TCTA

Interim Financial Statements
for the period ended 30 September 2023
Issued 30 November 2023

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
REGISTERED NAME OF THE PUBLIC ENTITY	Trans-Caledon Tunnel Authority
REGISTERED OFFICE	Byls Bridge Office Park, Building 9 Corner of Olievenhoutbosch & Jean Ave, Doringkloof Centurion
POSTAL ADDRESS	PO Box 10335 Centurion 0046
CONTACT TELEPHONE NUMBER	012 683 1200
EMAIL ADDRESS	info@tcta.co.za
WEBSITE ADDRESS	www.tcta.co.za
OVERSEEING DEPARTMENT	Department of Water and Sanitation
AUDITOR	Auditor-General of South Africa 4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria 0001 PO Box 446 Pretoria 0001
PRIMARY BANKER	Standard Bank of South Africa Ltd 12 Church Square Pretoria 0002
SECRETARY	Wilma De Witt

General Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR
Mr. DKP Sechemane (Chief Executive Officer)
NON-EXECUTIVE DIRECTORS
The Board of Directors was appointed on
01 January 2023:
Ms Precious Nompumelelo Sibiya (Chairman)
Mr Gerald Themba Dumas (Deputy Chairman)
Mr Neo Mooketsi Tladinyane
Ms Vidhulekha Nardev Vedalankar
Mr Gregory Nigel Joseph White
Ms Mmanare Evelyn Mamabolo
Mr Patrick Roy Mnisi
Ms Zelda Ncedekile Tshabalala
Mr Pule Johannes Mofokeng

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Chairman of the Board

Statement of Financial Position as at 30 September 2023

	Note	30 September 2023 R'000	31 March 2023 R'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	20 020	23 296
Right-of-use assets	9	19 152	21 497
Intangible assets	10	6	23
Tariff receivable	11.2	8 403 376	8 338 735
AMD receivable	11.3	1 618 711	1 569 967
Financial market investments	11.4	8 495	23 032
		10 069 760	**9 976 550**
Current Assets			
Tariff receivable	11.2	484 695	542 225
AMD receivable	11.3	332 176	310 640
Prepayments	12	43 853	45 715
Trade and other receivables	11.5	58 940	76 451
Cash and cash equivalents	13	7 966 787	9 359 231
Total Current Assets		**8 886 451**	**10 334 262**
TOTAL ASSETS		**18 956 211**	**20 310 812**
EQUITY AND LIABILITIES			
RESERVES			
Retained income		5 048 696	4 961 160
TOTAL EQUITY		**5 048 696**	**4 961 160**
LIABILITIES			
Non-Current Liabilities			
Borrowings	11.6	11 296 437	12 049 387
Lease liabilities	14	14 811	16 696
Total Non-Current Liabilities		**11 311 248**	**12 066 083**
Current Liabilities			
Borrowings	11.6	1 459 608	1 334 955
Refund liability	11.7	173 575	173 754
Contract liabilities	11.8	596 245	592 298
Trade and other payables	11.9	323 977	1 142 308
Lease liabilities	14	3 521	3 103
Short-term employee benefits	15	39 341	37 151
Total Current Liabilities		**2 596 267**	**3 283 569**
TOTAL LIABILITIES		**13 907 515**	**15 349 652**
TOTAL EQUITY AND LIABILITIES		**18 956 211**	**20 310 812**

Statement of Comprehensive Income for the period ended 30 September 2023

	Note	30 September 2023 R'000	31 March 2023 R'000
Construction revenue	16	110 690	137 961
Construction costs	16	(110 690)	(137 961)
Revenue from services rendered	16	159 248	266 999
Cost of services rendered	16	(159 248)	(266 999)
Operating income	16	136 540	315 780
Operating expenses	16	(136 540)	(315 780)
Legal fees and litigation costs		(1 418)	(3 648)
Depreciation	8&9	(7 692)	(5 823)
Amortisation	10	(17)	(39)
Employee costs	17.1	(106 739)	(248 597)
Directors' emoluments and related costs	22	(3 715)	(7 175)
Net impairment losses on financial assets	11.4	-	(9 000)
Other operating expenses	17.1.2	(16 959)	(41 498)
Operating income		-	-
Net finance income		87 536	1 069 672
Finance income	19	791 336	2 396 014
Finance costs	20	(703 800)	(1 326 342)
Surplus for the year		**87 536**	**1 069 672**
Total comprehensive income for the period		**87 536**	**1 069 672**

Statement of Changes in Equity for the period ended 30 September 2023

	Retained income R'000	Total equity R'000
Balance at 31 March 2022	**3 891 488**	**3 891 488**
Surplus for the year	1 069 672	1 069 672
Other comprehensive income	-	-
Total comprehensive income for the period	**1 069 672**	**1 069 672**
Balance at 31 March 2023	**4 961 160**	**4 961 160**
Surplus for the year	87 536	87 536
Other comprehensive income	-	-
Total comprehensive income for the period	**87 536**	**87 536**
Balance at 30 September 2023	**5 048 696**	**5 048 696**

Statement of Cash Flows for the period ended 30 September 2023

	Note(s)	30 September 2023 R'000	31 March 2023 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		3 684 599	10 817 358
Cash paid to suppliers and employees		(4 183 486)	(7 745 276)
Cash generated from operating activities	24.1	**498 887**	**3 072 082**
Other finance costs		(34 016)	(80 578)
Interest received	24.2	365 601	580 739
Interest paid	24.3	(605 826)	(1 198 180)
Net cash from operating activities		**(773 128)**	**2 374 063**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	-	(25 326)
Sale of property, plant and equipment	8	-	256
Proceeds on the sale of financial assets		14 537	14 000
Net cash from investing activities		**14 537**	**(11 070)**
CASH FLOWS FROM FINANCING ACTIVITIES	24.4 & 24.5		
Proceeds from borrowings		-	200 000
Repayment of borrowings		(632 386)	(2 052 140)
Payment on lease liabilities		(1 467)	(1 000)
Net cash from financing activities		**(633 853)**	**(1 853 140)**
Total cash and cash equivalents movement for the year		**(1 392 444)**	**509 853**
Cash and cash equivalents at the beginning of the year		9 359 231	8 849 378
Total cash and cash equivalents at end of the year	13	**7 966 787**	**9 359 231**

Notes to the Financial Statements

1 Genral information

The Trans-Caledon Tunnel Authority (TCTA) is a specialised liability management body, established in terms of Government Notice No 2631 in Government Gazette No 10545, dated 12 December 1986. The Notice was replaced by Government Notice No 277 in Government Gazette No 21017, dated 24 March 2000. The Schedule 2 public entity is domiciled in South Africa. The address of the registered office is Byls Bridge Office Park, Building 9, Corner of Olievenhoutbosch & Jean Ave,Doringkloof Centurion.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These accounting policies have been consistently applied to all years presented.

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). In terms of IAS 8 section 10, where IFRS do not specifically apply to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy where that policy results in reliable financial statements and information which users can use for their economic decision-making needs. These financial statements are a faithful representation of the financial position, financial performance and cash flows of the entity; they reflect the economic substance of transactions, other events and conditions and not merely the legal form, it is neutral and free from bias and it is prudent, complete in all material aspects.

The Accounting Standards Board (ASB), as mandated by the PFMA to set the reporting standards for the preparation of annual financial statements of government institutions, has issued Directive 12 which requires that qualifying entities prepare their annual financial statements in accordance with the Generally Recognised Accounting Practices (GRAP). The Directive has set out the criteria that institutions are to meet in order to qualify for the application of GRAP as the reporting framework. TCTA has conducted the self-assessment in accordance with the criteria in the Directive which indicates, on initial assessment that TCTA qualifies to apply the standards of GRAP in the preparation of the annual financial statements. TCTA applied for and has been granted excemption in terms of section 92 of the PFMA from applying GRAP as reporting framework. TCTA is allowed the continued use of the International Financial Reporting Framework (IFRS), as reporting framework. TCTA to continue applying IFRS for the 2023/2024 and 2024/25 financial years.

2.2 Basis of preparation

The financial statements have been prepared on the accrual and historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The preparation of financial statements in conformity with IFRS, requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying TCTA’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4. TCTA presents financial information on an individual project basis on the statement of financial position, statement of comprehensive income (note 6) and the statement of cash flows (Annexure A) of TCTA, which will be useful to the users of these financial statements.

Financial statements are presented in Rands and rounded to the nearest Thousand. Balances less than R500 are presented as zero.

These accounting policies are consistent with the previous period.

3 Summary of significant accounting policies

3.1 Property, plant and equipment

Recognition and measurement

On initial recognition property, plant and equipment is measured at cost. An item can only be recognised as property, plant and equipment if it is probable that:

- future economic benefits associated with the item will flow to TCTA;
- the cost of the item can be reliably measured; and
- the item is expected to be used during more than one accounting period.

3.1 Property, plant and equipment (continued)

Subsequent costs

The costs of day-to-day servicing of assets are not recognised as property, plant and equipment, but are expensed as repairs and maintenance in the year incurred.

Costs of replacing or upgrading components of an asset can be capitalised, provided that the recognition criteria have been met. The costs of replacement/upgrading are capitalised to the carrying amount of the component of property, plant and equipment when that cost is incurred, while the carrying amounts of components replaced, are derecognised. The cost of improvements is also capitalised when it meets the recognition criteria.

TCTA applies the cost model for all classes of assets by recognising it at cost, adjusted for accumulated depreciation and accumulated impairment losses. (Refer to note 8).

Useful life and depreciation method

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

Class of asset	Depreciation method	Average useful life
Furniture and fixtures	Straight line	4-6 years
Computer equipment	Straight Line	2-5 years
Networking equipment	Straight line	5-8 years
Office equipment	Straight line	2-5 years
Motor vehicles	Straight line	4-6 years
Video Conferencing	Straight line	5-8 years
Leasehold improvements	Straight line	5-10 years

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

Review of useful lives and residual values is done yearly and adjustment only made and disclosed for adjustments that are considered material

A reassessment of useful lives was performed on all categories of TCTA's assets in line with IFRS and there was no significant changes in expectations from previous estimates made. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period in terms of the property, plant and equipment procedures, with the effect of any changes in estimate accounted for on a prospective basis.

Leasehold improvements

These are stated at cost less accumulated depreciation and accumulated impairment. Depreciation is calculated on a straight-line basis over the shorter of the remaining period of the lease and the useful life of the asset. The useful life of the asset will be assessed at least on an annual basis and will depend on an extension of the current lease agreement.

Disposals of property, plant and equipment and derecognition of property, plant and equipment

Gains and losses on disposals are determined by comparing proceeds with the carrying amount at the date of sale. These are included in surplus/deficit when the asset is derecognised. An item of property, plant and equipment initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Impairment of non-financial assets

The impairment of assets is applied to all property, plant and equipment and right of use assets. At each reporting date, TCTA reviews the carrying amounts of its assets to determine whether there is any indication that those assets may be impaired. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The impairment losses are recognised in surplus or deficit. A reversal of an impairment deficit for an asset is recognised immediately in surplus or deficit. This occurs if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment deficit was recognised.

The entity assesses at each end of the reporting period whether there is any indication that an asset, including a right-of-use asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also:

3.1 Property, plant and equipment (continued)

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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

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

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

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

3.2 Right-of-use asset

Recognition

A right-of-use asset is defined as an asset that represents a lessee’s right to use an underlying asset for the lease term.(Refer to note 13).

The right of use asset is recognised at the commencement date and measured at cost, consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee.

All lease payments of significant value with a lease period of more than twelve months are capitalised as a right-of-use asset. Non-lease components, for example, maintenance costs, are separated from the lease payments and expensed as they are incurred. Each lease is accounted for separately.

Measurement

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for remeasurement of the lease liability.

Depreciation

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the leased asset. Useful lives of the leased assets are determined using the same criteria as the property, plant and equipment.

Lease modifications

Lease modifications are accounted for as a separate lease if both the modification increases the scope of the lease by adding the right to use one or more underlying assets; the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract

Impairment

The impairment of the right-of-use assets is determined in a similar way as that of property, plant and equipment.

3.3 Intangible assets

Recognition and measurement

3.3 Intangible assets (continued)

Acquired separately

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent costs

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Useful lives

The useful lives of intangible assets are assessed as either finite or indefinite. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Amortisation

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Amortisation of the asset begins when the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in surplus/deficit.

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

Item	Useful life
Computer software, other	2 years

Impairment

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

3.4 Financial assets

Classification

TCTA recognises a financial asset in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. Financial assets are classified based on TCTA's underlying business model. TCTA considers if it holds the financial assets to collect contractual cash flows or to sell it prior to maturity to realise fair value changes. TCTA holds its financial assets to maturity and thus elected to collect the cash flows from holding the asset. TCTA considers the characteristics of the contractual cash flows of the financial assets to determine whether the conditions for amortised cost have been met as detailed below. Assets are initially measured at fair value plus, in the case of a financial assets not at fair value through surplus or deficit, particular transaction costs. Assets are subsequently measured at amortised cost.

TCTA measures financial assets at amortised cost when the following conditions for measurement at amortised cost have been met:
- the assets are held within TCTA’s business model where the objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets result in cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding

TCTA recognises the following financial assets. Refer to note 11.1 for more information.
- Tariff receivable
- AMD receivable
- Financial market investments
- Cash and cash equivalents

3.4 Financial assets (continued)

- Trade and other receivables.

3.4.1 Tariff receivable

The tariff receivable is a non-derivative financial asset with determinable receipts based either on costs to be reimbursed or a tariff determined to enable TCTA to repay the project debt over approximately a twenty-year period. This category consists of the right to receive cash from the Department of Water and Sanitation (DWS) with respect to construction work completed on DWS projects or services rendered by TCTA in managing debt on each project. The tariff receivable arises as a result of TCTA incurring costs in terms of the directive from the Minister of Water and Sanitation in each project. The tariff receivable arises as the contra to the construction revenue earned in each project, and is measured at amortised cost using the effective interest method.

TCTA revises its estimates of costs and revenue annually and adjusts the carrying amount of the tariff receivable to reflect actual and revised estimated cash flows. TCTA recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's effective interest rate The adjustment is recognised in the Statement of Comprehensive Income. The critical accounting estimates and judgements from management are included in note 4.

3.4.2 AMD receivable

The AMD receivable constitute TCTA's right to receive cash from the Department of Water and Sanitation (DWS) with respect to construction work completed on AMD project as well as services rendered to operate and maintain the project. These costs have two sources of funding as two thirds of the costs are socially funded from the fiscus and one third is socially funded. The AMD receivable arises as the contra to the construction revenue earned, revenue from services rendered and other operating income. The AMD receivable is measured at amortised cost using the effective interest method.

3.4.3 Financial market investments

Financial market investment relates to the Landbank investment which is classified as long-term due to the uncertainty as to when the investment will mature.

3.4.4 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise call deposits, cash at banks and on hand. For the purpose of the aggregated statement of cash flows, cash and cash equivalents consist of bank balances, call deposits and cash on hand and is measured at amortised cost.

3.4.5 Trade and other receivables

Trade and receivables are measured at amortised cost.

Impairment of financial assets

TCTA recognises an ECL allowance on financial market investments to reflect changes in credit risk since initial recognition of the respective financial market investments. The loss allowance is measured at an amount equal to lifetime ECL, when there has been a significant increase in credit risk since initial recognition. If the credit risk on financial market investments has not increased significantly since initial recognition, then the loss allowance is measured at 12-month ECL.

