Thembalethu Development NPC
(Registration Number: 2002/007362/08)

Annual Financial Statements
For the year ended 31 December 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Upliftment and development of communities
Directors	KH Mohafa (Chairperson) PA Von Wielligh NE Ratshikhopha NR Luvhengo MM Kgarimetsa-Phiri BM Mkhize
Registered office	Stand 126, Block 5 Highway Gardens Office Park 77 Minuach Road Germiston 1401
Auditor	BDO South Africa Incorporated Registered Auditors
Secretary	Fluidrock Cosec (Pty) Ltd
Company registration number	2002/007362/08
Tax reference number	The Company is exempt from Income Tax in terms of the Income Tax Act
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were independently compiled by: Lisa Roodt CA (SA)
Issued	31 August 2023

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

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Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 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 their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the company's cash flow forecast for the year to 31 December 2023 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on page 6 to 7.

The annual financial statements set out on pages 8 to 20, which have been prepared on the going concern basis, as well as the directors' report as set out on pages 4 to 5 were approved by the board of directors on 31 August 2023 and were signed on its behalf by:

Approval of annual financial statements

	K H Mohafa
Director	**Director**

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Thembalethu Development NPC for the year ended 31 December 2022.

1. Nature of business

The Company is a non-profit organisation in accordance with the Companies Act 71 of 2008. The principal activity of the Company is the development of communities. There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

The net results of the company for the year ended 31 December 2022 of R(3 926 927) (deficit); 2021: R(2 873 115) (deficit). The current period equity: R589 308 (surplus); 2021 R4 516 235 (surplus).

3. Directors

The directors in office at the date of this report are as follows:

Directors
KH Mohafa (Chairperson)
PA Von Wielligh
NE Ratshikhopha
NR Luvhengo
MM Kgarimetsa-Phiri
BM Mkhize

There have been no changes to the directorate for the period under review.

4. Directors' interests in contracts

During the current and prior financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

5. Borrowing powers

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

6. Events after the reporting period

All events subsequent to the date of the company annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising since the end of financial year to the date of this report that could have a material effects of the financial position of the company.

7. 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.

Directors' Report

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

8. Auditors

BDO South Africa Incorporated continued in office as auditors in accordance with Section 90 of the Companies Act of South Africa.

9. Secretary

Fluidrock Cosec (Pty) Ltd are the appointed outsourced company secretaries.

Business address

Unit 5, Berkley Office Park
8 Bauhinia Street
Highveld Technopark
Centurion
0169

Independent Auditor's Report

To the shareholders of

Thembalethu Development NPC

Opinion

We have audited the financial statements of Thembalethu Development NPC (the company) set out on pages 8 to 20, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Thembalethu Development NPC as at 31 December 2022 , and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis of Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Thembalethu Development NPC Annual Financial Statements for the year ended 31 December 2022", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with *International Financial Reporting Standard for Small and Medium-sized Entities* and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

Yugen Pillay
Director
Registered Auditor

31 August 2023

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Statement of Financial Position as at 31 December 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	2	3 900 326	4 367 661
Current Assets			
Trade and other receivables	3	8 687 199	2 307 158
Cash and cash equivalents	4	3 006 043	6 954 549
		11 693 242	**9 261 707**
Total Assets		**15 593 568**	**13 629 368**
Equity and Liabilities			
Equity			
Accumulated surplus		589 308	4 516 235
Liabilities			
Current Liabilities			
Trade and other payables*	5	9 070 577	2 854 626
Provisions	6	5 933 683	6 258 507
		15 004 260	**9 113 133**
Total Equity and Liabilities		**15 593 568**	**13 629 368**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2022	2021
Revenue	7	41 997 515	46 619 946
Project costs		(26 778 021)	(31 443 709)
Salaries and staff costs		(11 166 253)	(13 978 461)
Audit and consulting fees		(332 403)	(2 006 931)
Bad debt provision		(325 264)	1 479 722
Other operating costs		(7 413 808)	(3 624 937)
Operating deficit		**(4 018 234)**	**(2 954 370)**
Investment income	8	96 501	91 031
Finance costs	9	(5 194)	(9 777)
Deficit for the year		**(3 926 927)**	**(2 873 116)**

Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 January 2021	**7 389 351**	**7 389 351**
Deficit for the year	(2 873 116)	(2 873 116)
Balance at 01 January 2022	**4 516 235**	**4 516 235**
Deficit for the year	(3 926 927)	(3 926 927)
Balance at 31 December 2022	**589 308**	**589 308**

Statement of Cash Flows

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Cash used in operations	10	(3 887 068)	(29 060 925)
Interest income		96 501	91 031
Finance costs		(5 194)	(9 777)
Net cash from operating activities		**(3 795 761)**	**(28 979 671)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(152 745)	(214 016)
Total cash movement for the year		**(3 948 506)**	**(29 193 687)**
Cash at the beginning of the year		6 954 549	36 148 236
Total cash at end of the year	4	**3 006 043**	**6 954 549**

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa.

The annual financial statements have been prepared on the going concern basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period unless otherwise stated.

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 and estimates include:

Impairment testing

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

Estimated residual values and useful lives

The residual values and estimated useful lives of property, plant and equipment are based on management's best estimate at the reporting date.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The change is accounted for retrospectively as a change in accounting estimate.

Depreciation is provided on the straight-line basis which, will reduce the carrying amount of the asset to their residual values at the end of their useful lives. Items of property, plant and equipment are depreciated from the date that they are available for use as intended by management.

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

Item	**Average useful life**
Buildings	30 years
Furniture and fixtures	4 years
Motor vehicles	5 years
IT equipment	3 years
Computer software	3 years

Management assesses the assets for impairments when an indicator for impairment has been identified. Once an impairment indicator is identified, management will then determine the assets' recoverable amount. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Accounting Policies

1.2 Property, plant and equipment (continued)

The recoverable amount is determined based on the higher of the value in use and the fair value less cost to sell. In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The gains or losses arising from the derecognition from an item of property, plant and equipment is included in profit and loss when the item is derecognised.

1.3 Financial instruments

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11 of the International Financial Reporting Standard for Small and Medium-sized Entities, are subsequently measured at amortised cost using the effective interest method.

Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid unless the arrangement effectively constitutes a financing transaction.

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

1.4 Tax

The Company is exempt from Income Tax in terms of Section 1O(1)(cN)(aa) of the Income Tax Act. This section provides for exemption of Public Benefits Organisations.

1.5 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease after considering any fixed escalation clauses.

Accounting Policies

1.6 Employee benefits

Defined contribution plans

The Company pays fixed contributions into independent entities in relation to several plans and insurance for individual employees. The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis. Accruals for employee entitlement to annual leave represents the present obligation, which the Company must pay because of employees' services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

1.7 Provisions and contingencies

Provisions are recognised when:

- the organisation has a present obligation as a result of a past event;
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised.

1.8 Revenue recognition and rendering of services

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable or received for services provided net of discounts and Value-Added Taxation (VAT) and where there is reasonable expectation that the income will be received and all attaching conditions will be complied with.

Revenue is accounted for when services are rendered. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is associated with the stage of completion of the transaction at the Statement of Financial Position date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the organisation;
- The stage of completion of the transaction at the reporting date can be measured reliably;
- The costs incurred for the transaction and the cost to complete the transaction can be measured reliably.

