)	(2)	-
Office equipment	3,239	-	(255)	(1,118)	1,866
IT equipment	4,186	842	(1,285)	(711)	3,032
Office equipment - Leased	2,678	-	(659)	(588)	1,431
Canteen equipment	153	22	(3)	(27)	145
	31,224	864	(2,501)	(3,771)	25,816

Expenditure incurred to repair and maintain property, plant and equipment

An amount of R1,452,837 (2022: R414,535) was spent to repair and maintain property, plant and equipment.

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

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand thousand

8. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
	and accumulated impairment			and accumulated impairment		
Computer software	67	(56)	11	58	(54)	4

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	4	9	(2)	11

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software	13	(9)	4

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
	'000	'000
9. Finance lease obligation		
Minimum lease payments due		
- within one year	578	569
- in second to fifth year inclusive	427	996
	1,005	1,565
less: future finance charges	(64)	(145)
Present value of minimum lease payments	941	1,420
Present value of minimum lease payments due		
- within one year	528	479
- in second to fifth year inclusive	413	941
	941	1,420
Non-current liabilities	424	941
Current liabilities	517	479
	941	1,420

It is entity policy to lease certain office equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 10.75 (2022: 7%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

10. Payables from exchange transactions

Trade payables	11,706	7,116
Programme funds held on behalf of clients	94,275	9,765
Debtors with credit balances	522	31
Accrued leave pay	10,310	9,194
Accrual - 13th cheque	1,437	1,452
Accrued expenses	125	6,256
Sundry Creditors	-	2,167
Salary control accounts	2,611	1,840
Total Payables from exchange transactions	120,986	37,819

11. Other income

Legal cost recovery	220	12,257
Tender deposits	1,117	268
Other	110	-
	1,447	12,525

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
	'000	'000
12. Employee related costs		
Basic	154,004	133,055
WCA	179	210
Leave pay provision charge	3,009	532
CCMA Awards	3,922	-
Termination benefits	166	727
	161,280	134,524
13. Administration expenses		
Bank charges	330	237
Catering, meals and entertainment	595	147
Cleaning	1,371	1,079
Consulting and professional fees	5,724	2,182
Document storage	1,042	916
Auditors' remuneration	12,462	8,159
Fines and penalties	973	656
IT expenses	6,287	7,252
Insurance	287	12
Legal fees	20,439	17,863
Media communication	2,816	1,330
Medical expenses	-	1
Motor vehicle expenses	422	811
Other expenses	236	470
Postage and courier	3	70
Printing and stationery	2,155	1,435
Property management fees	290	508
Recruitment and placement fees	1,233	617
Repairs and maintenance	1,453	415
Restructuring	3	5
Security	1,814	1,337
Stipends	11,304	1,420
Subscriptions and membership fees	152	87
Telephone	3,278	5,964
Training	1,321	168
Travel - local	13,331	6,524

Travel - overseas	41	-
Trustees remuneration	2,818	2,620
Water, rates and electricity	4,657	2,452
Workshops, conferences and seminars	767	597
	97,604	65,334

14. Cash generated from (used in) operations

Surplus	42,057	21,630
Adjustments for:		
Depreciation on property, plant and equipment	3,480	3,771
Amortisation on intangible assets	2	9
Impairment of non-current assets	87	-
Debt Impairment	(23,641)	(6,490)
Loss on disposal of property, plant and equipment	-	1,882
Changes in working capital:		
Decrease / (Increase) in receivables from exchange	(20,834)	(18,282)
Decrease / (Increase) Receivables - Programme payroll	716	5,953
(Decrease) / Increase VAT receivable	4,302	(2,057)
(Decrease) / Increase in payables from exchange	83,163	(29,987)
	89,332	(23,571)

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
	'000	'000

15. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At amortised cost	Total
Cash and cash equivalents	143,175	143,175
Receivables - programme payroll	492	492
Receivables from exchange transactions	91,815	91,815
	235,482	235,482

Financial liabilities

	At amortised cost	Total
Finance lease liabilities	941	941
Payables from exchange transactions	120,986	120,986
	121,927	121,927

2022

Financial assets

	At amortised cost	Total
Cash and cash equivalents	56,586	56,586
Receivables - programme payroll	1,588	1,588
Receivables from exchange transactions	46,961	46,961
	105,135	105,135

Financial liabilities

	At amortised cost	Total
Finance lease liabilities	1,420	1,420
Payables from exchange transactions	37,819	37,819
	39,239	39,239

Maturity analysis

2023

Within 1 year

		Between 2 and 5 years
Finance lease obligation	517	424
Payables from exchange transactions	120,968	-
	121,485	424

2022

**Within 1 year Between 2
and 5 years**

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
	'000	'000

15. Financial instruments disclosure (continued)

Finance lease obligation	479	941
Payables from exchange transactions	37,819	-
	38,298	941

16. Commitments

Authorised operational expenditure

Total commitments

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	4,701	464
- in second to fifth year inclusive	7,883	464
	12,584	928

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Rental expenses relating to operating leases

Actual expenditure	7,653	6,777
Provisions	411	360
	8,064	7,137

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
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17. Contingencies

The contingent assets and liabilities for the prior financial period have been restated.

17.1 Contingent liabilities

17.1.1 Summons against the entity by Africa X-Ray Industrial & Medical (Pty)	782,705	528,320
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Ltd

The service provider is suing the IDT for unpaid invoices in respect of exchange rate. The IDT is defending the matter while the region is still trying to get the approval of exchange rate claim from KZN Department of Health.

The region made several attempts to resolve the matters. Submissions were prepared by the IDT and meetings held with the Client Department and the Service providers. Invoices were submitted by the Service Provider together with the supporting documents and thereafter an Invoice Claim was submitted by IDT to the Client Department for further processing. Some of the service providers were eventually paid. Furthermore, IDT requested service providers to give context in relation to the exchange rates costs.

This matter is set down for trial on the 24th & 25th April 2023 in the Durban High Court. The KZN Department of Health has agreed to provide us with funds for the settlement of this matter but has not yet done so.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R528 320 to Africa X-Ray Industrial & Medical (Pty) Ltd.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.2 Summons against the entity by Nomandla Roads & Civils	868,933	868,933
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The contractor claimed for amount certified and the IDT is awaiting the transfer of the funds from the client's department. The amount claimed is due and payable to the contractor.