Refer to note 7.2.2 for further details.

Derecognition of financial assets

3.4 Financial assets (continued)

TCTA derecognises financial assets when, and only when, the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If TCTA neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, TCTA recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If TCTA retains substantially all the risks and rewards of ownership of a transferred financial asset, TCTA continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. A transfer occurs when the entity transfers the contractual rights to receive the cash flows of the financial asset or assumes a contractual obligation to pay cash flows to one or more recipients in terms of an arrangement that meets the requirements of IFRS 9 paragraph 3.2.5.

Write-off policy

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, when the counterparty has been placed under liquidation or, the failure of a debtor to engage in a repayment plan with the TCTA. Receivables written off may still be subject to enforcement activities under the entity's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Effective interest method

The effective interest method is the method used to calculate the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3.5 Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through surplus or deficit (FVTPL)’ or ‘other financial liabilities’ at amortised cost.

TCTA has the following categories of financial liabilities:

- Borrowings
- Trade and other payables
- Refund liability and,
- Contract liabilities.

3.5.1 Borrowings

Borrowings are recognised when TCTA becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

3.5.2 Trade and other payables

Payables are classified as “other liabilities” and are stated at amortised cost, using the effective interest method.

3.5.3 Refund liability

The refund liability represents the amount of consideration that TCTA does not expect to be entitled to because it will be refunded to customers. The refund liability is remeasured at each reporting date to reflect changes in the estimate of returns, with a corresponding adjustment to revenue.

3.5 Financial liabilities (continued)

3.5.4 Contract liabilities

Contract liabilities relating to working capital advances represent balances which are due to DWS as a result of payments made to TCTA to enable TCTA to construct infrastructure on behalf of DWS for those projects which are completely socially funded and for those which have a combination of commercial and social funding. These will also arise if a particular payment received from DWS for costs incurred to date, exceeds the revenue arising in a particular period.

Derecognition of financial liabilities

TCTA derecognises financial liabilities when, and only when, TCTA’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of a financial liability extinguised and the consideration paid, is recognised in profit or loss.

3.6 Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position, only where there is a current legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

There were no items offset in the current financial year.

3.7 Leasing

Leasing arrangements as lessee

TCTA is a party to lease contracts for its office buildings.

TCTA recognizes assets and liabilities for all leases excluding exceptions listed in the standard. TCTA elected to apply exemptions for short-term leases and for leases for which the underlying asset is of low value.

Based on the accounting policy applied the TCTA recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the inception date. These include:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using TCTA's incremental borrowing rate determined as a rate that TCTA would pay if it were to borrow to finance the lease, obtained as a quote from financial institutions. The liability subsequently measured at amortised cost using the incremental borrowing rate

The lease payments exclude variable elements which are dependent on external factors such as e.g. sale volume in the point of sale leased. Variable lease payments not included in the initial measurement of the lease liability are recognized directly in the profit and loss

The lease term determined by TCTA comprises:

3.7 Leasing (continued)

- non-cancellable period of lease contracts,
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option,
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date TCTA measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect lease payments made, and
- re-measuring the carrying amount to reflect any reassessment or lease modifications.

TCTA has presented lease liabilities separately from other liabilities in the statement of financial position.

TCTA has presented interest expense on the lease liability separately from the depreciation charge for the right of use asset. Interest expense on the lease liability is a component of finance costs, which are separately presented in the statement of comprehensive income.

TCTA has classified:

Cash payments for the principal portion of lease payments as financing activities;

Cash payments for the interest portion of lease payments as operating activities; and

Short-term lease payments and payments for leases of low-value assets as operating activities.

3.8 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Leave benefits

TCTA measures the expected cost of accumulating paid annual leave as the additional amount that the TCTA expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In terms of TCTA's Leave policy, employees can accumulate annual leave not taken to a maximum of 40 working days. Employees are encouraged to take any accumulated annual leave exceeding the maximum of 40 working days, failing which such leave is forfeited six months after the end of their anniversary cycle.

Incentives

Performance rewards and incentives refer to the variable portion of pay and are an element of the overall TCTA Total Rewards Strategy. The Board approved TCTA Short-term Rewards and Incentive (STRI) Policy sets the framework, principles, and methodology for the payment of performance rewards and incentives. These are payable annually (financial year), based on the performance management process outcome at organizational, divisional and individual levels, and under the discretion of the Board. The mentioned policy also prescribes how the provision of funds is to be determined.

3.9 Revenue recognition

A performance obligation is a promise to provide a distinct good or service or a series of distinct goods or services. TCTA is charged with financing and implementing bulk raw water infrastructure projects. These infrastructure projects are accounted for in terms of IFRS 15: Revenue from Contracts with Customers and deal with the construction of a single asset such as a dam or pipeline. In some instances, they deal with several assets that are closely interrelated or interdependent in terms of their design, technology and function or ultimate purpose or use. TCTA applies IFRS 15: *Revenue from Contracts with Customers* separately for each construction contract as required in the directive from the Minister of Water and Sanitation.

TCTA's performance obligations per contract can be summarised as follows:

- provide project financing expertise in order to secure funding for the project (only applicable to off-budget

projects); and

- implementing the construction of the assets to be delivered to DWS.

3.10 Construction contracts

TCTA construction contracts relate to infrastructure projects that the Minister of Water and Sanitation directs TCTA to implement on behalf of DWS. These infrastructure projects are accounted for in terms of IFRS 15 and deal with the construction of a single asset such as a dam or pipeline, and in some instances several assets that are closely interrelated or interdependent in terms of their design, technology and function or ultimate purpose or use. TCTA applies IFRS 15 Revenue from Contracts with Customers separately for each construction contract as required in the directive from the Minister of Water and Sanitation.

When the performance obligation of a construction contract is satisfied over time, TCTA recognises contract revenue and contract costs associated with the construction contract as revenue and expenses respectively by reference to the input method in IFRS 15.

Construction costs

Contract costs comprise:
a) costs that relate directly to the specific contract;
b) costs that are attributable to contract activity, in general, and can be allocated to the contract; and
c) such other costs as are specifically chargeable to the customer under the terms of the contract.

Costs that are included as part of contract activity in general can be allocated to specific projects and include:
a) insurance;
b) costs of design and technical assistance that are not directly related to a specific project; and
c) construction overheads.

Such costs are allocated using appropriate methods that best reflect project utilisation and are applied consistently to all costs having similar characteristics. This allocation is based on all costs being absorbed by the projects, in a ratio that reflects a normal level of construction activity in each project.

Costs that are specifically chargeable to DWS under the terms of each project contract are included in the construction costs. These costs may include general administrative costs during construction and development costs for which reimbursement is specified in terms of the Implementation Agreement or any other relevant contract relating to each project.

Construction revenue

Construction revenue comprises:
a) the initial amount of revenue agreed in the contract; and
b) variations in contract work, and claims:
   (i) to the extent that is probable that they will result in revenue; and
   (ii) they are capable of being reliably measured.

3.10 Construction contracts (continued)

The input method of recognizing revenue is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost. TCTA will recognise revenue using the input methods as it closely reflects the amounts due as revenue as it recovers all costs incurred at cost. This is relevant for capital expenditure costs and costs that relate to project management and project finance, contribute to TCTA's progress in satisfaction of its performance obligations.

Revenue recognition happens on a yearly basis as TCTA satisfies the performance obligations set out per project. The timing of recognition typically differes to the payment relating to the revenue recognised. Payment terms are set out in the implementation agreements. The timing of payment will occure when certgain conditions per the implementation agreements have been satisfied by TCTA, such as substantial completion of a project. The repayment terms are normally over a period of 20 years. In instances where payments are receoved in advance, TCTA recognises a contract liability.Refer to contract liability accounting policy above).

3.11 Services rendered

Cost of services rendered

Cost of services rendered comprises of costs incurred in the fulfilling of performance obligations towards DWS in regards to the debt management of infrastructure assets financial liabilities as well as the operations and maintenance costs ofthe LHWP Delivery Tunnel North as well the AMD treatment plants. Debt management costs are recognised when the applicable service costs are incurred, these costs are mainly staff related costs of the Project Finance and Treasury division. The operations and maintenance costs are recognised when the services relating to the operations and maintenance is provided by the service provider and the expenditure is incurred.

Revenue from services rendered

This comprises of revenue earned for the debt management and operations and maintenance services provided to DWS. The revenue is recognised when the cost is incurred. TCTA operates on a cost recovery basis and charges no margin on the costs incurred.

Costs and revenue from services are recognised in the Statement of Comprehensive Income in the period they are incurred.

3.12 Operating expense and income

Operating expense

Operating expenses comprise the TCTA running costs. Project specific overhead costs are allocated to the appropriate project. Non-specific overheads are distributed among projects based on the estimated time spent by forward facing divisions on each project.

Operating income

The revenue is recognised when the operating cost are incurred. TCTA operates on a cost recovery basis and charges no margin on the costs incurred.

Costs and revenue from other operating activities are recognised in the Statement of Comprehensive Income in the period they are incurred.

3.13 Finance costs

Finance costs are expensed in the period in which they occur. Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and leasing activities.

Notes to the Interim Financial Statements

3.14 Cost related payments

The Lesotho Highlands Water Project (LHWP) was configured to augment the water supply to South Africa and to generate hydro-electrical power for Lesotho. In terms of the provisions of the Treaty between the Government of the Republic of South Africa (RSA) and the Government of the Kingdom of Lesotho (GOL), the RSA is responsible for all costs relating to the water transfer component of the project and the GOL is responsible for the total cost of the components relating to the generation of hydro-electrical power.

TCTA's Notice of Establishment (NOE) of March 2000 places the obligation on TCTA as part of its non-Treaty functions to fulfil all the RSA's financial obligations in terms of or resulting from the Treaty.

The RSA's financial obligations in terms of the Treaty on the water transfer part located within Lesotho include making cost-related payments to the LHDA in terms of Article 10, Royalty Payments to GOL in terms of Article 12 (refer to note 2.3.11) and contributions to the operating costs of the Lesotho Highlands Water Commission (LHWC) in terms of Article 9.

The cost-related payments include all costs wholly and reasonably incurred by the LHDA for the implementation and operation and maintenance of the water transfer component of the project. The cost-related payments are payable when the costs become due for payment by the LHDA, in the case of borrowings raised by the LHDA, the payments will become due when the loans become redeemable. The RSA has elected to repay loans raised by the LHDA directly to the lenders. Article 10(5) further provides that cost related payments to the LHDA may be made on cash flow forecasts presented by the LHDA to allow the LHDA to meet its payment obligations. TCTA and LHDA entered into a Memorandum of Understanding (MOU) effective 1 April 2005 that provides an operating framework for making funds available to the LHDA for the payment of water transfer costs incurred by the LHDA. The framework requires the LHDA to submit cash-flow forecasts on a monthly/weekly basis to TCTA for payment. This arrangement has the effect that the borrowings for the project are centralised within the TCTA and ensures better management of the RSA's contingent liabilities associated with Government guarantees.

The LHWC is a bi-national commission established in terms of the Treaty and is responsible and accountable to the two Governments for the successful implementation of the LHWP. The LHWC comprises of two delegations representing the respective Governments and is administered by a Secretariat. The LHWC located in Maseru, has approval, monitoring and advisory powers over the activities of the LHDA and TCTA. Decision making by the LHWC is on a consensus basis and serves as the channel for government inputs on the LHWP. The running costs of the LHWC are shared by the governments of the RSA and the GOL. Each party is liable for the costs of its delegation and all other costs are met by the parties on an equal basis.

TCTA makes monthly funding contributions to the LHWC for the RSA share of the operating costs.

3.15 Related party transactions

TCTA has applied the government-related entities exemption in terms of IAS 24: Related Party Disclosures and has only disclosed significant transactions with entities controlled by the Government of South Africa in note 23 and . Management considered the closeness of the related party relationship in determining the information to be disclosed.

Other factors relevant in determining the significance of transactions which should be disclosed include:
- significant in amount
- carried out on non-market terms;
- outside normal day-to-day business operations;
- disclosed to regulatory or supervisory authorities; or
- reported to the Executive Committee (Exco) and the Board of Directors.

3.16 Contingent liabilities

Contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A provision is recognised in the accounting records if the contingency is probable and the amount of the liability can be reasonably estimated.

Contingent liabilities are not recognized in the annual financial statements, however disclosure is provided in the notes.

3.17 Contingent assets

Contingent assets are possible assets whose existence wil be confirmed by the occurence or non-occurence of uncertain future events that are not wholly within the control of TCTA. TCTA does not recognise contingent assets but disclose contingent assets when it is more likely than not that an inflow of benefits will occur. When this inflow of benefits is almost certain an asset is recognised in the Statement of Financial Position, because that asset is no longer considered to be contingent.

Contingent assets are not recognized in the annual financial statements, however disclosure is provided in the notes.22

3.18 Fruitless and wasteful and irregular expenditure

Fruitless and wasteful expenditure is defined as expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including the PFMA, or any regulations made in terms of that Act.

Both fruitless and wasteful expenditure and irregular expenditure are recognised as expenditure in the aggregated statement of comprehensive income.

3.19 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.
The board of TCTA has appointed EXCO which assesses the financial performance and position of TCTA, and makes strategic decisions. EXCO, which has been identified as being the chief operating decision maker, consists of the chief executive officer, the chief financial officer and the rest of executive management.

4 Critical accounting estimates and judgements

In the process of applying TCTA’s accounting policies, management makes various estimates and judgements based on past experience, expectations of the future and other information. The key sources of estimation uncertainty and the critical judgements that can significantly affect the amounts recognised in the financial statements are disclosed below:

Estimates and judgements

4. Critical accounting estimates and judgements (continued)

The following key judgements and other key sources of estimation uncertainty have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, as presented in these financial statements, within the next financial year. TCTA based its judgements and estimates on parameters available when the financial statements were prepared. Any changes to existing conditions, such as market changes or circumstances beyond TCTA’s control, are reflected in the judgements when they occur.

4.1 Accounting estimates

4.1.1 **Provision for expected credit loss on financial market investments**

The loss allowances for financial assets are based on judgements about risk of default and expected loss rates. TCTA uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company’s past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 7. .

4.1.2 **Estimates of cash flows imputed in the tariff receivable asset**

At the inception of each project, TCTA estimates the construction costs to be incurred and tariffs to be received over the debt repayment period.

The projected costs are based on the estimates of timing and cost as approved by the TCTA Board and the respective project off-takers in the project charters. At each reporting date, these estimates are revised to take into account changes in the timing of the contract, costs due to escalation and variation orders.

TCTA estimates the future receipt of tariffs from DWS using projected demand consumption as forecast by DWS, to arrive at a tariff that will repay all debt and operating costs when the long-term facilities expire. The estimated tariff will also include the forecasting of inflation where the project water supply agreement with DWS allows for inflationary increases in the tariff over the life of the project. Water demand consumption and inflation are revised on an annual basis using the best estimates available from DWS and reputable economic research agencies respectively. Refer to note 10.

4.1.3 **Property, plant and equipment: estimation of useful lives**

The useful life of an asset is an estimation of the time an asset can reasonably generate income and be of benefit to TCTA. Useful life does not refer to the time the asset will last. The useful life of identical assets varies by user, and that life depends on the asset’s age, frequency of use, condition of the business environment, and the repairs done to the asset.