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

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

2. Property, plant and equipment

	2022			2021		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Buildings	3 800 000	(240 667)	3 559 333	3 800 000	(164 667)	3 635 333
Furniture and fixtures	318 663	(153 539)	165 124	279 244	(118 105)	161 139
Motor vehicles	465 454	(313 446)	152 008	1 047 723	(811 893)	235 830
Office equipment	19 160	(2 643)	16 517	-	-	-
IT equipment	772 023	(727 994)	44 029	900 739	(628 591)	272 148
Computer software	199 793	(236 478)	(36 685)	199 793	(136 582)	63 211
Total	**5 575 093**	**(1 674 767)**	**3 900 326**	**6 227 499**	**(1 859 838)**	**4 367 661**

Reconciliation of property, plant and equipment - 2022

	Opening balance	**Additions**	**Depreciation**	**Closing balance**
Buildings	3 635 333	-	(76 000)	3 559 333
Furniture and fixtures	161 139	39 419	(35 434)	165 124
Motor vehicles	235 830	-	(83 822)	152 008
Office equipment	-	19 160	(2 643)	16 517
IT equipment	272 148	94 166	(322 285)	44 029
Computer software	63 211	-	(99 896)	(36 685)
	4 367 661	**152 745**	**(620 080)**	**3 900 326**

Reconciliation of property, plant and equipment - 2021

	Opening balance	**Additions**	**Depreciation**	**Closing balance**
Buildings	3 711 333	-	(76 000)	3 635 333
Furniture and fixtures	196 930	9 409	(45 200)	161 139
Motor vehicles	319 612	-	(83 782)	235 830
IT equipment	275 964	204 607	(208 423)	272 148
Computer software	163 107	-	(99 896)	63 211
	4 666 946	**214 016**	**(513 301)**	**4 367 661**

3. Trade and other receivables

	2022	2021
Trade receivables	14 499 014	7 641 668
Provision for bad debts	(6 402 877)	(6 077 613)
Net trade receivables	8 096 137	1 564 055
Prepayments	58 399	177 453
Deposits	193 595	168 586
Sundry debtors	339 068	397 064
	8 687 199	**2 307 158**

Reconciliation of provision for impairment of trade receivables

	2022	2021
Opening balance	6 077 613	7 557 335
Provision (reversed) / raised in the current year	325 264	(1 479 722)
	6 402 877	**6 077 613**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	126 430	18 106
Bank balances	2 879 613	6 936 443
	3 006 043	**6 954 549**

Cash and cash equivalents comprise cash held. The carrying amount of these assets approximates their fair value. Cash at banks earn interest at floating rates based on daily bank deposits rates.

The company only banks with reputable credit institution therefore credit quality of cash and cash equivalents is assessed as high.

The company does not hold any bank securities at present.

5. Trade and other payables

Trade payables	6 505 962	554 436
Amounts received in advance	1 241 589	929 542
VAT	619 134	158 377
Accrued leave pay	497 097	259 136
Accrued audit fees	-	400 000
Other accrued expenses	206 795	553 135
	9 070 577	**2 854 626**

The carrying value of trade and other payables are approximates of its fair value demand and are non-interest bearing and normally settled within 30 days.

6. Provisions

Reconciliation of provisions - 2022

	Opening balance	Provided	Utilised during the year	Closing balance
South African Revenue Services - Value Added Tax	2 495 823	-	(2 495 823)	-
CCMA awards and other provisions	3 762 684	2 170 999	-	5 933 683

Reconciliation of provisions - 2021

	Opening balance	Provided	Utilised during the year	Closing balance
South African Revenue Services - Value Added Tax	-	2 495 823	-	2 495 823
CCMA awards and other provisions	4 173 239	566 386	(976 941)	3 762 684
	4 173 239	**3 062 209**	**(976 941)**	**6 258 507**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

7. Revenue

Community Work Programme - COGTA	33 339 733	45 028 622
Johannesburg Water (SOC)	-	447 671
Smart Start - Income	-	446 600
Industrial Development Corporation - IDC	1 856 918	-
Mining Qualification Authority - MQA	1 650 000	-
The Construction Education and Training Authority	-	49 625
Ditholwana TSA Rena Development Trust	-	477 580
Independent Development Trust	5 130 864	152 457
Nedbank Foundation Limited	20 000	17 391
	41 997 515	**46 619 946**