The attempts by the region to resolve the dispute prior to litigation included the GM Regional Operations attending numerous meetings with the Department of Water Affairs and Environment after they took over the Household Sanitation responsibility from the Department of Human Settlement. It was explained to the contractor that his claim was submitted to the IDT during the period of transition to the new department and this created delays. The noncommittal of DWE made it difficult for the IDT to guarantee payment to the contractor on a particular date. The contractor was kept abreast on developments and he resorted to litigation. Efforts continued to get funds from the department as value was created on the ground but in vain.

The matter has been dormant, the IDT has offered a settlement to the effect that the matter be withdrawn with each party to pay its own costs.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R868 933 to Nomandla Roads & Civils.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.3 Notice of motion against the entity by Basil Read (Pty) Ltd	15,859,888	15,859,888
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INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
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17. Contingencies (continued)

Following the appointment of the IDT by the National Department of Arts and Culture, as an Implementing Agent for the implementation of various projects, the IDT appointed Basil Read (Pty) Ltd (the "Contractor") to construct Enyokeni Cultural Precinct in Kwa-Zulu Natal. initially, the IDT was sued for non-payment of certificate 1 to 10, in the amount of R39 691 614. 30, which claim has been settled by the IDT. Now the contractor is suing the IDT in respect of certificate 11 to 14 in the total amount of R15 859 888.37, plus interest calculated from March 2015.

The IDT forwarded numerous correspondence appealing to the DAC to transfer funds without any success. Several meetings were also held with DAC but instead DAC decided to investigate the IDT. The outcome of the investigation was not in favour of the IDT and it was used to justify why funds will not be transferred. Further meetings were held with the current DAC DG to resolve these matters but with little or no cooperation from his subordinates.

The Parties are awaiting a trial date.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R15 859 888 to Basil Read (Pty) Ltd.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.4 Summons against the entity by Royal Haskonong DHV (Pty) Ltd	2,631,127	2,631,127
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The Plaintiff is claiming a sum of R2 631 126,84 together with interest against the IDT for professional services rendered in respect of the Enyokeni Cultural Precinct - Nongoma Project

The IDT has sought an opinion from the DPWI High Performance Centre (HPC). The HPC was of opinion that the completion documentation forwarded by Royal Haskonong were not only complete but could not be accepted. The IDT tried to communicate with Royal Haskonong to set up a meeting to resolve these matters but with no success. The matter was left with legal to respond to the litigation. .

The matter has been dormant, the IDT has offered a settlement to the effect that the matter be withdrawn with each party to pay its own costs.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R2 631 127 to Royal Haskonong DHV (Pty) Ltd.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.5 Summons against the entity by Tauris Garden Trading 500 CC	3,000,000	3,000,000
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INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

2023 2022

17. Contingencies (continued)

The IDT appointed Tauris Garden Trading 500 CC ("Contractor") for the construction of the new Daniel Mzamo/Malezulu LSEN for an amount of R 86 365 150.62 on 03 May 2011. A variation order of R 15 897 245,11 was approved bringing the contract amount to R 102 262 395.11. The expenditure to date stands at R 94 494 557.38. The contractor moved off-site without the appropriate notice period and was instructed to return back to site. After refusing to return to site, the Contractor was terminated. The contractor has now issued summons against the IDT for payment or certification of payment certificate for work done prior to termination. The Contractor is suing the IDT for work done and not previously certified by the principal agent.

Prior to termination, attempts were made to negotiate with the contractor to return to site after extension of time was granted. The IDT further got the KZN Department of Education to issue a letter assuring the contractor of availability of budget and timeous payments going forward. It was evident that the contractor projected a loss if he was to continue with completion of the project and elected to re-invoke his termination. This was after he did some work after his first termination notice. The IDT engaged the contractor to point to the flaws of his termination and later presented a final account which indicated that he was not owed. The region invited to contractor to sit with the project QS and go through the final account to agree on a solution. The contractor was only interested in a figure that he demanded including loss of profit and interest. Further engagements were made with the contractor to resolve the matter despite the legal route he chose.

The IDT has filed a notice of intention to defend whilst negotiating settlement of the matter. The plaintiff has amended its papers and offered that it be paid a sum of R 3 000 000.00 in full and final settlement of the dispute. The IDT has counter offered R 1 000 000.00 in full and final settlement as per the Department's commitment. We are awaiting the plaintiff's response to the counter offer.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R3 000 000 to Tauris Garden Trading 500 CC

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has been assessed as being a 50% chance of being successful. Therefore, the possibility of any outflow in settlement is therefore not remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.6 Summons against the entity by Alderwood t/a Buyeye Consulting	350,000	299,349
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INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
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17. Contingencies (continued)

The Consultant is suing the IDT for alleged services rendered. The Consultant was terminated due to non-performance and a replacement Consultant was appointed to complete the works.

The region had numerous attempts to engage the Service provider who later failed to submit project Close-out documentation on time and later was issued a default letter followed by a termination of contract due to non-response deemed as non-performance to the required deliverable. Later post termination the SP submitted the Close-out documentation and ignored the termination of contract but the region informed them that the IDT has already sourced another SP to complete the project. The SP then opted for legal action against the IDT on the matter.

The IDT is defending the matter on the basis that the Consultant only rendered services up to stage 5 and submitted invoices up to stage 6 and refused to amend the invoices to exclude stage 6. Pre-trial conference was held on 22 July 2021 and no settlement was reached. The IDT has filed a Discovery Affidavit in preparation for the trial. Another Pre-trial conference was held on the 16 September 2022. The parties are now awaiting a trial date.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R299 349 to Alderwood t/a Buyeye Consulting.

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has been assessed as being a 50% chance of being successful. Therefore, the possibility of any outflow in settlement is therefore not remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.7 Notice of claim against the entity by GVK Siyazama Building Contractors

	26,697,867	26,697,867
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(Cape) (Pty) Ltd

GVK's claims comprise certain interim payment certificates that were issued in its favour by the principal agent, based upon the monthly claims that were filed by GVK for payment of its preliminaries and general ("P&G") costs. The IDT contends that the principal agent has mala fide and unlawfully been colluding with the GVK, and that the relevant interim payment certificates that were issued as from August 2015 to date are void.