- the period over which an asset is expected to be available for use by TCTA; or
- the number of production or similar units expected to be obtained from the asset by TCTA.

Tangible assets have a useful life of more than one year. Factors involved in determining the useful life of a tangible asset will include inter alia:
• The age of the asset when purchased;
• How frequently the asset is used; and
• The environmental conditions for which TCTA purchased the asset.

Additional factors that affect an asset’s useful life include the expected technological improvements and changes in laws and the economy.

Useful life may differ from division to division and may differ from asset to asset. if there are two similar machines, but the one machine runs at a higher capacity than the other, the useful life of the machine running at the higher capacity will probably be shorter than the other machine. If circumstances relating to the usage of an asset change, this may necessitate a change in the useful life of that asset.

In accordance with TCTA's approved Asset Management Procedure provide, a third party will do the annual re-assessment of the useful lives of assets.

4. Critical accounting estimates and judgements (continued)

4.2 Significant judgements

4.2.1 **Property, plant and equipment: estimation of useful lives**

The useful life of an asset is defined in terms of the asset's expected utility to TCTA. The asset management policy of TCTA may specify the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Thus, the useful life of an asset may be shorter than its economic life and the estimation of the useful life of the asset is a matter of judgement based on the experience of TCTA with similar assets.

4.2.2 **Impairment of non-financial assets**

TCTA holds non-financial assets which are as a result of construction contracts, as well as those which are not as a result of construction contracts. Prepayments are as a result construction contracts are not considered for impairment. Property, plant and equipment will be considered as impaired when there are indicators that the carrying amount is higher than the amount to be recovered through use or the sale of the assets. Internal sources have been utilised to assess for impairment by noting those assets which are obsolescence or physically damaged. Management judgement on the condition of assets following asset verification exercises and it was concluded that no impairment indicators were present.

4.2.3 **Provision for expected credit losses on trade and other receivables**

Trade receivables comprise amounts due to TCTA from DWS on socially funded projects. These receivables are short-term in nature as DWS is compelled to provide TCTA with funding in order to fulfil our performance obligations. In applying the simplified approach the assumptions are based on historical loss rates and trends noted on the payment patterns of the department. Any potential future changes in the economic outlook of the DWS are factored in during the project planning phase where the availability of funds is secured.

4.2.4 **Fair value measurement on financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As part of the disclosure requirements for fair value measurements, TCTA classifies fair value measurements using a 'fair value hierarchy' that reflects the significance of the inputs used in making the measurements. Fair value measurements are categorised into a three-level hierarchy, based on the type of inputs to the valuation techniques used, as follows:

- Level 1 inputs are quoted prices in active markets for items identical to the asset or liability being measured;

- Level 2 inputs are other observable inputs other than quoted market prices included in level 1 that are observable either directly or indirectly; and

- Level 3 inputs are unobservable inputs which management has developed to reflect the assumptions that market participants would use when determining an appropriate price for the asset or liability.

The categorisation of the fair value measurement into one of the three different levels is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The significance of an input is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. Where the carrying value of financial assets and liabilities not carried at fair value do not approximate their respective fair values, this is disclosed in note 10.

4.2.5 **Critical accounting judgements and key sources of uncertainty**

4. Critical accounting estimates and judgements (continued)

TCTA is characterised by contract risk with significant judgements and estimates involved in the assessment of both current and future contractual performance In terms of IFRS 15: Revenue from contracts with customers (IFRS 15) revenue is recognised over time, measured at the fair value of the consideration received or receivable and includes variations and claims. The input method of recognising revenue is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost. TCTA will recognise revenue using the input method as a faithful depiction of trasfer of goods and services as it closely reflects the amounts due as revenue as it recovers all costs incurred at cost.. This is relevant for capital expenditure costs and costs thatr relate to project management and project finance, contribute to TCTA's progress in satisfaction of its performance obligations. The timing of the performance obligations is estimated to closely reflect the contract terms.

Contract modifications and contractual claims to existing performance obligations are considered when measuring the revenue over time.

The status of expenditure on contracts is updated on a regular basis. In doing so, management is required to exercise judgement when recognising the revenue over time which invloves assessing the progress made towards completing the specific perfoamnce obligation and their assessment of the vaulation of contract variations and claims. Dependent on the level of judgement and estimate in each, the range on each contract can be individually significant. In addition, changes inthese judgments, and the related estimates as contracts progress, can result in material adjustments to revenue, whichcan be both positive and negative.

For all its contracts, TCTA took in account:

a) Construction contracts were assessed against the revenue recognition criteria of IFRS 15 focusing on contract

classification, allocation of income and cost of performance obligations.

b) Tested the contract status through examination externally generated evidence, such as approved variations and DWS correspondance.

c) Analysed , through inspection of contract documentation through the annual budgetting process, the estimates, for the total forecast revenue and costs to complete in order to perform a reasonability test of the estimates made by management of the progress made towards completion of the performance obligations. This included taking into account the historical accuracy of such estiamtes. The forecasted revenue amd cost is critical in determining the effective interest rate with which the revenue earned but not yet due is discounted.

We assessed the adequacy of the disclosure made in the financial statements with reference to the disclosure requirements of IFRS 15.

5. NEW STANDARDS AND INTERPRETATIONS

5.1 Standards and interpretations effective and adopted in the current period

In the current period, the entity has adopted the following standards and interpretations that are effective for the current financial period and that are relevant to its operations:

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 Making materiality judgements

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies; and Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

There is no material impact on TCTA as TCTA discloses significant accounting policies for transactions that have a material impact. TCTA continues to consider materiality in its disclosure.

Definition of Accounting Estimates - Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors

The amendments to IAS 8 introduces a definition of accounting estimates..

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are not expected to have a material impact on TCTA. TCTA will apply the definitions where applicable.

IFRS 17 Insurance contracts and amendments to IFRS 17

IFRS 17 will replace IFRS 4 Insurance contracts and introduces one accounting model for all insurance contracts in all jurisdictions that apply IFRS. It requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts. The financial statements of an entity will have to reflect the time value of money of estimated payments required to settle incurred claims. Insurance contracts will be measured only on the obligations created by the contracts. An entity will also be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums.

TCTA is in the process of assessing the impact of the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 Income taxes

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendments will not have an impact on TCTA as the entity is exempt from tax.

5.2 Standards and Interpretations early adopted

Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Presentation of financialStatements

5. NEW STANDARDS AND INTERPRETATIONS (continued)

Amendments to IAS 1 Presentation of Financial Statements with regards to the Classification of liabilities as current and non-current were issued in January 2020. The amendments entail the following:
> What is meant by a right to defer settlement
> That a right to defer settlement must exist at the end of the reporting period
> That classification is unaffected by the likelihood that an entity will exercise its deferral right
> That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability does not impact its classification
> Disclosures

These amendments have to be applied retrospectively.

TCTA has elected to early adopt the amendments and liabilities will be classified as per the requirements.

5.3 Standards and interpretations not yet effective

The entity has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

TCTA has not elected to early adopt the amendments and the impact of the amendments will depend on TCTA's obligation upon the adoption of the amendments.

Sale or contribution of assets between an investor and its associate or joint venture – amendments to IFRS 10 and IAS 28 (optional adoption, effective date deferred indefinitely)

These amendments address the conflict between the guidance on consolidation and equity accounting when a parent loses control of a subsidiary in a transaction with an associate or joint venture. The parent recognises the full gain on the loss of control under the consolidation standard, but under the standard on associates and joint ventures, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or joint venture. The amendments require the full gain to be recognised when the assets transferred meet the definition of a business under IFRS 3 Business combinations.

The amendments will not have an impact on TCTA as the entity is not part of business combination and does not operate in a group of companies.

Supplier Finance Arrangements - Amendment to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures

On 25 May 2023, the IASB issued 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements, such as terms and conditions – including, for example, extended payment terms and security or guarantees provided.

Amongst other characteristics, IAS 7 explains that a supplier finance arrangement provides the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date.

TCTA has not elected to early adopt the amendments and the impact of the amendments will depend on TCTA's

obligation upon the adoption of the amendments.

5. NEW STANDARDS AND INTERPRETATIONS (continued)

Lack of Exchangeability - Amendments to IAS 21

On 15 August 2023, the IASB issued 'Lack of Exchangeability (Amendments to IAS 21)' to provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

TCTA has not elected to early adopt the amendments and the impact of the amendments will depend on TCTA's obligation upon the adoption of the amendments.

6. SEGMENTAL INFORMATION

6.1. Operating segments

Each segment is a project that meet the criteria to be classifed as an identifiable component of TCTA's business, as follows:

(a)projects may earn revenue and incur expenses;

(b) each segment's operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to determine the allocation of resources and assess its performance, and

(c) discrete financial information for it is available.

The function of CODM is fulfilled by the Chief Executive Officer and EXCO members who review the financial results of TCTA on a monthly basis.

Presently, the operating segments of TCTA are aligned to the project orientated model of the organisation.

6.2. Identification of operating segments

An important criterion for identifying operating segments is that the operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance. TCTA considers monthly reporting to be 'regularly'.

TCTA provides various services to its customers such as liability management, treasury management services as well as project implementation. TCTA is required to report and account separately for each project and reports to the CODM (on a monthly basis), government (as determined by legislation) as well as external stakeholders (as determined in individual agreements) on the performance and financial position of each project as directed by the Minister of Water and Sanitation.

The mandate and directives are funded by government or TCTA arranges commercial funding and manages the debt repayment. In the second instance, TCTA earns revenue for the services it provides in respect of its liability management, project implementation and treasury management services. The revenue ensures that TCTA is able to repay the liabilities incurred.

In terms of IFRS 8, two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principle of the standard, have similar economic characteristics, and if the segments are similar in certain aspects. The aggregated financial statements are merely a sum total of TCTA's assets, liabilities, income and expenses. TCTA therefore includes a full statement of financial position and statement of comprehensive income in note 6.4 below as well as the segmental cash flows as an annexure (Annexure A) to these financial statements to fulfil its obligation of separate reporting.

6. SEGMENTAL INFORMATION (continued)

6.3. Entity-wide disclosures

DESCRIPTION OF THE SEGMENT	CURRENT WORK	ACRONYM
Vaal River System Treaty Functions as per Section 21 of the Notice of Establishment Delivery Tunnel North of the Lesotho Highlands Water Project Sections 24 (a), (b) and (c) -To fulfil the RSA financial obligations in terms of or resulting from the Treaty -To receive the water from LHDA and discharge into the Ash River -Additional functions pertaining to the release of the water	Royalty payments to the Government of Lesotho. Payments for : the operation and maintenance of the water transfer component in Lesotho undertaken by Lesotho Highlands Development Authority for the construction of Phase II and Lesotho Highlands Water Commission costs	VRS
Vaal River System Advice to institutions on various matters pertaining to the construction of infrastructure and the viability of the water sector. The Income Agreement, signed in 2001 between DWS and TCTA, established the principle of using water use charges on the Vaal River System to enable TCTA to meet its financial obligations incurred when carrying out a directive of the Minister, where no alternative source of income was provided (transfers or separate income streams).	Strategic Integrated Project Mzimvubu Water project	VRS
Acid Mine Drainage Sections 24 (d)Other functions that may be assigned to the Authority in terms of Section 103 (2) of the National Water Act Combined borrowing programme for LHWP and AMD funded from the cash flow from the Vaal River system Acid Mine Drainage Project The project comprises **Short-term intervention** The installation of pumps to extract water from the Western, Central and Eastern Basins in the Witwatersrand gold fields, neutralisation and reduction in the concentration of metals before discharge into the river system. .	Management of debt Operation and Maintenance	AMD
Berg River Water Project The project comprises the Berg River Dam and supplementary scheme located in the reaches of the Berg River near Franschhoek, Western Cape.	Management of debt, Project close-out	BWP
Vaal River Eastern Sub-System Augmentation Project The project comprises of a scheme to convey water 121 km from the Vaal Dam to the Secunda area.	Management of debt, Project close-out	VRESAP
Mooi Mgeni Transfer Scheme - 2 The project comprises of the Spring Grove Dam on the Mooi River, a fish barrier upstream of the dam and augmentation of the Water Transfer System from the Mooi to the Mpofana River.	Management of debt, Project close-out	MMTS-2
DESCRIPTION OF THE SEGMENT	CURRENT WORI	ACRONYM
Komati Water System Augmentation Project This project forms part of the Vaal River Eastern Subsystem. The project comprises the installation of a system to convey water to Eskom's power stations in Mpumalanga.	Management of debt.	KWSAP

6. SEGMENTAL INFORMATION (continued)

Olifants River Water Resource Development Project Phase 2C: The project comprises a 40 km pipeline from De Hoop Dam to Steelpoort .	Project close-out	ORWRDP
Mokolo Crocodile Water Augmentation Project Phase 1: The project comprises of a scheme to convey water 43 km from the Mokolo Dam to the Lephalale area	Management of debt	MCWAP
Phase 2A: The project comprises of a scheme to transfer water 160 km from the Crocodile River, near Thabazimbi, to the Lephalale area	Project close-out Implementation	
KRIEL The project comprises of a 3 km pipeline from the KWSAP to Kriel Water treatment works and the upgrading of the works	Project management services	KRIEL
Mzimvubu River Water Project This project is in the Mzimvubu area in the Eastern Cape. Provision ofproject management services to DWS for stage 1 (access road).	Advisory stage.	MRWP
Trans Caledon Tunnel Authority - Corporate		TCTA-C
Berg River-Voëlvlei Augmentation Scheme The project comprises a diversion weir and pump station in the Berg river to transfer water into the Voelvlei Dam to augment the Western Cape Water Supply system	Pre-implementation	BRVAS
uMkomaaz Water Project uMWP-1 consists of: Bulk raw water – implementation by TCTA: 81m high dam and appurtenant works at Smithfield on the uMkhomazi River near Bulwer.Conveyance infrastructure (32km 3.5m diameter tunnel and 5km 2.6m diameter raw water pipeline) to the proposed Umgeni Water’s Water Treatment Works (WTW) in the uMlaza River valley.	Pre-implementation	UMWP

Notes to the Financial Statements

6. SEGMENTAL INFORMATION (continued)

6.4. Operating segments: financial results
TCTA will report detailed statements of financial position as well as statements of comprehensive income, for each project.