8. Investment revenue

Interest revenue		
Bank	96 501	91 031

9. Finance costs

Bank	5 194	9 777

10. Cash used in operations

Loss before taxation	(3 926 927)	(2 873 115)
Adjustments for:		
Depreciation and amortisation	620 080	513 301
Interest received	(96 501)	(91 031)
Finance costs	5 194	9 777
Changes in working capital:		
Trade and other receivables	(6 380 041)	5 600 233
Trade and other payables	6 215 951	(34 305 358)
Provisions	(324 824)	2 085 268
	(3 887 068)	**(29 060 925)**

11. Directors' remuneration

Executive

2022

Directors' emoluments	**Basic salary**	**Total**
Services as director		
NR Luvhengo	2 476 528	2 476 528

2021

Directors' emoluments	**Basic salary**	**Total**
Services as director		
NR Luvhengo	2 373 610	2 373 610

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

11. Directors' remuneration (continued)

Non-executive

2022

Directors' emoluments	Directors fees	Total
Services as director		
KH Mohafa (Chairperson)	155 918	155 918
PA Von Wielligh	145 427	145 427
NE Ratshikhopha	145 427	145 427
MM Kgarimetsa-Phiri	145 427	145 427
BM Mkhize	150 552	150 552
	742 751	**742 751**

2021

Directors' emoluments	Directors fees	Total
Services as director		
KH Mohafa (Chairperson)	149 633	149 633
PA Von Wielligh	139 565	139 565
NE Ratshikhopha	139 565	139 565
MM Kgarimetsa-Phiri	139 565	139 565
BM Mkhize	144 483	144 483
	712 811	**712 811**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

12. Risk Management

Capital risk management

The company's objectives when managing capital is to safeguard the company's ability to continue as a going concern, to provide benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the company consists of debts which include trade and other payables and equity as disclosed in the statement of financial position.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as shown in the statement of financial position.

There are no externally imposed capital requirements. There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from previous year.

Financial risk management

The company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by a risk committee under policies approved by the Board. Management identifies, evaluates, and hedges financial risks in close co-operation with the company's operating units. The Board provides written principles for the overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, non-derivative financial instruments, and investment of excess liquidity.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, considering its financial position, experience, and other factors.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under committed credit lines.

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

13. 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 directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

14. Events after the reporting period

All events subsequent to the date of the company annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

Notes to the Annual Financial Statements

14. Events after the reporting period (continued)

The directors are not aware of any matter or circumstance arising since the end of financial year to the date of this report that could have a material effects of the financial position of the company.

15. Contingencies

CCMA Awards

In 2018 Thembalethu Development NPC (TD) entered into a Contract with Johannesburg Water (JW) for the implementation of the “Community Engagement and Social Development Services” project. During the course of implementation, TD was instructed by JW to stop project activities in one of the project areas. Consequently, project personnel who were employed by TD on fixed-term contracts (on an as-and-when basis) in order to deliver the facilitation and co-ordination project had to be terminated without sufficient notice. The project personnel then approached the CCMA to institute claims for unfair dismissal.

TD engaged with the CCMA and the affected project personnel. An agreement was reached on payment terms and amounts. The agreement was then converted into a formal CCMA award. In 2019 , 2020 , 2021 ,2022 provisions and payments were made to the project personnel as per Note 6.

In March 2021, some of the personnel included in the original CCMA award went back to the CCMA as there were some delays in payments experienced due to TD’s cashflow challenges. Instead of dismissing the claim on the basis that the matter had been previously resolved or at best merely issuing an order of execution against the award, the CCMA added another award of R12,000,000 that would be self-standing over and above the original award. TD submitted a Review Application to the Labour Court to obtain relief to review and set aside this award handed by the CCMA under case number GAVL 1065-20. The Review has been set down for hearing on 07 September 2023.