Several meetings were held between the IDT, GVK and the Principal Agent for P & G's to be charged or claimed in relation to the uncompleted portion of the works to no success.

The parties have exchanged pleadings and we are now at discovery stage. They have agreed to suspend the litigation pending settlement negotiations between the parties. The IDT obtained legal opinion advising it to settle and the opinion was communicated to the DOJ & CD. Following, the DOJ & CD's responsive conduct to the IDT's proposed settlement, the IDT terminated the MoA between it and DOJ & CD and formally declared a dispute and indicated that it would now refer the matter to the Minister of DPWI in order to initiate and kickstart the intergovernmental dispute resolution process.

Following the declaration of dispute, DOJ & CD requested the IDT to suspend the intergovernmental dispute resolution process and the termination of the IDT's services pending settlement negotiation between the parties. As part of the settlement the IDT and DOJ & CD agreed to jointly appoint an independent QS to look into the merits of the claims by the contractor. The IDT has suspended its termination letter and declaration of Dispute. The terms of reference for an independent QS have been concluded and the RFQ was sent out. The appointment will be made soon.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R26 697 867 to GVK Siyazama Building Contractors (Cape) (Pty) Ltd

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has been assessed as being a 50% chance of being successful. Therefore, the possibility of any outflow in settlement is therefore not remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

INDEPENDENT DEVELOPMENT TRUST

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	2023	2022
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17. Contingencies (continued)

17.1.8 Summons by the Dept of Transport, EC Provincial Government	17,105,824	17,105,824
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The EC Department of Transport is suing the IDT for utilising funds earmarked to benefit certain disadvantaged persons to implement projects for the EC Department of Education

Various engagements were conducted between the IDT, the ECDoE and the EC Dot aiming to resolve the challenges encountered and have the ECDoE to repay the funds to ECDoT

The Parties resolved to refer the matter to Intergovernmental Dispute Resolution Process. The Department of Transport, through State Attorneys, has until recently been slow in responding to the process and IDT is considering to withdraw from the intergovernmental process.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R17 105 824 to the Dept of Transport, EC Provincial Government

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.9 Summons by Amahle Quantity Surveyors (Pty) Ltd	2,308,540	2,308,540
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Following the appointment of the IDT as an Agent by the NCDoe for the construction of Magojaneng Primary School, the IDT appointed the Plaintiff to render Quantity Surveying services. The Plaintiff rendered the services from Stage 1 up to Stage 4.1. After estimates were submitted to the Client for approval, the Client withdrew the project from IDT. The Client kept on asking for the reduction of the estimate to cater for the budget

The IDT has been in constant communication with the client for payment of the stages completed by the Plaintiff . The Client kept on asking for the reduction of the estimate to cater for the budget but the Plaintiff kept on basing his claim on the initial estimates which the client maintained was way above their budget.

The IDT has filed a Notice of Intention to Defend, a Special Plea and a Third Party Joinder to include the NCDoe in the litigation. The original claim was in the sum of R 5 5 mil but NCDoe have since settled part of the debt and we are left with the debt for the NCDoe.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R2 308 540 to Amahle Quantity Surveyors (Pty) Ltd

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.10 Notice of motion by Motse LMI Architect	6,862,781	6,862,781
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17. Contingencies (continued)

The IDT appointed the Plaintiff as a Consultant in 2012 to provide Project Management Services (including Architect, Engineers, Quantity Surveyor and Land Surveying) on the various schools in the Eastern Cape and North West. The Consultant submitted inaccurate invoices supported by reports for Architectural Services only and when requested to submit reports for other disciplines, the Consultant insists that he was only appointed as an Architect and applied to court for payment of his fees. There is a possibility that the IDT owed the money but the claim may have also prescribed.

There have been various engagements between the Programme Manager and the Consultant and subsequently between the IDT Legal Unit and the Consultant's Attorney to try to resolve the matter amicably but the engagements did not yield positive results

The IDT has initiated settlement of the matter as the Adjudicator has ruled against the IDT. The IDT has taken the matter on review whilst negotiating settlement.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R6 862 781 to Motse LMI Architects.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.11 Notice of motion by Krishna Ruben Vengadensan & Aqua Mile Works	5,863,561	5,863,561
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The Service Provider, through the liquidators, is suing the IDT for a sum of R 5 863 560,86 Services Rendered.

The IDT admits liability for 2.4 million and has offered to settle the debt by the same amount of R 2.4 but the settlement amount was rejected by the liquidators.

The IDT has filed its answering affidavit and the hearing date is set January 2024.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R5 863 561 to Krishna Ruben Vengadensan & Aqua Mile Works

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has assessed as being a 50% chance of being successful. Therefore, the possibility of any outflow in settlement is therefore not remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.12 Summons by PHG Group (Pty) Ltd	6,000,670	6,000,670
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17. Contingencies (continued)

The Service Provider is suing the IDT for the pre-mature termination of the lease agreement in the Free State at the time when the IDT was in the process of being dissolved and there were no funds to pay rental.

Meetings were held between the Regional Office in the Free State Province soon after the termination of the lease. The Landlord Disputed the termination but however agreed to advertise the premises for new tenants in order to minimise any possible damages. Instead of advertising, the landlord attended to the neovations of the building thus failing to minimise his damages.

The IDT is defending the matter whilst negotiating a possible settlement of the matter. The Lanlord has been non-responsive with regard to request for meetings.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R6 000 670 to PHG Group (Pty) Ltd.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.13 Arbitration by Department of Basic Education

154,629,991 154,629,991

During 2016, it was alleged by an unknown person (s) that major irregularities had occurred and breached of the contract between the DBE and the IDT had occurred during the execution of the contract between the IDT and DBE in the Free State, which caused massive fruitless and wasteful expenditure. As result of these allegations, the President of the Republic of South Africa Caused a proclamation to be issued during May 2016, in terms of which the Special Investigation Unit ("SIU") was instructed to investigate the affairs of the IDT, the DBE and the provincial Department of Education of the Free State Province in respect of the aforesaid allegations. The SIU duly investigate the matter and on 12 August 2019, in writing referred the DBE to the breaches of the contract between the DBE and the IDT, and wherein the DBE was instructed /advised to institute legal proceedings against the IDT to recover from the IDT the fruitless and wasteful expenditure brought about by the IDT in breach of the contract, which caused the DBE to suffer damages. The details of the breaches of contract and the damages suffered by the DBE relates to the IDT's failure to levy penalties against non-performing contractors, failure to recover penalties where penalties have been levied, failure to recover project escalation costs from terminated service providers and failure to recover monies from poor, defective workmanship from contractors.