6.4.1 SEGMENTAL STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	VRS	BWP	VRESAP	MCWAP-1	MMTS-2	ORWRDP	KWSAP	KRIEL	TCTA-C	MRWP	MCWAP-2	BRVAS	UMWP	Segmental total	Inter project eliminations	Total
	September 2023 R'000	September 2023 R'000	September 2023 R'000	September 2023 R'000	September 2023 R'000	September 2023 R'000	September 2023 R'000	September 2023 R'000	September 2023 R'000	September 2023 R'000	September 2023 R'000	September 2023 R'000	September 2023 R'000	September 2023 R'000	September 2023 R'000	September 2023 R'000
ASSETS																
Non-current assets																
Property, plant and equipment	20 020	-	-	-	-	-	-	-	-	-	-	-	-	20 020	-	20 020
Intangible asset	6	-	-	-	-	-	-	-	-	-	-	-	-	6	-	6
Right of use asset	19 152	-	-	-	-	-	-	-	-	-	-	-	-	19 152	-	19 152
Tariff receivable	4 858 477	140 381	2 537 356	315 300	-	-	551 861	-	-	-	-	-	-	8 403 376	-	8 403 376
Long-term financial market investments	8 495	-	-	-	-	-	-	-	-	-	-	-	-	8 495	-	8 495
Loans and other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AMD Receivable	1 618 711	-	-	-	-	-	-	-	-	-	-	-	-	1 618 711	-	1 618 711
Non-current assets	**6 524 862**	**140 381**	**2 537 356**	**315 300**	**-**	**-**	**551 861**	**-**	**-**	**-**	**-**	**-**	**-**	**10 069 760**	**-**	**10 069 760**
Current assets																
Tariff receivable	158 309	31 082	169 529	33 078	-	-	92 697	-	-	-	-	-	-	484 695		484 695
AMD Receivable	332 176	-	-	-	-	-	-	-	-	-	-	-	-	332 176		332 176
Loans and other receivables	93 563	120	119	0	7 827	2 553	-	5 945	-	9 568	-	11 697	22 330	153 723	(94 783)	58 940
Prepayments	42 202	0	(0)	(0)	635	1 016	0	-	-	-	-	-	-	43 853		43 853
Cash and cash equivalents	5 299 331	82 340	550 940	690 167	354 528	1 162	307 823	-	13 757	5 620	655 638	4 849	633	7 966 787		7 966 787
Current liabilities	**5 925 581**	**113 541**	**720 587**	**723 244**	**362 991**	**4 731**	**400 520**	**5 945**	**13 757**	**15 189**	**655 638**	**16 545**	**22 963**	**8 981 233**	**(94 783)**	**8 886 450**
TOTAL ASSETS	**12 450 443**	**253 922**	**3 257 943**	**1 038 544**	**362 991**	**4 731**	**952 382**	**5 945**	**13 757**	**15 189**	**655 638**	**16 545**	**22 963**	**19 050 994**	**(94 783)**	**18 956 211**
EQUITY AND LIABILITIES																
RESERVES																
Accumulated surplus / (deficit)	3 935 585 922,74	68 218 065,09	601 224 086,46	185 254 402,48	168 864 683,76	661 331,51	23 377 011,96	-	3 824 167,19	- 325 428,58	55 395 204,93	7 268 171,55	- 651 884,94	5 048 696	-	5 048 696
TOTAL EQUITY	**3 935 586**	**68 218**	**601 224**	**185 254**	**168 865**	**661**	**23 377**	**-**	**3 824**	**(325)**	**55 395**	**7 268**	**(652)**	**5 048 696**	**-**	**5 048 696**
LIABILITIES																
Non-current liabilities																
Borrowings	7 401 465	90 000	2 148 912	793 114	-	-	862 945	-	-	-	-	-	-	11 296 437	-	11 296 437
Finance lease liability	14 811	-	-	-	-	-	-	-	-	-	-	-	-	14 811	-	14 811
Non-current liabilities	**7 416 276**	**90 000**	**2 148 912**	**793 114**	**-**	**-**	**862 945**	**-**	**-**	**-**	**-**	**-**	**-**	**11 311 248**	**-**	**11 311 248**
Current liabilities																
Borrowings	854 145	87 331	421 110	45 627	-	-	51 395	-	-	-	-	-	-	1 459 608	-	1 459 608
Refund Liability	-	-	-	-	173 575	-	-	-	-	-	-	-	-	173 575	-	173 575
Contract liabilities	-	-	-	-	-	-	-	3 489	-	-	592 756	-	-	596 245	-	596 245
Trade and other payables	201 573	8 374	86 697	14 549	20 551	4 069	14 664	2 456	9 933	15 514	7 487	9 277	23 615	418 760	(94 783)	323 977
Lease liability	3 522	-	-	-	-	-	-	-	-	-	-	-	-	3 522	-	3 522
Short term employee benefit	39 341	-	-	-	-	-	-	-	-	-	-	-	-	39 341	-	39 341
Current liabilities	**1 098 581**	**95 704**	**507 807**	**60 176**	**194 126**	**4 069**	**66 059**	**5 945**	**9 933**	**15 514**	**600 243**	**9 277**	**23 615**	**2 691 050**	**(94 783)**	**2 596 267**
TOTAL LIABILITIES	**8 514 857**	**185 704**	**2 656 719**	**853 290**	**194 126**	**4 069**	**929 005**	**5 945**	**9 933**	**15 514**	**600 243**	**9 277**	**23 615**	**14 002 298**	**(94 783)**	**13 907 515**
TOTAL EQUITY AND LIABILITIES	**12 450 443**	**253 922**	**3 257 943**	**1 038 544**	**362 991**	**4 731**	**952 382**	**5 945**	**13 757**	**15 189**	**655 638**	**16 545**	**22 963**	**19 050 994**	**(94 783)**	**18 956 211**

Notes to the Financial Statements

6.4.3 SEGMENTAL STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	VRS	BWP	VRESAP	MCWAP-1	MMTS-2	ORWRDP	KWSAP	KRIEL	TCTA-C	MRWP	MCWAP-2	BRVAS	UMWP	Segmental total	Inter project eliminations	Total
	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000
ASSETS																
Non-current assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	23 296,45	-	-	-	-	-	-	-	-	-	-	-	-	23 296	-	23 296
Intangible asset	23	-	-	-	-	-	-	-	-	-	-	-	-	23	-	23
Right of use asset	21 497	-	-	-	-	-	-	-	-	-	-	-	-	21 497	-	21 497
Tariff receivable	4 679 556	145 705	2 617 230	320 581	-	-	575 662	-	-	-	-	-	-	8 338 735	-	8 338 735
Long-term financial market investments	23 032	-	-	-	-	-	-	-	-	-	-	-	-	23 032	-	23 032
Loans and other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AMD Receivable	1 569 967	-	-	-	-	-	-	-	-	-	-	-	-	1 569 967	-	1 569 967
Non-current assets	**6 317 371**	**145 705**	**2 617 230**	**320 581**	**-**	**-**	**575 662**	**-**	**-**	**-**	**-**	**-**	**-**	**9 976 549**	**-**	**9 976 549**
Current assets																
Tariff receivable	158 309	49 214	209 940	26 903	-	-	97 858	-	-	-	-	-	-	542 225	-	542 225
AMD Receivable	310 640	-	-	-	-	-	-	-	-	-	-	-	-	310 640	-	310 640
Loans and other receivables	102 046	120	119	0	7 827	38 902	-	5 945	-	9 909	-	7 239	10 724	182 830	(106 379)	76 451
Prepayments	43 619	-	-	-	635	1 016	-	-	-	-	444	-	-	45 715	-	45 715
Cash and cash equivalents	6 854 324	80 852	439 677	698 331	344 924	203	288 943	-	6 882	5 598	634 327	4 526	644	9 359 231	-	9 359 231
Current liabilities	**7 468 939**	**130 187**	**649 735**	**725 234**	**353 387**	**40 120**	**386 801**	**5 945**	**6 882**	**15 506**	**634 771**	**11 765**	**11 368**	**10 440 641**	**(106 379)**	**10 334 262**
TOTAL ASSETS	**13 786 310**	**275 891**	**3 266 965**	**1 045 816**	**353 387**	**40 120**	**962 464**	**5 945**	**6 882**	**15 506**	**634 771**	**11 765**	**11 368**	**20 417 190**	**(106 379)**	**20 310 811**
EQUITY AND LIABILITIES																
RESERVES																
Accumulated surplus / (deficit)	3 984 289	64 620	530 335	172 215	154 761	576	11 321	-	3 479	376	31 348	7 515	325	4 961 160	-	4 961 160
TOTAL EQUITY	**3 984 289**	**64 620**	**530 335**	**172 215**	**154 761**	**576**	**11 321**	**-**	**3 479**	**376**	**31 348**	**7 515**	**325**	**4 961 160**	**-**	**4 961 160**
LIABILITIES																
Non-current liabilities																
Borrowings	7 828 538	128 665	2 378 347	816 576	-	-	897 261	-	-	-	-	-	-	12 049 387	-	12 049 387
Finance lease liability	16 696	-	-	-	-	-	-	-	-	-	-	-	-	16 696	-	16 696
Non-current liabilities	**7 845 234**	**128 665**	**2 378 347**	**816 576**	**-**	**-**	**897 261**	**-**	**-**	**-**	**-**	**-**	**-**	**12 066 083**	**-**	**12 066 083**
Current liabilities																
Borrowings	854 145	77 331	318 665	43 110	-	-	41 704	-	-	-	-	-	-	1 334 955	-	1 334 955
Refund liability	-	-	-	-	173 754	-	-	-	-	-	-	-	-	173 754	-	173 754
Contract liabilities	-	-	-	-	-	-	-	3 489	-	-	588 809	-	-	592 298	-	592 298
Trade and other payables	1 062 388	5 275	39 618	13 914	24 872	39 544	12 178	2 456	3 403	15 130	14 615	4 250	11 043	1 248 687	(106 379)	1 142 308
Lease liability	3 103	-	-	-	-	-	-	-	-	-	-	-	-	3 103	-	3 103
Provisions	37 151	-	-	-	-	-	-	-	-	-	-	-	-	37 151	-	37 151
Current liabilities	**1 956 787**	**82 606**	**358 284**	**57 024**	**198 626**	**39 544**	**53 882**	**5 945**	**3 403**	**15 130**	**603 424**	**4 250**	**11 043**	**3 389 949**	**(106 379)**	**3 283 570**
TOTAL LIABILITIES	**9 802 021**	**211 271**	**2 736 630**	**873 601**	**198 626**	**39 544**	**951 143**	**5 945**	**3 403**	**15 130**	**603 424**	**4 250**	**11 043**	**15 456 031**	**(106 379)**	**15 349 653**
TOTAL EQUITY AND LIABILITIES	**13 786 310**	**275 891**	**3 266 965**	**1 045 816**	**353 387**	**40 120**	**962 464**	**5 945**	**6 882**	**15 506**	**634 771**	**11 765**	**11 368**	**20 417 191**	**(106 379)**	**20 310 811**

Notes to the Financial Statements

6.4.2 SEGMENTAL STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	VRS September 2023 R'000	BWP September 2023 R'000	VRESAP September 2023 R'000	MCWAP-1 September 2023 R'000	MMTS-2 September 2023 R'000	ORWRDP September 2023 R'000	KWSAP September 2023 R'000	KRIEL September 2023 R'000	TCTA-C September 2023 R'000	MCWAP-2 September 2023 R'000	MRWP September 2023 R'000	BRVAS September 2023 R'000	UMWP September 2023 R'000	Segmental total September 2023 R'000	Inter project eliminations September 2023 R'000	Total September 2023 R'000
CONSTRUCTION REVENUE	-	-	-	-	-	-	-	-	-	84 837	-	9 685	16 168	**110 690**	**-**	**110 690**
CONSTRUCTION COSTS	-	-	-	-	-	-	-	-	-	(84 837)	-	(9 685)	(16 168)	**(110 690)**	**-**	**(110 690)**
REVENUE FROM SERVICES RENDERED	157 976	205	490	2	1	0	379	-	-	-	195	-	-	**159 248**	**-**	**159 248**
COST OF SERVICES RENDERED	(157 976)	(205)	(490)	(2)	(1)	(0)	(379)	-	-	-	(195)	-	-	**(159 248)**	**-**	**(159 248)**
OPERATING INCOME	113 661	3 117	8 512	5 007	1	1	3 035	-	3	-	3 203	-	-	**136 540**	**-**	**136 540**
OPERATING EXPENDITURE	**(113 661)**	**(3 117)**	**(8 512)**	**(5 007)**	**(1)**	**(1)**	**(3 035)**	**-**	**(3)**	**-**	**(3 203)**	**-**	**-**	**(136 540)**	**-**	**(136 540)**
Legal fees and litigation costs	(493)	-	(926)	-	-	-	-	-	-	-	-	-	-	**(1 418)**	**-**	**(1 418)**
Depreciation	(7 692)	-	-	-	-	-	-	-	-	-	-	-	-	**(7 692)**	**-**	**(7 692)**
Amortisation	(17)	-	-	-	-	-	-	-	-	-	-	-	-	**(17)**	**-**	**(17)**
Staff costs	(90 200)	(2 321)	(5 804)	(3 772)	-	-	(2 321)	-	-	-	(2 321)	-	-	**(106 739)**	**-**	**(106 739)**
Directors' emoluments and related costs	(3 715)	-	-	-	-	-	-	-	-	-	-	-	-	**(3 715)**	**-**	**(3 715)**
Net impairment losses on financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Other operating expenses	(11 546)	(795)	(1 783)	(1 235)	(1)	(1)	(714)	-	(3)	-	(882)	-	-	**(16 959)**	**-**	**(16 959)**
OPERATING SURPLUS/(DEFICIT)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET FINANCE COSTS	**(48 703)**	**3 598**	**70 889**	**13 039**	**14 103**	**85**	**12 056**	**-**	**345**	**24 048**	**(702)**	**(247)**	**(977)**	**87 536**	**-**	**87 536**
Finance income	436 537	12 559	190 590	56 167	14 194	-	59 609	-	345	24 587	216	175	22	795 002	(3 666)	791 336
Finance costs	(485 240)	(8 961)	(119 701)	(43 128)	(91)	85	(47 553)	-	-	(539)	(918)	(422)	(999)	(707 466)	3 666	(703 800)
SURPLUS/(DEFICIT) FOR THE YEAR	**(48 703)**	**3 598**	**70 889**	**13 039**	**14 104**	**85**	**12 056**	**-**	**345**	**24 047**	**(701)**	**(247)**	**(977)**	**87 536**	**-**	**87 536**

Notes to the Financial Statements

6.4.4 SEGMENTAL STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2023

	VRS	BWP	VRESAP	MCWAP-1	MMTS-2	ORWRDP	KWSAP	UMGENI	TCTA-C	MCWAP-2	MRWP	BRVAS	UMWP	Segmental total	Inter project eliminations	Total
	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000	Mar 2023 R'000
CONSTRUCTION REVENUE	1 348	115	-	-	-	20 779	-	-	-	80 209	-	16 496	19 014	137 961	-	137 961
CONSTRUCTION COSTS	(1 348)	(115)	-	-	-	(20 779)	-	-	-	(80 209)	-	(16 496)	(19 014)	(137 961)	-	(137 961)
REVENUE FROM SERVICES RENDERED	258 987	1 152	1 321	775	2 549	724	1 130	-	-	-	362	-	-	266 999	-	266 999
COST OF SERVICES RENDERED	(258 987)	(1 152)	(1 321)	(775)	(2 549)	(724)	(1 130)	-	-	-	(362)	-	-	(266 999)	-	(266 999)
OPERATING INCOME	241 188	7 275	11 253	11 669	14 248	15 615	7 100	-	8	-	7 423	-	-	315 780	-	315 780
OPERATING EXPENDITURE	**(241 188)**	**(7 275)**	**(11 253)**	**(11 669)**	**(14 248)**	**(15 615)**	**(7 100)**	**-**	**(8)**	**-**	**(7 423)**	**-**	**-**	**(315 780)**	**-**	**(315 780)**
Legal fees and litigation costs	(1 669)	-	(563)	-	-	(1 416)	-	-	-	-	-	-	-	(3 648)	-	(3 648)
Depreciation	(5 823)	-	-	-	-	-	-	-	-	-	-	-	-	(5 823)	-	(5 823)
Amortisation	(39)	-	-	-	-	-	-	-	-	-	-	-	-	(39)	-	(39)
Staff costs	(195 713)	(5 269)	(7 904)	(8 440)	(10 538)	(10 195)	(5 269)	-	-	-	(5 269)	-	-	(248 597)	-	(248 597)
Directors' emoluments and related costs	(7 175)	-	-	-	-	-	-	-	-	-	-	-	-	(7 175)	-	(7 175)
Net impairment losses on financial assets	(9 000)	-	-	-	-	-	-	-	-	-	-	-	-	(9 000)	-	(9 000)
Other operating expenses	(21 769)	(2 005)	(2 787)	(3 230)	(3 710)	(4 004)	(1 831)	-	(8)	-	(2 153)	-	-	(41 498)	-	(41 498)
OPERATING SURPLUS/(DEFICIT)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET FINANCE COSTS	**960 678**	**(4 682)**	**38 197**	**27 036**	**489**	**964**	**25 664**	**(3 852)**	**905**	**24 164**	**(598)**	**440**	**268**	**1 069 672**	**-**	**1 069 672**
Finance income	1 779 860	18 206	310 317	110 229	36 945	4 685	118 622	(3 852)	905	34 806	200	670	662	2 412 254	(16 240)	2 396 014
Finance costs	(819 182)	(22 888)	(272 121)	(83 194)	(36 456)	(3 721)	(92 957)	-	-	(10 642)	(798)	(230)	(394)	(1 342 582)	16 240	(1 326 342)
SURPLUS/(DEFICIT) FOR THE YEAR	**960 678**	**(4 682)**	**38 197**	**27 036**	**489**	**964**	**25 664**	**(3 852)**	**905**	**24 164**	**(598)**	**440**	**268**	**1 069 672**	**-**	**1 069 672**

Notes to the Interim Financial Statements

7. FINANCIAL INSTRUMENT RISK MANAGEMENT

7.1. Capital management

TCTA manages its capital to ensure that projects will be able to continue as a going concern while optimising the debt for each project.