The parties have agreed to refer the matter to an inter governmental dispute resolution process and Advocate Phillip Mokoena is appointed as the arbitrator.

The IDT's response to the claim will be filed on the 31st of May 2023.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R154 629 991 by the Department of Basic Education

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim being successful has assessed as being a 50% chance of being successful. Therefore, the possibility of any outflow in settlement is therefore not remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.14 Claim by Navigant Consulting CC

1,256,668 1,256,668

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	2023	2022
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17. Contingencies (continued)

The IDT terminated the contract and at the time of termination, certain works was not yet completed. However, the Service Provider filed a counter-claim alleging that it has discharged all its obligation in terms of the contract and that it must be paid for work done.

The IDT has lost the appeal against Navigant in the amount of R1 256 668.00. The then Board Litigation Task team resolved that the Arbitrator's decision be reviewed. An application for review has been filed and Navigant has filed an application to oppose the review. Navigant is yet to file an opposing affidavit on the basis that the parties have agreed to stay the proceedings pending the criminal case by the Hawks against the directors of Navigant.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R1 256 668 to Navigant Consulting CC.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.15 MG Architects and Project Management

	5,452,055	5,452,055
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The service provider is suing the IDT for payment, for alleged services rendered.

Several meetings were held between the IDT and service provider regarding the incorrect calculations of the fees and disbursement.

The matter is set down for hearing from 30 January 2023 to 03 February 2023.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R5 452 055 to MG Architects and Project Management..

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.16 Msunduzi Local Municipality

	34,115,296	34,115,296
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The IDT was previously appointed by Msunduzi Local Municipality ("the Municipality") as an implementing agent for certain projects on behalf the Municipality. Subsequent to the conclusion of the Agreement between the parties, the Municipality transferred to the IDT the project budget of over R 290 million. The contractual relationship between the IDT and the Municipality was terminated in June 2014 and incomplete projects were ceded back to the Municipality in terms of a cession agreement. The IDT further transferred an uncommitted sum of R 2 981 589.26 and delivered files to the municipality.

The region has had two meetings with the Municipal Manager ; Internal Control Unit and Senior Management of the Municipality. The discussions centred on the entire portfolio and the framework of the Cession Agreement. The resolutions taken included 1) Municipality to provide the IDT with the breakdown of the amount claimed against the IDT. 2) The IDT was to provide supporting documents to assist Municipality with the Audit. 3) Files ; Records; Reports and the Reconciliations were prepared and submitted by IDT to Msunduzi Municipality in an attempt to get the matters resolved.

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17. Contingencies (continued)

The new Municipal Manager has written to the IDT requesting the parties to find an out of court settlement of the dispute. The IDT has responded to the Municipal Manager's letter agreeing with the proposal. A meeting which was scheduled to take place on during february 2023 did not happen and the municipality is no longer responding to us. The IDT has instructed its attorneys to proceed with the matter in court.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R34 115 286 to Msunduzi Local Municipality.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.17 Tupac Business Enterprise CC

	833,921	833,921
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The Landlord is suing the IDT for alleg arrear rental. The IDT records shows that the IDT has paid all its rental prior to vacating the leased premises. The Landlord first brought an urgent application to interdict the IDT from vacating the leased premises on the basis that it was unfairly not awarded the tender and the application was dismissed with costs for lack of urgency. When the interdict application failed, he issued automatic rent interdict in order to prevent the IDT from vacating the premises

Attempts made to resolve the dispute prior to Litigation failed.The IDT is defending the matter. The pleadings are closed and IDT is awaiting a hearing date.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R833 921 to Tupac Business Enterprise CC.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.18 Notice of motion by Nuel & Neo Syabonga Construction JV

	1,884,732	1,884,732
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17. Contingencies (continued)

The Applicant was appointed by the IDT for the ASIDI Water & Sanitation Programme – Water Supply Projects – Cluster 4B for a sum of R 4 715 568.56 plus VAT. The Applicant alleges to have complied with all its obligations in terms of its contract with the IDT and further alleges that the IDT is in breach of the contract in that the IDT has failed to pay all outstanding invoices issued to it. The Region has calculated penalties in the amount of R1 517 963, 98 against the Applicant.

The contractor was terminated due to poor performance and refused to accept negative F/A due to penalties and opted for litigation.

The IDT has appointed new attorneys to push the matter for hearing as the previous attorneys were moving on a snail pace.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R1 844 723 to Nuel and Neo Siyabonga Construction JV.

The uncertainties relating to the amount or timing of any outflow

The possibility of the claim by the counterparty being successful has been assessed as being good. Therefore, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.19 Royal Haskonong DHV (Pty)LTD

1,000,138 1,000,138

The Service Provider is suing the IDT for a sum of R 1 000 137,60 for Services Rendered. The amount is made up of fees, disbursement and additional fees for variation orders. The IDT dispute that there was ever a variation order that entitles the Service Provider to claim additional fees and the disbursement claims is not supported by documents evidence.

The Service Provider is suing the IDT for a sum of R 1 000 137,60 for Services Rendered. The amount is made up of fees, disbursement and additional fees for variation orders. The IDT dispute that there was ever a variation order that entitles the Service Provider to claim additional fees and the disbursement claims is not supported by documents evidence.

Meetings were held between the Regional Office in Limpopo and the Service Provider. The service Provider was requested to provide a fee breakdown and support documents for the disbursement claims. The Service Provider did not submit the information requested, he instead issued arbitration notice.

The IDT is defending the matter whilst negotiating a possible settlement of the matter. According to the Region, the IDT owes the Service Provider a sum of R 300 000.00 Rand.

Estimated financial effect

The IDT is defending the matter whilst negotiating a possible settlement of the matter. According to the Region, the IDT owes the Service Provider a sum of R 300 000.00 Rand.

The uncertainties relating to the amount or timing of any outflow:

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement:

The entity will not be reimbursed by any party should it make settlement.

17.1.20 Phahlana Hunadi Quatity Surveyor

2,350,145 2,350,145

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	2023	2022
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17. Contingencies (continued)

The Service Provider is suing the IDT for outstanding fees.

Meetings were held between the Regional Office in Limpopo and the Service Provider. The IDT agreed to settle the amount claimed by the service provider on submission of the invoice by the Service Provider. The Service Provider is however refusing to submit an amended invoice and his taxes and professional registration are not in order.

The IDT has filed a notice to defend whilst negotiating settlement of the claim.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R2 350 145 to Phahlana Hunadi Quantity Surveyor.

The uncertainties relating to the amount or timing of any outflow

As the possibility of the claim by the counterparty being successful has been assessed as being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.20 Summons by Crossroads Distributors

	55,710	55,710
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The Plaintiff was appointed the department of Public Works, as a structural engineer. The appointment was then transferred to the IDT. The Plaintiff's Claim is for service allegedly rendered

All proceedings are held in abeyance pending a possible settlement. Vuselela was to settle their outstanding amount with plaintiff.

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R55 710 to Crossroads Distributors

The uncertainties relating to the amount or timing of any outflow

The possibility of reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.21 Labour Dispute: Phanda Personnel CC

	5,323,123	5,323,123
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The IDT is currently involved in a legal dispute with a former employee who has filed a claim and is seeking compensation of the claimant is seeking R5 323 123 in damages. Management believes that the claim is without merit and intends to vigorously defend the IDT's position. However, legal proceedings are inherently uncertain, and the ultimate outcome cannot be predicted with certainty.

The IDT will continue to monitor the progress of the legal proceedings and will provide updates as necessary. The ultimate resolution of this matter could have a material impact on the Company's financial position and results of operationst

Estimated financial effect

Should the service provider be successful in its claim against the entity, the entity would be required to pay a settlement amounting to R5 323 123 to Phanda Personnel CC.

INDEPENDENT DEVELOPMENT TRUST

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17. Contingencies (continued)

Based on this assessment, the possibility of an outflow of cash is not considered to be remote.

The uncertainties relating to the amount or timing of any outflow

As of the reporting date, the IDT's legal advisors have evaluated the claim and provided an assessment of the likelihood of an unfavorable outcome.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.1.22 Summons against Makole Civils CC

	1,566,295	1,566,295
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The IDT issued summons against Makole Civils for the recovery of an amount of R1 088 395 for Makole's repudiation of the agreement and failure to carry out works in terms of same. Defendants (Makole Civils CC) then counterclaimed an amount of R1 566 295

Estimated financial effect

Should Makole raise a successful defense and counterclaim, the IDT will be liable for an amount of R1 566 295.15.

The uncertainties relating to the amount or timing of any outflow

While the possibility of the claim by the counterparty being successful has been assessed as not being good, the possibility of an outflow of cash is not considered to be remote.

The possibility of any reimbursement

The entity will not be reimbursed by any party should it make settlement.

17.2 Contingent assets

17.2.1 Summons by the IDT against MBK Mogotsi Construction SA (Pty)

	4,836,588	4,836,588
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LTD

The IDT is suing the contractor for damages suffered by the IDT as a result of the contractor's defective works. The IDT had to use its reserves in order to rectify the defective works.

The Contractor was engaged with regards to the weak compaction of the foundation and poor workmanship on the school. Despite several meetings, the contractor failed to remedy the defects. The IDT terminated the contractor on 10 May 2010 and appointed a replacement contractor prior to issuing Summons against the main contractor.

The matter has been removed from the trial roll. The parties are engaging in settlement negotiations, the defendant to revert back to us with the settlement proposal.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R4 836 588 from MBK Mogotsi Construction SA (Pty) Ltd

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.

17.2.2 Summons by the entity against Ventana Trading (Pty) Ltd

	3,228,664	3,228,664
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INDEPENDENT DEVELOPMENT TRUST

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	2023	2022
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17. Contingencies (continued)

The IDT is suing the Principal Agent for damages due to wrongful, unlawful, alternatively negligent acts and omissions for the Development of the maternity and theatre complex at George Masebe Hospital, Limpopo.

IDT appointed Ventana Trading (Pty) Ltd as a Principal Agent for the Development of the maternity and theatre complex at George Masebe Hospital, in Limpopo. The defendant failed to exercise the required skill and diligence by inter alia: failing to issue a written interim payment certificate to the contractor on a monthly basis, issuing payment certificate 18 for work not done by the contractor and failing to terminate the JBCC agreement on time, when it ought to, on default by the contractor, for failure to act in terms of its obligations as stated in the JBCC agreement.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R3,228,663.89 from Ventana Trading (Pty) Ltd t/a Metric Project Managers.

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.

17.2.3 Summons by the entity against 3ME Management	2,580,606	2,580,606
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The Principal Agent mismanaged the project and later cancelled the contract citing personal reasons. The IDT instituted legal action against the indemnity insurance of the Principal Agent

Attempts to engage the PA regarding the performance were futile until the contract was cancelled.

The IDT has applied for default judgment and it has been referred to an open court. The court also instructed the IDT to serve the court papers on the directors of the company. The IDT is struggling to locate the whereabouts of the directors.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R2 580 606 from 3ME Management.

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. ~~Therefore, the possibility of an inflow of cash is not considered to be remote.~~

17.2.4 Summons by the entity against Bakhi Designs Studio	800,000	800,000
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The IDT is suing the Service Provider for overpayment is made.

The defendant has pleaded to the claim is disputing liability. The Parties have referred the matter to arbitration. All documents have been exchanged and the parties are awaiting a hearing date.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R800 000 from Bakhi Designs Studio.

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. ~~Therefore, the possibility of an inflow of cash is not considered to be remote.~~

17.2.5 Summons by the entity against Smale & Partners and Demo	6,429,747	6,429,747
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Construction

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2023 2022

17. Contingencies (continued)

The IDT is suing the Principal Agent and the Contractor for defective works on Mcheni JSS

IDT appointed an independent team of Structural Engineers to investigate root causes of sagging foundations and floors, thus cracking walls at Mcheni JSS. A report was presented by Engineers to IDT Executives, DoE Chief Director and DoE CFO. The report pointed faults at both Contractor and Civil/Structural Engineer and recommended that IDT takes a Legal route to recoup the losses. Upon acceptance of recommendations by Executives, IDT implemented litigation

The defendant has pleaded to the claim is disputing liability. The Parties have referred the matter to arbitration. All documents have been exchanged and the parties are awaiting a hearing date.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R6 429 747 from Smale & Partners and Demo Construction

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an inflow of cash is not considered to be remote.