The capital structure of TCTA consists of short, medium and long-term debt (borrowings as detailed in note 11.6) and equity (comprising accumulated surpluses or deficits).

TCTA is not subject to any externally imposed capital requirements except for adherence to the debt ceiling as approved by DWS with concurrence from the Minister of Finance. TCTA’s Finance Committee reviews each project’s capital structure on a quarterly basis. As part of this review, the Committee considers the cost of capital and the risks associated with each class of debt.

TCTA’s borrowing limits per project is reviewed on an annual basis by the Minister of Water and Sanitation, with the concurrence of the Minister of Finance. The borrowing limits are based on TCTA’s borrowing requirements in order to fulfil the Republic of South Africa’s financial obligations in terms of, or resulting from, the Treaty and other directives received from the Minister (Refer to note 7.2.1).

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Optimal capital structure:
In principle, TCTA prefers to maintain a capital structure of a minimum of 70% fixed rate debt to 30% floating rate debt ratio after construction of the infrastructure. The debt equity ratio is 2.5:1 (2023: 3.6:1). This ensures that there is less volatility on the debt curve and furthermore, there is a high predictability of cash flows, thus minimising the associated interest rate risk to each project.

The gearing ratio at 2024 and 2023 respectively were as follows:

	2024 R'000	2023 R'000
Total borrowings		
Lease obligation	18 332	19 799
Less: Cash and cash equivalents	7 966 787	9 359 232
Net debt	(7 948 455)	(9 339 433)
Total equity	5 048 696	4 961 160
Total capital	**(2 899 759)**	**(4 378 273)**

7.2. Financial risk management objectives

The Board has overall responsibility for the establishment and oversight of risk management within the organisation and approves all risk management policies. Risk management in TCTA is carried out through a central risk management function. The user departments identify, assess and monitor the management of financial risks. The Finance Committee provides oversight on the management of financial risks and provides guidance on key finance activities of the TCTA business.
TCTA's treasury activities comprise of raising finance and managing investments (e.g. liquidity and treasury investment portfolios). TCTA's treasury operates within the financial markets, as such, is subject to associated risks which could have financial implications on the organisation. In line with the approved Risk Management Framework and Treasury Risk Management policy, the Treasury Department monitors treasury risks on a daily, weekly and monthly basis, in order to ensure that controls in place are working effectively, to mitigate any possible financial losses to the organisation.

TCTA's market activities expose it to market risk (including currency risk, interest rate risk, etc.) credit risk and liquidity risk (Refer notes 7.2.1-7.2.3).
TCTA seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures where possible and appropriate within Board approved policies.

The various types of financial and treasury risks pertaining to each of the projects are identified, assessed, managed and monitored in a prudent manner, within a Board approved Treasury Risk Management policy.

The liability is managed in a very prudent and conservative manner, which is further underscored by the adoption of the following portfolio approaches and objectives:

- ***asset and liability matching:*** TCTA strives to minimise both refinancing and repricing risks associated with maturing debt by matching the maturity dates of debt issued with free cash generated by the project.

TCTA has taken a more proactive approach to short-term cash management. The cash flow requirements for the next 12 months are assessed, and where required, the required funding is procured.

The set guiding principles and objectives have been applied consistently over the years.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

7.2.1. Liquidity stress test scenarios as at Saturday, 30 September 2023

TCTA has performed a liquidity stress test in order to assess its ability to meet its debt obligations in the next 12 months and beyond. The assessment considers two scenarios:

Scenario 1
- This scenario which assumes the estimated time from the 30 September 2023 until the date that the cash resources are fully depleted assuming no cash is recovered through the tariff receivable and no additional funding is obtained.
- The table below represents stress tests to determine the number of days each project's cash resources would last, assuming TCTA does not receive any payments from DWS. The calculation takes the opening cash balance and deducts all the cash outflow forecast over the period.

Estimated number of days as at 30 September 2023 exhaustion of cash resources assuming no tariffs are received in the foreseeable future

Project	Current cash balances R'000	Days till cash is depleted	Anticipated depletion date (1)	Undrawn liquidity facilities (2) R'000
VRS	5 299 331	>365	After April 2024	1 500 000
BWP	82 340	302	After April 2024	300 000
VRESAP	550 940	259	After April 2024	200 000
MCWAP-1	690 167	>365	After April 2024	200 000
MMTS-2	354 528	>365	After April 2024	-
KWSAP	307 823	>365	After April 2024	250 000
ORWRDP	1 162	39	10 November 2023	-
MCWAP-2	655 638	228	28 March 2024	-
BRVAS	4 849	39	10 November 2023	-
MRWP	5 620	>365	After April 2024	-
UMWP	633	39	10 November 2023	-

(1) Expected date at which the cash resources will be depleted.
(2) TCTA has available facilities that enables each project to drawdown if required, except ORWRDP which is funded from the fiscus.

Scenario 2

This scenario considers the estimated time from the 30 September 2023 until the date that the cash resources are fully depleted assuming that cash is received through the tariff receivable but no additional funding is obtained.

The table below represents the number of days each project's cash resources would last assuming TCTA receives timely payments (in respect of the tariff receivable) from DWS.

Estimated number of days as at 30 September 2023 exhaustion of cash resources assuming the forecast tariff receivable is received

Project	Current cash balances R'000	Days till cash is depleted	Anticipated depletion date (1)	Undrawn liquidity facilities (2) R'000
VRS	5 299 331	>365	After April 2024	-
BWP	2 340	>365	After April 2024	-
VRESAP	550 940	>365	After April 2024	-
MCWAP-1	690 167	>365	After April 2024	-
MMTS-2	354 528	>365	After April 2024	-
KWSAP	307 823	>365	After April 2024	-
ORWRDP	1 162	12	10 November 2023	-
MCWAP-2	655 638	228	28 March 2024	-
MRWP	5 620	68	After April 2024	-

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

BRVAS	4 849	12	10 November 2023	-
UMWP	633	12	10 November 2023	-

(1) Expected date at which the cash resources will be depleted
(2) TCTA has available facilities that enables each project to drawdown if required, except for those projects which are funded from the fiscus.

Notes

1. The liquidity of all the projects under this scenario is robust, subject to DWS making payments to TCTA on time.

TCTA and DWS are presently investigating mechanisms for ring-fencing of the receipt of tariff revenue by DWS from consumers to only be used to repay the tariff that is due to TCTA. This will ensure timely payment of tariffs by DWS to TCTA.

VRS

A. Financing facilities

Funding sources and utilisation at 30 September 2023 and 31 March 2023:

	2024 R'000	2023 R'000
Total borrowing authority		
Global limit (1)	22 730 000	16 969 000
Utilisation	(8 255 610)	(8 682 183)
Available	**14 474 390**	**8 286 817**

The table above includes the total utilisation of all facilities, including both local and foreign loans, against the borrowing limit.

(1) The Global limit are as set by National Treasury and governs the total limit of gross liabilities of the project. The individual limit is set internally from time to time when markets are suitable to move from one instrument to the other.

Total utilisation of capital market and commercial paper facilities

The following tables reflect the bonds and commercial paper and excludes local and foreign loans as the latter do not have authorised limits.

Each year the Risk and Finance Committee reviews and approves facility utilisation for the financial year.

2024 **Utilisation of approved facilities**	**Facility amount R'000**	**Disbursed (3) R'000**	**Available (3) R'000**	**Outstanding debt R'000**
Investec	1 000 000	1 000 000	-	852 459
Investec (2)	500 000	-	500 000	-
Investec	1 650 000	1 650 000	-	1 402 500
Standard Bank of SA	3 000 000	3 000 000	-	2 000 000
Standard Bank of SA (2)	1 000 000	-	1 000 000	-
Standard Bank of SA	1 500 000	1 500 000	-	985 714
Firstrand Bank Ltd	3 800 000	2 390 000	1 410 000	2 389 937
Nedbank Ltd	2 000 000	-	2 000 000	-
DBSA	3 000 000	-	3 000 000	-
DBSA	1 250 000	-	1 250 000	-
IDC	1 250 000	-	1 250 000	-
Absa	1 000 000	1 000 000	-	625 000
	20 950 000	**10 540 000**	**10 410 000**	**8 255 610**

Notes to the Interim Financial Statements

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

2023 **Approved facilities** **Total issued to date**	**Facility amount R'000**	**Issued R'000**	**Available R'000**	**Outstanding debt (3) R'000**
Commercial Paper Programme (including Term Paper)	4 000 000	-	4 000 000	-
	4 000 000	**-**	**4 000 000**	**-**

2023 **Utilisation of approved facilities**	**Facility amount R'000**	**Disbursed (3) R'000**	**Available (3) R'000**	**Outstanding debt R'000**
Investec	1 000 000	1 000 000	-	885 246
Investec (2)	500 000	-	500 000	-
Investec	1 650 000	1 650 000	-	1 457 000
Standard Bank of SA	3 000 000	3 000 000	-	2 100 000
Standard Bank of SA (2)	1 000 000	-	1 000 000	-
Standard Bank of SA	1 500 000	1 500 000	-	1 100 000
Firstrand Bank Ltd	3 800 000	2 390 000	1 410 000	2 389 937
Nedbank Ltd	2 000 000	-	2 000 000	-
DBSA	3 000 000	-	3 000 000	-
DBSA	1 250 000	-	1 250 000	-
Absa	1 000 000	1 000 000	-	750 000
IDC	1 250 000	-	1 250 000	-
Total	**20 950 000**	**10 540 000**	**10 410 000**	**8 682 183**

(1) The borrowing limits for bonds is as approved from time to time by the Board as recommended by the Finance committee. The borrowing limits for the bonds are governed by the total acceptable issuance limit of R21 billion.
(2) This is a revolving credit facility.
(3) This excludes loan commitments reflected in the table below.

The limits for commercial paper and the individual bonds are the authorised limits for utilisation of the individual bonds and commercial paper. The aggregate utilisation of the commercial paper and bonds is capped by the total borrowing authority limit.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

B. Liquidity and interest risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities as well as the liquidity analysis for derivatives.

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities.
The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 11.4 and 11.6
.
As at 30 September 2023, VRS had contractual maturities as summarised below:

2024	**Weighted average effective interest rate**	**Total undiscounted current financial assets / (liabilities)**	**Non-current financial assets / (liabilities)**		**Total undiscounted non-current financial assets / (liabilities)**	**Total undiscounted financial assets / (liabilities)**
Non-derivative financial assets / (liabilities)	**%**		**1-5 years**	**>5 years**		
	%	R'000	R'000	R'000	R'000	R'000
Financial assets						
Tariff receivable	5,60	490 748	-	31 310 879	31 310 879	31 801 627
AMD Receivable	8,44	215 367	1 076 835	538 417	1 615 252	1 830 619
Loans and receivables	Not applicable	93 563	-	-	-	93 563
Financial market investments (variable rate)	10,75	-	-	43 673	43 673	43 673
Cash and cash equivalents (1)	8,32	5 299 331	-	-	-	5 299 331
Financial asset maturities		6 099 009	1 076 835	31 892 969	32 969 804	39 068 813
Financial liabilities						
Borrowings (1)	10,85	(1 709 898)	(6 994 524)	(3 502 770)	(10 497 294)	(12 207 192)
Lease liability	12	(6 625)	-	-	-	(6 625)
Trade and other payables (excluding interest payable) (2)	Not applicable	(201 573)	-	-	-	(201 573)
Financial liabilities maturities		(1 918 096)	(6 994 524)	(3 502 770)	(10 497 294)	(12 415 390)
Net financial asset/ (liabilities)		**4 180 913**	**(5 917 689)**	**28 390 199**	**22 472 510**	**26 653 423**

2023	**Weighted average effective interest rate**	**Total undiscounted current financial assets / (liabilities)**	**Non-current financial assets / (liabilities)**		**Total undiscounted non-current financial assets / (liabilities)**	**Total undiscounted financial assets / (liabilities)**
Non-derivative financial assets / (liabilities)			**1-5 years**	**>5 years**		
	%	R'000	R'000	R'000	R'000	R'000
Financial assets						
Tariff receivable	5,6	5 131 687	-	30 032 068	30 032 068	35 163 755
AMD receivable	8,44	180 969	987 106	592 264	1 579 370	1 760 339
Variable term investments	10,75	-	-	58 747	58 747	58 747
Loans and receivables		102 046	-	-	-	102 046
Cash and cash equivalents (1)	8,17	6 854 324	-	-	-	6 854 324
Financial asset maturities		12 269 026	987 106	30 683 079	31 670 185	43 939 211
Financial liabilities						
Borrowings (1) - Variable	9,51	(1 711 765)	(7 421 513)	(3 841 336)	(11 262 849)	(12 974 614)

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Lease liability	0	(3 103)	-	-	-	(3 103)
Trade and other payables (excluding interest payable) (2)	Not applicable	(1 062 388)	-	-	-	(1 062 388)
Financial liabilities maturities		(2 777 256)	(7 421 513)	(3 841 336)	(11 262 849)	(14 040 105)
Net financial asset/ (liabilities)		**9 491 770**	**(6 434 407)**	**26 841 743**	**20 407 336**	**29 899 106**

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.
(2) Accrued interest has been included with the applicable instruments in the table above.