17.2.6 Summons by the entity againts Makole Properties	1,288,395	1,288,395
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The IDT's claim is for refund of the advance payment made to the service provider, for which the Service Provider failed to perform. The contract/appointment has been terminated.

Several letters have been send to the Human Settlement to honour the outstanding payments. The department has started taking the IDT serious after issuing summons. The Department has acceded to settling the payments during the payment run of the 25 March 2021. Applied for trial date and awaiting allocation from court.

Estimated financial effect

Should the IDT be successful in its claim against the counterparty, the entity will receive a settlement amounting to R1 288 395 from Makole Properties.

The uncertainties relating to the amount or timing of any inflow

The possibility of the claim by the IDT being successful has been assessed as being good. Therefore, the possibility of an outflow of cash is not considered to be remote.

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	2023	2022
	'000	'000

18. Related parties

Relationships

Members

Refer to members' report note

Controlling entity

Department of Public Works and Infrastructure

Transactions and other engagements with the Department of Public Works:

The IDT has implemented the Non-State Sector programme on behalf of the Department of Public Works, and the expenditure relating to the programme was R1,025,067,000 (2022: R536,948,000), and the IDT generated R77,800,000 (2022: 38,000,000) in revenue from this programme. All transactions within this programme were at arm's length.

The following are entities that are commonly controlled by the Department of Public Works, however, the IDT has not conducted business with any of the entities in the year under review.

- Property Management Trading Entity
- The Council for the Built Environment
- Construction Industry Development Board
- Agreement South Africa
- Engineering Council of South Africa

The IDT has received a grant from DPWI for purposes of paying salaries and overhead expenses. The total received amounted to R70,300,000.

The IDT has closed six (6) of its regional offices in a bid to reduce expenditure, and five of those offices have been accommodated by the regional DPWI offices at no cost to the IDT. The IDT staff are being accommodated in some rooms at these DPWI offices. Due to the insignificance of the services in-kind on the entity's operations and/or service delivery objectives, the entity did not recognise this services in-kind as revenue.

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Figures in Rand thousand

18. Related parties (continued)

Remuneration of management

Board of Trustees

2023

Name	Attendance	Other	Total
	Fees		
Mrs KJ Siyila	315	23	338
Mrs Z Hill	251	16	267
Mrs PN Mkhwanazi	274	25	299
Mrs LM Kumalo	184	14	198
Mr KG Sukdev	255	15	270
Dr MO Sutcliffe	219	45	264
Prof. RN Nkado	<u>247</u>	<u>15</u>	<u>262</u>
Mr MS Mbambisa	<u>230</u>	<u>15</u>	<u>245</u>
Ms RK Parker	196	15	211
Mr LT Nevondwe	328	36	364
Mr MT Sukazi	188	14	202
Ms YD Mbane (Independent)	28	9	37
Ms PN Sibiya (Independent)	37	8	45
	2,752	250	3,002

2022

Fees for Total

Name	services	
Mrs MET Malaka (Chairperson appointed August 2021)	168	168
Mrs KJ Siyila	193	193
Mrs Z Hill (Interim Chairperson)	321	321
Mrs PN Mkhwanazi	203	203
Mrs LM Kumalo	154	154
Mr KG Sukdev	140	140

INDEPENDENT DEVELOPMENT TRUST

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Figures in Rand thousand

18. Related parties (continued)

Dr MO Sutcliffe	180	180
Prof. RN Nkado	120	120
Mr MS Mbambisa	138	138
Ms RK Parker	133	133
Mr LT Nevondwe	187	187
Mr TM Sukazi	132	132
P Nkomo (Term ended April 2021)	33	33
L Zitha (Term ended April 2021)	162	162
G Kabanyane (Term ended April 2021)	64	64
Z Zitha (Term ended April 2021)	97	97
S Biniza (Term ended April 2021)	106	106
R Patel (Term ended April 2021)	73	73
	2,604	2,604

Management class: Executive management

2023

Name	Basic salary	Allowances	Total
Ms CE Simpson - CFO	2,156	27	2,183
Mrs MET Malaka - CEO	2,533	107	2,640
Ms N Modibedi - Executive Manager CSU (Appointed 1 August 2022)	1,626	21	1,647
Mr T Makofane - Executive Manager PMSU (Appointed 1 June 2022)	1,643	417	2,060
	7,958	572	8,530

2022

	Basic salary	Allowances	Total
Name			
Ms CE Simpson - CFO (14 February 2022 - March 2022)	264	4	268
Mrs MET Malaka - Acting CEO (01 Nov 2021 - 31 March 2022)	1,038	-	1,038
Mr SM Machete - Acting CEO (01 April 2021 to October 2021)	1,418	449	1,867
Mr CJ Lombaard - Executive Manager PMSU	1,691	169	1,860
Mr M Mofokeng - Acting CFO intermittant	990	-	990

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Figures in Rand thousand

18. Related parties (continued)

5,401 622 6,023

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	2023	2022
	'000	'000

19. Prior-year adjustments

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

Statement of financial position

2022

	As previously reported	Correction of error	Re-classification	Restated
Receivables from exchange transactions	38,610	19,049	3,060	60,719
VAT receivable	7,843	(101)	-	7,742
Receivables - programme payroll	1,588	-	-	1,588
Programme Assets	1,557,752	-	-	1,557,752
Cash and cash equivalents	56,586	-	-	56,586
Property plant and equipment	20,423	5,393	-	25,816
Intangible assets	14	(10)	-	4
Finance lease obligation: Current	(1,420)	941	-	(479)
Payables from exchange transactions	(61,241)	23,420	-	(37,821)
Programme liabilities	(1,557,753)	101	-	(1,557,652)
Finance lease obligation: Non-current	-	(941)	-	(941)
Initial funding	(2,025,000)	-	-	(2,025,000)
Accumulated surplus	1,962,598	(47,852)	(3,060)	1,911,686
	-	-	-	-