Liquidity analysis for derivative financial instruments

There were no FEC's as at 30 September 2023 (31 March 2023:no Fecs)

The above contractual maturities reflect the net cash outflows and inflows and are therefore different from the carrying values of the liabilities at reporting date.

BWP

A. Financing facilities

Funding sources and utilisation at 30 September 2023 and 31 March 2023:

	2024 R'000	2023 R'000
Total borrowing authority		
Global limit (1)	206 000	333 000
Utilisation	(177 331)	(205 996)
Available	**28 669**	**127 004**

The table above includes the total utilisation of all facilities, including both local and foreign loans, against the borrowing limit.

(1) The Global limit is as set by National Treasury and governs the total limit of gross liabilities of the project. The individual limit is set internally from time to time when markets are suitable to move from one instrument to the other.

Total utilisation of capital market and commercial paper facilities

The following tables reflect the commercial paper and excludes local and foreign loans as the latter do not have authorised limits.

Each year the Finance Committee reviews and approves facility utilisation for the financial year.

2024 **Approved facilities**	**Facility amount R'000**	**Issued R'000**	**Available (3)(4) R'000**	**Outstanding debt (3) R'000**
Total issued to date				
Commercial Paper Programme	450 000	-	450 000	-
DBSA (1)	500 000	400 000	-	120 000
European Investment Bank (1) (2) (3)	800 000	890 000	-	57 331
Absa	300 000	-	300 000	-
			750 000	**177 331**

2023 **Approved facilities**	**Individual limit R'000**	**Disbursed (3) R'000**	**Available (3)(4) R'000**	**Outstanding debt R'000**
Total issued to date				
Commercial Paper Programme	450 000	-	450 000	-
DBSA (1)	500 000	400 000	-	120 000
European Investment Bank (1) (2) (3)	800 000	890 000	-	85 996
Absa	300 000	-	300 000	-
			750 000	**205 996**

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

(1) The facilities are not available for further drawdowns.
(2) This is a Euro denominated facility drawn in Rands and repaid in Rands.
(3) All amounts are in ZAR unless otherwise stated.
(4) Where the available amount is zero, the drawdown period has expired.

B. Liquidity and interest risk tables

The liquidity and interest risk tables are included for each project and include the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in BWP.

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 11.4 and 11.6.

As at 30 September 2023 and 31 March 2023, BWP had contractual maturities as summarised below:

2024	**Weighted average effective interest rate**	**Total undiscounted current financial assets / (liabilities)**	**Non-current financial assets / (liabilities)**		**Total undiscounted non-current financial assets / (liabilities)**	**Total undiscounted financial assets / (liabilities)**
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Tariff receivable	8,95	55 848	158 438	-	158 438	214 286
Loans and receivables	Not Applicable	120	-	-	-	120
Cash and cash equivalents (1)	8,3	82 340	-	-	-	82 340
Financial asset maturities		138 308	158 438	-	158 438	296 746
Financial liabilities						
Borrowings - Fixed	8,58	(105 428)	(99 482)	(10 442)	(109 924)	(215 352)
Trade and other payables (excluding interest payable) (2)	Not Applicable	(8 374)	-	-	-	(8 374)
Financial liabilities maturities		(113 802)	(99 482)	(10 442)	(109 924)	(223 726)
Net financial asset/ (liabilities)		**24 506**	**58 956**	**(10 442)**	**48 514**	**73 020**

2023	**Weighted average effective interest rate**	**Total undiscounted current financial assets / (liabilities)**	**Non-current financial assets / (liabilities)**		**Total undiscounted non-current financial assets / (liabilities)**	**Total undiscounted financial assets / (liabilities)**
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Tariff receivable	8,95	66 554	181 009	-	181 009	247 563
Loans and receivables	Not Applicable	120	-	-	-	120
Cash and cash equivalents (1)	7,94	80 852	-	-	-	80 852
Financial asset maturities		147 526	181 009	-	181 009	328 535
Financial liabilities						
Borrowings (Fixed rate loans)	8,43	(93 286)	(132 848)	(21 329)	(154 177)	(247 463)
Trade and other payables (excluding interest payable) (2)	Not Applicable	(5 275)	-	-	-	(5 275)
Financial liabilities maturities		(98 561)	(132 848)	(21 329)	(154 177)	(252 738)

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Net financial asset/ (liabilities)	**48 965**	**48 161**	**(21 329)**	**26 832**	**75 797**

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.
(2) Loan repayments are made periodically as per the respective agreements.
(3) Accrued interest has been included with the applicable instruments in the table.

VRESAP

A. Financing facilities

Funding sources and utilisation at 30 September 2023 and 31 March 2023:

	2024 R'000	2023 R'000
Total borrowing authority		
Borrowing limit	2 705 000	3 097 000
Utilisation	(2 570 021)	(2 697 012)
Available	**134 979**	**399 988**

2024 **Approved facilities**	**Facility amount R'000**	**Disbursed R'000**	**Available R'000**	**Outstanding debt (3) R'000**
Total issued to date				
Commercial Paper Programme	500 000	-	500 000	-
European Investment Bank (1) (2)	906 000	412 000	-	311 885
Standard Bank of SA	1 350 000	1 350 000	-	899 902
Absa	1 000 000	960 367	39 633	960 367
Main Street 196 Pty Ltd - a SPV of Investec	155 000	155 000	-	72 835
Nedbank	350 000	350 000	-	175 033
RMB	200 000	200 000	-	150 000
DBSA	200 000	-	200 000	-
			739 633	**2 570 022**

2023 **Approved facilities**	**Facility amount R'000**	**Issued R'000**	**Available R'000**	**Outstanding debt (3) R'000**
Total issued to date				
Commercial Paper Programme (including Term Paper)	500 000	-	500 000	346 131
European Investment Bank (1) (2)	906 000	412 000	-	897 044
Standard Bank of SA	1 350 000	1 350 000	-	980 367
Absa	1 000 000	980 000	20 000	78 988
Main Street 196 Pty Ltd - a SPV of Investec	155 000	155 000	-	194 481
Nedbank	350 000	350 000	-	200 000
RMB	200 000	200 000	-	-
DBSA	200 000	-	200 000	-
			720 000	**2 697 011**

(1) This is a Euro denominated facility drawn in Rands and repaid in Rands.
(2) All amounts are in ZAR unless otherwise stated.

B. Liquidity and interest risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in VRESAP.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 11.4 and 11.6.

As at 30 September 2023, VRESAP had contractual maturities as summarised below:

2024	**Weighted average effective interest rate**	**Total undiscount d current financial assets / (liabilities)**	**Non-current financial assets / (liabilities)**		**Total undiscount d non-current financial assets / (liabilities)**	**Total undiscount d financial assets / (liabilities)**
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Tariff receivable	13,87	523 956	3 469 013	169 447	3 638 460	4 162 416
Loans and receivables	Not applicable	119	-	-	-	119
Cash and cash equivalents (1)	8,37	550 940	-	-	-	550 940
Financial asset maturities		1 075 015	3 469 013	169 447	3 638 460	4 713 475
Financial liabilities						
Borrowings (Fixed rate loans)	10,11	(382 329)	(1 548 808)	-	(1 548 808)	(1 931 137)
Borrowings (Variable rate loans)	10,36	(258 527)	(1 259 561)	-	(1 259 561)	(1 518 088)
Trade and other payables (excluding interest payable) (2)	Not Applicable	(86 697)	-	-	-	(86 697)
Financial liabilities maturities		(727 553)	(2 808 369)	-	(2 808 369)	(3 535 922)
Net financial asset/ (liabilities)		**347 462**	**660 644**	**169 447**	**830 091**	**1 177 553**

2023	**Weighted average effective interest rate**	**Total undiscount d current financial assets / (liabilities)**	**Non-current financial assets / (liabilities)**		**Total undiscount d non-current financial assets / (liabilities)**	**Total undiscount d financial assets / (liabilities)**
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Tariff receivable	13,87	551 366	3 831 000	375 000	4 206 000	4 757 366
Loans and receivables	Not applicable	119	-	-	-	119
Cash and cash equivalents (1)	4,4	439 677	-	-	-	439 677
Financial asset maturities		991 162	3 831 000	375 000	4 206 000	5 197 162
Financial liabilities						
Borrowings (Fixed rate loans)	10,06	(385 457)	(1 644 691)	-	(1 644 691)	(2 030 148)
Borrowings (Variable rate loans)	9,5	(171 300)	(1 381 013)	(169 161)	(1 550 174)	(1 721 474)
Trade and other payables (excluding interest payable) (2)	Not Applicable	(39 618)	-	-	-	(39 618)
Financial liabilities maturities		(596 375)	(3 025 704)	(169 161)	(3 194 865)	(3 791 240)
Net financial asset/ (liabilities)		**394 787**	**805 296**	**205 839**	**1 011 135**	**1 405 922**

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.
(2) Loan repayments are made periodically as per the respective agreements.
(3) Accrued interest has been included with the applicable instruments in the table.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

MCWAP-1

A. Financing facilities

Funding sources and utilisation at 30 September and 31 March 2023:

	2024 R'000	2023 R'000
Total borrowing authority		
Borrowing limit	2 841 000	7 754 000
Utilisation	(838 741)	(859 687)
Available	**2 002 259**	**6 894 313**

2024 Approved facilities	Facility amount R'000	Issued R'000	Available(2) R'000	Outstanding debt (3) R'000
Total issued to date				
Investec	700 000	498 000	-	235 802
Investec(1)	200 000	-	200 000	-
Nedbank	600 000	225 000	-	-
Rand Merchant Bank iNdwa	700 000	700 000	-	602 939
	2 200 000	**1 423 000**	**200 000**	**838 741**

2023 Approved facilities	Individual limit R'000	Issued R'000	Available R'000	Outstanding debt (3) R'000
Total issued to date				
Investec	700 000	498 082	-	243 993
Investec (1)	200 000	-	200 000	-
Nedbank	600 000	225 000	-	-
Rand Merchant Bank iNdwa	700 000	700 000	-	615 693
	2 200 000	**1 423 082**	**200 000**	**859 686**

(1) - This is a revolving credit facility.

(2) - Where the available amount is zero, the drawdown period has expired.

B. Liquidity and interest risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in MCWAP-1.

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 11.4 and 11.6.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

As at 30 September, MCWAP-1 had contractual maturities as summarised below:

2023	**Weighted average effective interest rate**	**Total undiscount d current financial assets / (liabilities)**	**Non-current financial assets / (liabilities)**		**Total undiscount d non-current financial assets / (liabilities)**	**Total undiscount d financial assets / (liabilities)**
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Tariff receivable	16,12	82 796	462 873	5 709	468 582	551 378
Cash and cash equivalents (1)	8,37	690 167	-	-	-	690 167
Financial asset maturities		772 963	462 873	5 709	468 582	1 241 545
Financial liabilities						
Borrowings (Fixed rate loans)	10,11	(40 589)	(156 401)	(171 698)	(328 099)	(368 688)
Borrowings (Variable rate loans)	10,35	(90 406)	(377 092)	(576 542)	(953 634)	(1 044 040)
Trade and other payables (excluding interest payable) (2)	NA	(14 549)	-	-	-	(14 549)
Financial liabilities maturities		(145 544)	(533 493)	(748 240)	(1 281 733)	(1 427 277)
Net financial asset/ (liabilities)		**627 419**	**(70 620)**	**(742 531)**	**(813 151)**	**(185 732)**

2023	**Weighted average effective interest rate**	**Total undiscount d current financial assets / (liabilities)**	**Non-current financial assets / (liabilities)**		**Total undiscount d non-current financial assets / (liabilities)**	**Total undiscount d financial assets / (liabilities)**
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Tariff receivable	16,12	82 912	498 504	11 418	509 922	592 834
Cash and cash equivalents (1)	8,03	698 331	-	-	-	698 331
Financial asset maturities		781 243	498 504	11 418	509 922	1 291 165
Financial liabilities						
Borrowings (Fixed rate loans)	10,11	(40 712)	(157 710)	(190 716)	(348 426)	(389 138)
Borrowings (Variable rate loans)	9,37	(85 387)	(368 102)	(622 679)	(990 781)	(1 076 168)
Trade and other payables (excluding interest payable) (2)	Not Applicable	(13 914)	-	-	-	(13 914)
Financial liabilities maturities		(140 013)	(525 812)	(813 395)	(1 339 207)	(1 479 220)
Net financial asset/ (liabilities)		**641 230**	**(27 308)**	**(801 977)**	**(829 285)**	**(188 055)**

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.
(2) Loan repayments are made periodically as per the respective agreements.
(3) Accrued interest has been included with the applicable instruments in the table.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

MMTS-2

A. Financing facilities

Funding sources and utilisation at 30 September 2023 and 31 March 2023:

	2024 R'000	2023 R'000
Total borrowing authority		
Borrowing limit	1 080 000	1 178 000
Available	**1 080 000**	**1 178 000**

2024 Approved facilities	Facility amount R'000	Issued R'000	Available(2)(4) R'000	Outstanding debt (3) R'000
Total issued to date				
Commercial Paper Programme	400 000	-	400 000	-

2023 Approved facilities	Individual limit R'000	Issued R'000	Available(2)(4) R'000	Outstanding debt (3) R'000
Total issued to date				
Commercial Paper Programme	400 000	-	400 000	-

(1) This is a Euro denominated facility drawn in Rands and repaid in Rands
(2) All amounts are in ZAR unless otherwise stated.
(3) Before the funding strategy is implemented, the borrowing limit is monitored to ensure it is not exceeded.
(4) Where the available amount is zero, the drawdown period has expired.

B. Liquidity and interest risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in MMTS-2.

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 11.4 and 11.6.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

As at 30 September 2023, MMTS-2 had contractual maturities as summarised below:

2024	Weighted average effective interest rate	Total undiscounted current financial assets / (liabilities)	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities)	Total undiscounted financial assets / (liabilities)
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Loans and receivables	NA	7 827	-	-	-	7 827
Cash and cash equivalents (1)	8,37	354 528	-	-	-	354 528
Financial asset maturities		362 355	-	-	-	362 355
Financial liabilities						
Trade and other payables (excluding interest payable) (2)	NA	(20 551)	-	-	-	(20 551)
Financial liabilities maturities		(20 551)	-	-	-	(20 551)
Net financial asset/ (liabilities)		**341 804**	**-**	**-**	**-**	**341 804**

2023	Weighted average effective interest rate	Total undiscounted current financial assets / (liabilities)	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities)	Total undiscounted financial assets / (liabilities)
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Trade and other receivables	NA	7 827	-	-	-	7 827
Cash and cash equivalents (1)	7,64	344 924	-	-	-	344 924
Financial asset maturities		352 751	-	-	-	352 751
Financial liabilities						
Trade and other payables (excluding interest payable) (2)	NA	(24 872)	-	-	-	(24 872)
Financial liabilities maturities		(24 872)	-	-	-	(24 872)
Net financial asset/ (liabilities)		**327 879**	**-**	**-**	**-**	**327 879**

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.
(2) Accrued interest has been included with the applicable instruments in the table.

ORWRDP

A. Financing facilities

ORWRDP is funded through the fiscus, hence there are no financing facilities for this project.

B. Liquidity and interest risk tables

The liquidity and interest risk tables are included for each project and include the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in ORWRDP.

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 11.4 and 11.6.

As at 30 September 2023, ORWRDP had contractual maturities as summarised below:

2024	**Weighted average effective interest rate**	**Total undiscounted current financial assets / (liabilities)**	**Non-current financial assets / (liabilities)**		**Total undiscounted non-current financial assets / (liabilities)**	**Total undiscounted financial assets / (liabilities)**
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Trade and other receivables	NA	2 553	-	-	-	2 553
Cash and cash equivalents (1)	8,05	1 162	-	-	-	1 162
Financial asset maturities		3 715	-	-	-	3 715
Financial liabilities						
Trade and other payables (excluding interest payable) (2)	NA	(4 069)	-	-	-	(4 069)
Financial liabilities maturities		(4 069)	-	-	-	(4 069)
Net financial asset/ (liabilities)		**(354)**	**-**	**-**	**-**	**(354)**

2023	**Weighted average effective interest rate**	**Total undiscounted current financial assets / (liabilities)**	**Non-current financial assets / (liabilities)**		**Total undiscounted non-current financial assets / (liabilities)**	**Total undiscounted financial assets / (liabilities)**
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Trade and other receivables	NA	39 089	-	-	-	39 089
Cash and cash equivalents (1)	7,99	203	-	-	-	203
Financial asset maturities		39 292	-	-	-	39 292
Financial liabilities						
Trade and other payables (excluding interest payable) (2)	NA	(39 544)	-	-	-	(39 544)
Financial liabilities maturities		(39 544)	-	-	-	(39 544)
Net financial asset/ (liabilities)		**(252)**	**-**	**-**	**-**	**(252)**

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

KWSAP

A. Financing facilities

Funding sources and utilisation at 30 September 2023 and 31 March 2023:

	2024 R'000	2023 R'000
Total borrowing authority		
Borrowing limit	1 039 000	1 139 000
Utilisation	(914 346)	(938 965)
Available	**124 654**	**200 035**

2024 Approved facilities	Facility amount R'000	Issued R'000	Available(2) R'000	Outstanding debt (3) R'000
Total issued to date				
Commercial Paper Programme	500 000	-	500 000	-
Nedbank	400 000	369 313	-	216 898
Rand Merchant Bank iNdwa(1)	600 000	600 000	-	697 447
Absa	250 000	-	250 000	-
	1 750 000	**969 313**	**750 000**	**914 345**

2023 Approved facilities	Facility amount R'000	Issued R'000	Available(2) R'000	Outstanding debt (3) R'000
Total issued to date				
Commercial Paper Programme	500 000	-	500 000	-
Nedbank	400 000	369 313	-	228 622
Rand Merchant Bank iNdwa(1)	600 000	600 000	-	710 343
Absa	250 000	-	250 000	-
	1 750 000	**969 313**	**750 000**	**938 965**

(1) The outstanding debt is higher than the facility amount as interest was capitalised up to te fourth anniversary of the drawdown date

(2) Where the availability amount is zero, the drawdown period has lapsed.

B. Liquidity and interest risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in KWSAP.

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 11.4 and 11.6.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

As at 30 September 2023, KWSAP had contractual maturities as summarised below:

2024	**Weighted average effective interest rate**	**Total undiscounted current financial assets / (liabilities)**	**Non-current financial assets / (liabilities)**		**Total undiscounted non-current financial assets / (liabilities)**	**Total undiscounted financial assets / (liabilities)**
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Tariff receivable	13,85	182 877	589 934	264 613	854 547	1 037 424
Cash and cash equivalents (1)	8,36	307 823	-	-	-	307 823
Financial asset maturities		490 700	589 934	264 613	854 547	1 345 247
Financial liabilities						
Borrowings (Fixed rate loans)	9,67	(43 624)	(151 630)	(121 329)	(272 959)	(316 583)
Borrowings (Variable rate loans)	11,28	(105 348)	(462 073)	(650 088)	(1 112 161)	(1 217 509)
Trade and other payables (excluding interest payable)	NA	(14 664)	-	-	-	(14 664)
Financial liabilities maturities		(163 636)	(613 703)	(771 417)	(1 385 120)	(1 548 756)
Net financial asset/ (liabilities)		**327 064**	**(23 769)**	**(506 804)**	**(530 573)**	**(203 509)**

2023	**Weighted average effective interest rate**	**Total undiscounted current financial assets / (liabilities)**	**Non-current financial assets / (liabilities)**		**Total undiscounted non-current financial assets / (liabilities)**	**Total undiscounted financial assets / (liabilities)**
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Tariff receivable	13,85	191 163	638 164	306 678	944 842	1 136 005
Cash and cash equivalents (1)	4,42	288 943	-	-	-	288 943
Financial asset maturities		480 106	638 164	306 678	944 842	1 424 948
Financial liabilities						
Borrowings (Fixed rate loans) (2)	9,67	(44 767)	(156 202)	(138 340)	(294 542)	(339 309)
Borrowings (Variable rate loans) (2)	9,91	(91 200)	(409 241)	(788 326)	(1 197 567)	(1 288 767)
Trade and other payables (excluding interest payable) (3)	NA	(12 178)	-	-	-	(12 178)
Financial liabilities maturities		(148 145)	(565 443)	(926 666)	(1 492 109)	(1 640 254)
Net financial asset/ (liabilities)		**331 961**	**72 721**	**(619 988)**	**(547 267)**	**(215 306)**

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.
(2) Loan repayments are made periodically as per the respective agreements.
(3) Accrued interest has been included with the applicable instruments in the table.

MCWAP-2

A.Liquidity and interest risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in MCWAP-2.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

UMWP

A.Liquidity and interest risk tables

Contractual maturity analysis report for non-derivative financial assets / (liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liability risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 11.4 and 11.6.

As at 30 September 2023, uMWP had contractual maturities as summarised below

2024	Weighted average effective interest rate	Total undiscounted current financial assets / (liabilities)	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities)	Total undiscounted financial assets / (liabilities)
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Trade and other receivables		22 330	-	-	-	22 330
Cash and cash equivalents (1)	8,06	633	-	-	-	633
Financial asset maturities		22 963	-	-	-	22 963
Financial liabilities						
Trade and other payables (excluding interest payable) (2)		(23 615)	-	-	-	(23 615)
Financial liabilities maturities		(23 615)	-	-	-	(23 615)
Net financial asset/ (liabilities)		**(652)**	**-**	**-**	**-**	**(652)**

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

2023	Weighted average effective interest rate	Total undiscounted current financial assets / (liabilities)	Non-current financial assets / (liabilities)		Total undiscounted non-current financial assets / (liabilities)	Total undiscounted financial assets / (liabilities)
Non-derivative financial assets / (liabilities)	**%**	**R'000**	**1-5 years R'000**	**>5 years R'000**	**R'000**	**R'000**
Financial assets						
Trade and other receivables	NA	10 724	-	-	-	10 724
Cash and cash equivalents (1)	7,56	644	-	-	-	644
Financial asset maturities		11 368	-	-	-	11 368
Financial liabilities						
Trade and other payables (excluding interest payable) (2)	NA	(11 043)	-	-	-	(11 043)
Financial liabilities maturities		(11 043)	-	-	-	(11 043)
Net financial asset/ (liabilities)		**325**	**-**	**-**	**-**	**325**

(1) The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.
(2) Accrued interest has been included with the applicable instruments in the table.

7.2.2. Credit risk

TCTA deposits and invests working capital and excess funds with banks and other financial counterparties, which exposes the organisation to credit risk. Credit risk is defined as the risk that a counterparty defaults on its obligations on maturity or redemption or presentation of paper for settlement, resulting in financial deficit to TCTA.

The credit risk is in two forms i.e. (i) the risk of financial deficit resulting from the failure of a counterparty to honour its obligations in accordance with the terms and conditions of a contract or (ii) the risk of financial deficit resulting from the failure of a counterparty to a financial transaction to effect timely settlement, in the correct amount and currency, of its obligations according to the terms and conditions of the relevant transaction(s). This section relates to the credit risk on financial market investments and derivatives as disclosed in the statement of financial position. Refer to note 11.2 for the assessment of the credit quality of the tariff receivable and note for loans and other receivables.

TCTA has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial deficit from defaults. TCTA only transacts with entities that are rated the equivalent of investment grade and above. In terms of policy, TCTA will only invest with counterparties with a long-term rating of A or better. This information is supplied by independent rating agencies where available and, if not available, TCTA uses other publicly available financial information and its own trading records to rate its major customers. TCTA's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by setting counterparty limits that are reviewed and approved by the Finance Committee annually.

Hence, credit risk at TCTA is managed through the following:
- ensuring that TCTA deals with reputable counterparties;
- liaison with credit rating agencies;
- allocating counterparty investment limits;
- continuous monitoring of the financial status of counterparties;
- annual review of counterparty limits; and
- daily monitoring of utilisation of counterparty limits.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Limits are allocated based on the following:
- limits are allocated to counterparties with a minimum short-term rating of P-1 and long-term rating of A from Moody's rating agency, or the equivalent from the other rating agencies;
- an internal credit rating score is calculated based on qualitative and quantitative factors;
- the allocated credit limit can be up to 10% of shareholders' funds, depending on the internal credit rating, with a cap of R 1 500 million per counterparty; and
- the credit limit consumption of forward exchange contracts (FECs) with commercial banks is determined according to the Risk Policy whereby the maximum of a calculated risk weighting value or the mark-to-market value of an instrument will be used as the consumption against the credit limit of a specific counterparty.

To further mitigate against the credit risk associated with derivative instruments, TCTA has negotiated International Swap and Derivatives Association Master Agreement (ISDA) agreements with the various market-makers.

The credit limit per counterparty refers to the overall limit for all TCTA projects. Refer to note 6.2.2.1 to 6.2.2.7 for further detail for each project.

Impairment of financial assets

Long-term financial assets
Financial market investments consists of the loan with Landbank, which inherently exposes the company to credit risk, being the risk that the company will incur financial loss if the counterparty fails to make payments as they fall due.

Expected credit loss allowances on financial market investments were valued based on the risk of the Moody's Analytics "RiskCalc" South Africa financial statement PD and LGD model and data.

If the financial market investment is in stage 1, a 12-month ECL is applied. Where there has been a significant increase in credit risk, the investment is regarded as being in stage 2 and a lifetime ECL is applied. If the company is unable to assess the credit risk at inception, then there is an insufficient basis to determine whether there has been a significant increase in credit risk and in this case, management judgement is applied in assessing the staging of the loan based on the debtor's payment behaviour and specific circumstance. If the investment is credit impaired, it is regarded as being in stage 3 and a lifetime ECL is applied.

The calculation of ECL rates, which is a forward-looking measure, is based on:

The probability of default (PD) rate for each ageing bucket; multiplied by

The percentage of defaulted amounts that were irrecoverable (LGD); and

Adjusted by a factor to convert historical loss experience to future credit loss expectations, using multiple macroeconomic scenarios.

The PD is based on the rating of the counterparty and the LGD is measured using Moody's Analytics RiskCalc. These are historical through-the-cycle PD and LGD measures. The Moody's RiskCalc solution compares company financial information to an extensive database of company financial and default information. The inputs into this are the latest available audited annual financial statements of the counterparty. The output is a historic through-the-cycle PD and LGD.

This loss rate is also benchmarked to loss rate estimates experienced under adverse situations in the South African economy.

The process to convert historical credit loss rates to the forward-looking measure of ECL rates is carried out using Moody's Analytics credit risk models and macroeconomic scenarios. These scenarios include GDP taking into account the economy reaching pre-covid levels. The adjustment further considers both the public and private South African company defaults. The methodology also considers the industry of the asset and includes in the calculations, likely volatility of that industry to the average impact of the South African economy.

Landbank defaulted on the notes it had issued shortly after the acquisition of the investment by TCTA. Since then, it has made various repayments of capital and interest and has stated its intention to repay amounts owing including accrued interest in full. Landbank is owned by the State and its financial difficulties are well known. It has undergone restructuring and the Government has stated its intention to support it through a recapitalisation. This process is complex and has taken longer than expected. The original planned date for repayment of all outstanding capital has passed without repayment. However, some interest payments have continued to be made. As Landbank has defaulted on the note, we assume that the PD is 100%.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

The LGD was measure using the Moody’s RiskCalc LGD module based on Landbank being in default. TCTA has followed a conservative approach by using the model derived LGD, which does not take into account potential support from government. On that basis, as at 31 March 2023, the loss allowance on the long-term financial market investment was determined as follows and the revised assessment will be conducted at year-end:

March 2023

Counterparty	Stage	PD	LGD	ECL	Gross carrying amount R'000	Loss allowance R'000
Land and Agricultural Development Bank of South Africa	2	100%	64.44%	61.35%	5	36
Total						**36**

Concentration risk

Concentration risk in TCTA is measured per counterparty and per project. According to TCTA policy, the utilisation of a counterparty limit is subject to a 30% concentration limit per counterparty. The concentration limit is further extended to projects whereby investment to a counterparty should not exceed 30% of a single project’s funds. This ensures that the portfolio is sufficiently diversified and is exposed to acceptable levels of risk. For each project, the amount of risk exposure to counterparties varies on a day-to-day basis depends on volumes of trades done. TCTA determines this exposure daily and prepares a report before any dealing is performed. An exception to the limits requires approval through exception reporting by the Risk department.

Similar credit ratings in the notes below, refer to different counterparties and are therefore not combined.

Counterparty risk
'The table shows investments with 6 Counterparties, 3 money market funds(MMFs) and the Corporation for Public Deposits (CPD). The maximum approved limit for investment with any one of the above counterparties is R 1 500 million.

TCTA had call investments with counterparties and money market investments with the MMFs.

Investments to each counterparty or MMF is spread across all projects. The available amount shows the difference between amount invested and approved counterparty limit.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

2024

Investments Moody's Ratings: Long term	Short term	Counterparty	Credit imit R'000	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	TCTA-C R'000	MCWAP-2 R'000	BRVAS R'000	UMWP R'000	MRWP R'000	Total utilisation R'000	Available R'000
Aa1	P-1	Counterparty 1	1 500 000	636 174	17 579	56 590	42 128	23 509	253	22 433	13 627	193 482	1 308	165	1 448	1 008 697	491 303
Aa1	P-1	Counterparty 2	1 500 000	194 061	8 112	15 614	29 068	13 186	-	11 510	-	169 247	1 165	135	1 384	443 481	1 056 519
Aa1	P-1	Counterparty 3	1 500 000	172 464	6 511	12 069	19 891	12 230	215	12 599	-	132 923	1 020	104	1 333	371 360	1 128 640
Aa1	P-1	Counterparty 4	1 500 000	156 963	6 000	11 680	19 608	11 961	252	12 841	-	129 487	1 235	151	1 333	351 512	1 148 488
NA	NA	Counterparty 5	-	44 095	-	-	-	-	-	-	-	-	-	-	-	44 095	(44 095)
Aa3	P-1	Counterparty 6	1 500 000	421 427	12 819	29 985	36 627	19 171	252	7 868	-	-	-	-	-	528 149	971 851
		MMF 1	-	505 278	9 786	57 506	52 529	22 866	-	28 892	-	-	-	-	-	676 856	-
		MMF 2	-	584 500	9 321	42 527	68 939	46 292	-	26 755	-	-	-	-	-	778 334	-
		MMF 3	-	227 067	1 215	21 612	33 903	16 026	-	22 324	-	-	-	-	-	322 146	-
		MMF 4	-	106 618	3 139	35 195	44 555	14 568	-	10 465	-	-	-	-	-	214 540	-
		MMF 5	-	10 246	-	-	-	-	-	-	-	-	-	-	-	10 246	-
		CPD	-	283 209	7 740	267 990	342 756	174 599	-	152 049	-	30 427	-	-	-	3 258 770	-
			7 500 000	**5 342 10**	**82 222**	**550 768**	**690 004**	**354 408**	**972**	**307 736**	**13 627**	**655 566**	**4 728**	**555**	**5 498**	**8 008 186**	**4 752 706**

** Investments with the CPD cannot exceed 50% of available investment funds at any point
** This investment or counterparty is subject to a maximum of 50% of the project funds

Note 1: .
R59m invested on VRS is subject to impairment and categorised as Stage 3. All other investments are not subject to impairment. Refer to note 11.4 for the reconciliation of movement on the provision for impairment.