2021

	As previously reported	Correction of error	Restated
Receivables from exchange transactions	35,659	5,290	40,949
VAT Receivables	4,305	99	4,404
Receivables - Programme payroll	428	-	428
Programme assets	1,742,760	-	1,742,760
Cash and cash equivalents	78,736	-	78,736
Property, plant and Equipment	19,160	12,321	31,481
Intangible assets	41	(28)	13
Finance lease obligation	(15)	-	(15)
Payables from exchange transactions	(87,788)	22,090	(65,698)
Programme liabilities	(1,742,760)	-	(1,742,760)

Initial funding	2,025,000	-	2,025,000
Accumulated surplus	(2,075,526)	(39,772)	(2,115,298)
Surplus for the year	-	-	-

Statement of financial performance

INDEPENDENT DEVELOPMENT TRUST

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Notes to the Annual Financial Statements

	2023	2022
	'000	'000

19. Prior-year adjustments (continued)

2022

	As previously reported	Correction of error	Re-classification	Restated
Management fees	122,112	-	-	122,112
Interest received	1,516	-	-	1,516
Other income	268	12,257	-	12,525
Government grants and subsidies	93,000	-	-	93,000
Employee related costs	(134,432)	(664)	572	(134,524)
Depreciation and amortisation	(4,676)	3,957	(3,060)	(3,779)
Finance costs	(1,014)	(40)	-	(1,054)
Operating lease expense	(7,146)	(294)	-	(7,440)
Reversal of Impairment/(Debt impairment)	6,490	-	-	6,490
Loss on disposal of assets	(1,817)	(65)	-	(1,882)
Administration expenses	(62,425)	(2,337)	(572)	(65,334)
Surplus for the year	11,876	12,814	(3,060)	21,630

Errors

The following prior period errors adjustments occurred:

Receivables from exchange transactions

Incorrect accounting of prepaid expenditure prior to 2022 had resulted in the overstatement of prepayments, requiring a correction to be made. This, in turn, resulted in a decrease in Receivables and Value Added Tax, while having an opposite effect on Accumulated Surplus.

Programme Assets and Liabilities

A re-evaluation of payments due and receivable pertaining to program assets and liabilities was conducted, and it was determined that both assets and liabilities were overstated.

Property plant and equipment

The IDT conduct a yearly verification process to verify the existence and conditions of all its fixed assets. Assets not previously listed on the asset register were identified during the last verification process.

During the annual process of reviewing the fixed asset register, depreciation was recalculated, and it was found to be overestimated in the comparative year.

The verification process also found that vehicles disposed of in the comparative year had not previously been included in the asset register which had an effect on the profit or loss calculation on the disposal of fixed assets.

Intangible assets

During the annual process of reviewing the fixed asset register, amortisation was recalculated, and it was found to be underestimated in the comparative year.

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Annual Financial Statements for the year ended 31 March 2023

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	2023	2022
	'000	'000

19. Prior-year adjustments (continued)

Payables from exchange transactions

In the past misallocations over multiple years had resulted in adjustments to accruals, value added tax and a diverse range of expenses in the comparative period to bring the accounts into balance. These adjustments went further back than just the comparative year, which consequently impacted accumulated surplus. This expenditure includes employee-related costs for remunerating seconded staff members, rental expenses, Finance cost and various administrative expenses.

Reclassifications

Previously, trade payables with credit balances were classified as depreciation and amortisation, but should instead be classified as receivables from exchange transactions.

Expenditure related to independent consultants was previously incorrectly allocated as part of employee-related costs and has now been reclassified as part of administration expenditure.

20. Risk management

Financial risk management

The IDT is exposed to the following risks: The Board of Trustees is responsible for strategic risk-management within the IDT and has tasked the Audit and Risk Committee to ensure effective risk-management. The purpose of the IDT risk-management strategy is to identify the risks and ensure that the overall risk profile remains at acceptable levels. The risk-management strategy provides reasonable, but not absolute, assurance that risks are being adequately managed. The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The IDT risk policy sets out the minimum standards of risk-management to be adopted and adhered to by all units within the IDT. The risk policy is established to identify and analyse the risks faced by the IDT, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and IDT activities. The risk-management strategy, which has been reviewed and updated in the current year, contains processes for identifying both the impact and likelihood of such risk occurring.

Management is responsible for the identification, assessment and control of all key risks facing the IDT, functions and processes under their control. In addition, management is required to manage all risks under their control that contribute to the IDT's risk profile. A documented formal policy framework has been put in place in order to achieve the following:

- Place accountability on Management for designing, implementing and monitoring the process of risk management.
- Place responsibility on Management for integrating the risk management process into the day to day activities and operations of the IDT.
- Ensure that the risk strategy is communicated to all stakeholders.

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

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	2023	2022
	'000	'000

20. Risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the IDT if a customer or counterparty defaults on its contractual obligations to the IDT. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position. The carrying value for receivables from exchange transactions, net of impairment amount to R91,814,697 (2022: R46,960,341). The IDT only transacts with various Government Institutions who have no independent rating. The IDT does not have any significant credit risk exposure to any single counterparty having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Government departments have no independent rating.

IDT 's key areas of exposure to credit risk in the current financial year include:

Financial instrument	2021	2022
Cash and Cash equivalents	143,175	56,586
Receivables from exchange transactions	91,815	46,960
Receivables programme payroll	492	1,588

The nature of IDT's exposure to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior period.

Cash and cash equivalents held with reputable financial institutions are used for investing and cash handling purposes.

Market risk

Interest rate risk

The IDT's activities expose it primarily to the financial risk of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

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

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, receivables, other debtors, bank and cash balances.

The IDT limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank and First National Bank. No investments with a tenure exceeding twelve months are made.

The IDT is not exposed to credit interest rate risk as the municipality has no borrowings.

21. Going concern

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

The ability of the entity to continue as a going concern is dependent on the shareholder for funding of operations for the period ending 31 March 2024, and the shareholder is in the process of identifying budget savings from their Departmental units.

The cash flow forecast for the year ending 31 March 2024 indicated a net cash outflow, resulting in a significant decline in available cash resources.

22. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	1,703	12,336
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INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

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	2023	2022
	'000	'000

23. Irregular expenditure

Irregular Expenditure	269,291	10,632
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24. Budget differences

Material differences between budget and actual amounts

24.1 Management fees

24.1.1 Revenue is based on programme expenditure delivery. The organisation has not achieved expenditure targets in the year under review. The revenue line was therefore negatively impacted.

24.2 Government grants and subsidies

24.2.1 DPWI approved a grant of R70,300,000. There were no conditions on the approval of the grant. The grant was approved after finalisation of the annual budget for 2022/23 financial year.

24.3 Other income

24.3.1 These amount are recoveries of legal fees from litigation matters. This line item was not budgeted for.

24.3.2 Tender revenue is generated from the sale of project related tender documents. This item was not budgeted in the financial year.

24.4 Interest

24.4.1 Interest earned from positive bank balances. Due to the low liquidity levels of the organisation, the interest earned target was not achieved.

24.5 Employee related costs

24.5.1 This expenditure line item is under budget as the organisation slowed down recruitment in line with cost containment efforts.

24.6 Depreciation and amortisation

24.6.1 Depreciation cost is based the useful life of actual assets owned by the IDT.

24.7 Reversal of impairment / (Debt impairment)

27.7.1 Positive balance due to reversal of impairment of trade receivables.

24.8 Administration expenses

24.8.1 Travel is within budget. Most of the travel costs are related to project activities.

24.8.2 Litigation costs are incurred when legal action is taken against the organisation. Most legal action is programme related. Legal cost relate to attorney and advocate fees.

24.8.3 Consultants are utilised in IT projects and support to the Great Plains Accounting system. Th organisation also utilised consultants to assist with the preparation of the Annual Financial Statements.

24.8.4 External audit fees are based on the work performed by the Auditor General. The IDT audit presents a high risk due to its past disclaimed audit opinions.

~~24.8.5 The main contributors to the IT cost variance are network data, telephone costs and photocopier rental. Three regional offices out of nine occupy rental property. The remaining offices (except Gauteng) are accommodated at DPWI provincial offices. The IDT did not pay for these costs and a saving is realised on these line items.~~

24.8.6 Communication spending has been limited to project handovers, branding and publications of annual reports.

INDEPENDENT DEVELOPMENT TRUST

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
	'000	'000

24. Budget differences (continued)

24.8.7 Facilities costs have been kept to a minimum. IDT currently leases three regional offices (EC, LP, NWP, and KZN). The remaining regional offices are housed at DPWI provincial offices.

24.8.8 Included in other costs are resources costs that relate to the co-sourced internal function. This line item was not utilised during the year as the unit was not capacitated in terms of staffing. Stationary and printing costs were below budget due to the office utilising remote access as well as office closure due to covid infections. Intern stipends were within budget. Trustee remuneration was within budget.

25. Taxation

No provision has been made for income tax as the entity has no taxable income as the IDT was exempted from income tax in terms of S10(1)(cN) of the Income Tax Act, 1962 as amended. The IDT has been approved as a Public Benefit Organisation in terms of S30 of the Act.

INDEPENDENT DEVELOPMENT TRUST

Annual financial statements for the year ended 31 March 2023

26. Segmental Reporting

2023

	Revenue from non-exchange transactions	Revenue from exchange transactions	Interest revenue	Total Segment revenue	Employee related cost	Depreciation and amortisation	Operational lease expenses	Administration expenses	Reversal of impairment - Receivables	Total segmental expenditure	Total segmental (deficit) surplus
Eastern Cape	-	23,018	87	23,105	14,549	126	1,622	3,073	-	19,371	3,734
Free State	-	614	9	623	5,299	46	(125)	723	-	5,943	(5,319)
Gauteng	-	5,099	36	5,135	11,277	16	(1)	367	-	11,658	(6,523)
KwaZulu Natal	-	52,956	203	53,159	24,593	230	2,429	4,183	-	31,434	21,725
Limpopo	-	25,513	60	25,573	21,384	170	2,192	2,674	-	26,419	(847)
Mpumalanga	-	1,355	16	1,371	5,525	33	(4)	962	-	6,516	(5,145)
National	70,300	78,153	3,285	151,738	61,710	2,557	167	82,954	(23,641)	123,747	27,991
Northern Cape	-	11,668	96	11,764	6,197	185	(16)	576	-	6,942	4,821
North West	-	9,207	24	9,230	7,423	147	682	1,741	-	9,993	(763)
Western Cape	-	6,267	12	6,279	3,323	61	4	509	-	3,897	2,382
	70,300	213,851	3,827	287,977	161,280	3,570	6,950	97,762	(23,641)	245,921	42,056

2022

	Revenue from non-exchange transactions	Revenue from exchange transactions	Interest revenue	Total Segment revenue	Employee related cost	Depreciation and amortisation	Operational lease expenses	Administration expenses	Reversal of impairment - Receivables	Total segmental expenditure	Total segmental (deficit) surplus
Eastern Cape	-	15,913	57	15,970	(11,882)	73	(1,791)	(1,660)	-	(15,260)	710
Free State	-	900	2	902	(5,594)	18	(4)	(319)	-	(5,899)	(4,997)
Gauteng	-	3,323	19	3,342	(9,924)	15	(10)	(679)	-	(10,598)	(7,256)
KwaZulu Natal	-	35,348	91	35,439	(21,169)	(6)	(1,411)	(2,430)	-	(25,016)	10,423
Limpopo	-	11,320	15	11,335	(20,025)	(70)	(2,319)	(2,577)	-	(24,991)	(13,656)
Mpumalanga	-	1,381	13	1,394	(5,978)	(20)	(6)	(503)	-	(6,507)	(5,113)
National	93,000	40,541	1,253	134,794	(43,925)	(3,537)	(573)	(31,123)	(7,440.00)	(86,598)	48,196
Northern Cape	-	10,875	52	10,927	(6,270)	(159)	(18)	(1,305)	-	(7,752)	3,175
North West	-	2,053	9	2,062	(7,361)	(59)	(1,305)	(746)	-	(9,471)	(7,409)

Western Cape	-	726	5	731	(2,967)	(34)	(3)	(170)		(3,174)	(2,443)
	93,000	122,380	1,516	216,896	(135,095)	(3,779)	(7,440)	(41,512)	(7,440)	(195,266)	21,630