Notes to the Interim Financial Statements

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

2023

Investments Moody's Ratings: Long term	Short term	Counterparty	Credit limit R'000	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	KWSAP R'000	TCTA-C R'000	MCWAP-2 R'000	BRVAS R'000	UMWP R'000	MRWP Investments R'000	Total utilisation R'000	Available R'000
Aa1	P-1	Counterparty 1	1 500 000	465 991	19 827	37 641	66 463	309 097	28 525	6 751	182 895	1 308	165	1 447	1 120 110	389 890
Aa1	P-1	Counterparty 2	1 500 000	415 304	8 107	12 587	39 114	8 450	16 545	-	166 258	1 164	135	1 383	669 045	830 955
Aa1	P-1	Counterparty 3	1 500 000	253 859	6 507	10 050	4 789	7 897	4 688	-	140 430	1 020	104	1 332	430 676	1 069 324
Aa1	P-1	Counterparty 4	1 500 000	253 340	5 997	10 264	4 506	7 628	4 829	-	144 639	934	151	1 332	433 620	1 066 380
NA	NA	Counterparty 5	-	58 747	-	-	-	-	-	-	-	-	-	-	58 747	(58 747)
Aa3	P-1	Counterparty 6	1 500 000	485 943	10 799	26 154	42 641	11 313	17 240	-	-	-	-	-	594 089	905 911
		MMF 1	*	763 777	4 760	30 436	37 319	-	17 683	-	-	-	-	-	853 976	-
		MMF 2	*	422 857	6 001	35 355	48 132	113	20 729	-	-	-	-	-	533 186	-
		MMF 3	*	319 799	9 623	43 217	54 696	125	27 292	-	-	-	-	-	454 751	-
		MMF 4	*	219 999	3 009	19 320	60 413	-	10 034	-	-	-	-	-	312 775	-
		CPD	**	3 253 206	6 123	214 543	340 162	99	141 278	-	-	-	-	-	3 955 411	-
			7 500 000	**6 912 822**	**80 753**	**439 567**	**698 235**	**344 722**	**288 843**	**6 751**	**634 222**	**4 426**	**555**	**5 494**	**9 416 386**	**4 203 713**

'The table shows investments with 6 Counterparties, 4 money market funds(MMFs) and the Corporation for Public Deposits (CPD). The maximum approved limit for investment with any one of the above counteparties is R 1 500 million.

TCTA had call investments with counterparties and money market investments with the MMFs.

Investments to each counterpartiy or MMF is spread across all projects. The available amount shows the difference between amount invested and approved counterparty limit.

* Investments with the 4 MMFs put together cannot exceed 30% of the amount available for investment at any point

** Investments with the CPD cannot exceed 50% of available investment funds at any point.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

7.2.3. Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to change in market prices. Market risk reflects currency risk, interest rate risk, and other price risks.

TCTA's activities expose it primarily to the financial risks of changes in interest rates. There is no foreign currency denominated borrowings.

All projects do not have any foreign currency exposures.

Interest rate risk

Interest rate risk is the risk of financial loss arising from adverse fluctuations in market interest rates. This is the risk that adverse changes in interest rates will cause a reduction in net income caused by increased cost from financial liabilities including repricing of TCTA's floating debt obligations and the short-term rollover of maturing debt.

TCTA manages interest rate risk by fixing a portion of its debt depending on market conditions. The Finance Committee approved an optimal capital structure where a minimum of 70% debt is fixed for all projects post construction. Currently most of the projects are above the approved capital structure.

TCTA does not have any derivatives hedging interest rate risk, instead attainment of the optimal capital structure and the proactive interest rate risk management strategies are applied.

VRS

Fixed vs. variable rate loans

The following table details the interest rate exposure for VRS.

The optimal capital structure based on the sensitivity simulation is 70% fixed (2023:70%) and 30% floating (2023:30%). This ensures limited fluctuation of the cumulative debt curve.

The ratio of fixed to floating debt as at 30 September 2023 was 0% (2023: 0%) fixed and 100% (2023: 100%) floating.

The proportional interest-rate exposures on total outstanding debt of the project can be summarised as follows:

2024	Borrowings at fixed rates	Borrowings at variable rates	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Borrowings	-	8 255 610	-	100 %
Tariff receivable	-	5 016 787	-	100 %
AMD Receivable	-	1 950 887	-	100 %
Financial Market investment	-	8 495	-	100 %
Cash and Cash equivalents	-	5 299 331	-	100 %

2023	Borrowings at fixed rates	Borrowings at variable rates	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Borrowings	-	8 682 683	-	100 %
Tariff receivable	-	4 837 866	-	100 %
AMD Receivable	-	1 880 607	-	100 %
Financial Market investment	-	23 032	-	100 %
Cash and Cash equivalents	-	6 854 624	-	100 %

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on VRS's financial instruments held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus / (deficit)	2024 R'000	2023 R'000
Financial liabilities		
Change in interest rates of -100bps	21 408	91 361
Change in interest rates of +100bps	(21 408)	(91 361)
Change in interest rates of -200bps	42 816	182 722
Change in interest rates of +200bps	(42 816)	(182 722)
Financial assets		
Change in interest rates of -100bps	(31 396)	(70 605)
Change in interest rates of +100bps	31 498	71 057
Change in interest rates of -200bps	(62 691)	(140 761)
Change in interest rates of +200bps	63 098	142 569

The table above excludes the Tariff receivable.

Currently TCTA does not have any derivatives hedging interest rate risk. Interest rate risk is managed through achievement of optimal capital structure, and continuous monitoring of short-, medium- and long-term interest rates' exposures.

A change in interest rates will not have an impact on equity (2023: no impact).

BWP

Fixed vs. variable rate loans

The ratio of fixed to floating debt as at 30 September 2023 was 100% (2023: 100%) fixed and 0% (2023: 0%) floating.

2024	Borrowings at fixed rates	Borrowings at variable rates	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Borrowings	177 330	-	100 %	- %
Tariff receivable	-	171 463	-	100 %
Cash and Cash equivalents	-	82 340	-	100 %

2023	Borrowings at fixed rates	Borrowings at variable rates	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Borrowings	205 995	-	100 %	- %
Tariff receivable	-	194 919	-	100 %
Cash and cash equivalents	-	80 852	-	100 %

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on BWP's financial instruments held at the reporting date. All other variables are held constant.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Sensitivity analysis: Impact on surplus / (deficit)	**2024 R'000**	**2023 R'000**
Financial liabilities		
Financial assets		
Change in interest rates of -100bps	(487)	(991)
Change in interest rates of +100bps	487	995
Change in interest rates of -200bps	(972)	(1 978)
Change in interest rates of +200bps	976	1 995

The table above excludes the Tariff receivable.

(1) Where the numbers are reflected as zero, the movements are less than R500.

A change in interest rates will not have an impact on equity (2023: no impact).

VRESAP

Fixed vs. variable rate loans

The ratio of fixed to floating debt as at 30 September 2023 was 57% (2023: 62%) fixed and 43% (2023: 38%) floating.

2024	**Borrowings at fixed rates**	**Borrowings at variable rates**	**Fixed rate borrowings as % of total debt book**	**Variable rate borrowings as % of total debt book**
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Borrowings	1 470 000	1 100 022	57 %	43 %
Tariff receivable	-	2 706 885	-	100 %
Cash and cash equivalents	-	550 940	-	100 %

2023	**Borrowings at fixed rates**	**Borrowings at variable rates**	**Fixed rate borrowings as % of total debt book**	**Variable rate borrowings as % of total debt book**
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Borrowings	1 529 847	1 167 164	57 %	43 %
	-	2 827 170	-	100 %
Cash and cash equivalents	-	439 677	-	100 %

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on VRESAP's financial instruments held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus / (deficit)	**2024 R'000**	**2023 R'000**
Financial liabilities		
Change in interest rates of -100bps	4 610	10 903
Change in interest rates of +100bps	(4 609)	(10 944)
Change in interest rates of -200bps	9 220	21 859
Change in interest rates of +200bps	(9 218)	(21 834)
Financial assets		
Change in interest rates of -100bps	(2 532)	(3 460)
Change in interest rates of +100bps	2 540	3 478
Change in interest rates of -200bps	(5 057)	(6 903)
Change in interest rates of +200bps	5 088	6 975

The table above excludes the Tariff receivable.

A change in interest rates will not have an impact on equity (2023: no impact).

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

MCWAP-1

Fixed vs. variable rate loans

The ratio of fixed to floating debt as at 30 September 2023 was 28% (2023: 100%) fixed and 72% (2023: 0%) floating.

2024	**Borrowings at fixed rates**	**Borrowings at variable rates**	**Fixed rate borrowings as % of total debt book**	**Variable rate borrowings as % of total debt book**
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Borrowings	235 801	602 945	28 %	72 %
Tariff receivable	-	348 378	-	100 %
Cash and cash equivalents	-	690 167	-	100 %

2023	**Borrowings at fixed rates**	**Borrowings at variable rates**	**Fixed rate borrowings as % of total debt book**	**Variable rate borrowings as % of total debt book**
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Borrowings	243 993	615 699	28 %	72 %
Tariff receivable	-	347 485	-	100 %
Cash and cash equivalents	-	698 331	-	100 %

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on MCWAP's financial instruments held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus / (deficit)	**2024 R'000**	**2023 R'000**
Financial liabilities		
Change in interest rates of -100bps	2 577	2 563
Change in interest rates of +100bps	(2 577)	(2 563)
Change in interest rates of -200bps	5 155	5 125
Change in interest rates of +200bps	(5 155)	(5 125)
Financial assets		
Change in interest rates of -100bps	(3 456)	(7 763)
Change in interest rates of +100bps	3 468	7 825
Change in interest rates of -200bps	(6 901)	15 465
Change in interest rates of +200bps	6 946	15 711

The table above excludes the Tariff receivable.

A change in interest rates will not have an impact on equity (2023: no impact).

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

MMTS-2

Fixed vs. variable rate loans

The ratio of fixed to floating debt as at 30 September 2023 was 0% (2023: 40%) fixed and 0% (2023: 60%) floating.

2024	**Borrowings at fixed rates**	**Borrowings at variable rates**	**Fixed rate borrowings as % of total debt book**	**Variable rate borrowings as % of total debt book**
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Cash and cash equivalents	-	354 524	- %	100 %

2023	**Borrowings at fixed rates**	**Borrowings at variable rates**	**Fixed rate borrowings as % of total debt book**	**Variable rate borrowings as % of total debt book**
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Cash and cash equivalents	-	344 925	- %	100 %

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on MMTS's financial instruments held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus / (deficit)	**2024 R'000**	**2023 R'000**
Financial liabilities		
Change in interest rates of -100bps	-	2 449
Change in interest rates of +100bps	-	(2 449)
Change in interest rates of -200bps	-	4 899
Change in interest rates of +200bps	-	(4 899)
Financial assets		
Change in interest rates of -100bps	(1 668)	(6 389)
Change in interest rates of +100bps	1 673	6 389
Change in interest rates of -200bps	(3 332)	(12 778)
Change in interest rates of +200bps	3 351	12 778

The table above excludes the Tariff receivable.

A change in interest rates will not have an impact on equity (2023: no impact).

KWSAP

Fixed vs. variable rate loans

The following table details the interest rate exposure for KWSAP.

There ratio of fixed to floating debt as at 30 September 2023 was 24% (2023: 75%) fixed and 76% (2023: 25%) floating.

2024	**Borrowings at fixed rates**	**Borrowings at variable rates**	**Fixed rate borrowings as % of total debt book**	**Variable rate borrowings as % of total debt book**
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Borrowings	216 897	697 448	24 %	76 %
Tariff receivable	-	644 559	-	100 %
Cash and cash equivalents	-	307 823	-	100 %

Notes to the Interim Financial Statements

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

2023	Borrowings at fixed rates	Borrowings at variable rates	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Borrowings	228 622	710 348	24 %	76 %
Tariff receivable	-	673 520	-	100 %
Cash and cash equivalents	-	288 943	-	100 %

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on KWSAP's financial instruments held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus / (deficit)	2024 R'000	2023 R'000
Financial liabilities		
Change in interest rates of -100bps	1 771	6 862
Change in interest rates of +100bps	(1 771)	(6 862)
Change in interest rates of -200bps	3 542	13 742
Change in interest rates of +200bps	(3 542)	(13 742)
Financial assets		
Change in interest rates of -100bps	(1 581)	(8 885)
Change in interest rates of +100bps	1 586	8 906
Change in interest rates of -200bps	(3 157)	-17750
Change in interest rates of +200bps	3 176	17834

The table above excludes the Tariff receivable.

(1) Where the numbers are reflected as zero, the movements are less than R500.

A change in interest rates will not have an impact on equity (2023: no impact).

MMTS-1, UMGENI and KRIEL

These projects do not carry interest rate risk as they are being funded from the fiscus.

ORWRDP

Fixed vs. variable rate loans

There are no borrowings in this project for the current and 2021 financial year as this project is funded from the fiscus.

2024	Borrowings at fixed rates	Borrowings at variable rates	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Cash and cash equivalents	-	1 162	- %	100 %

2023	Borrowings at fixed rates	Borrowings at variable rates	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Cash and cash equivalents	-	203	- %	100 %

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2019: +/- 100bps) and +200bps and -200bps (2019: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on ORWRDP's financial instruments held at the reporting date. All other variables are held constant.

The results of the sensitivity analysis are less than R500 000

Financial liabilities
Financial assets

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Change in interest rates of -100bps	(8)	(175)
Change in interest rates of +100bps	8	175
Change in interest rates of -200bps	(16)	(349)
Change in interest rates of +200bps	16	349

The movements in the table above are less than R500 and therefore reflected as zero.

MCWAP-2

Fixed vs. variable rate loans

There are no borrowings in this project for the current financial year

2024	Borrowings at fixed rates	Borrowings at variable rates	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Cash and cash equivalents	-	655 638	- %	100 %

2023	Borrowings at fixed rates	Borrowings at variable rates	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Cash and cash equivalents	-	634 327	- %	100 %

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on MCWAP-2's financial instruments held at the reporting date. All other variables are held constant.

7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Sensitivity analysis: Impact on surplus / (deficit)	2024 R'000	2023 R'000
Financial assets		
Change in interest rates of -100bps	(3 065)	(4 384)
Change in interest rates of +100bps	3 065	4 384
Change in interest rates of -200bps	(6 129)	(8 768)
Change in interest rates of +200bps	6 129	8 768

The table above excludes the Tariff receivable.

(1) Where the numbers are reflected as zero, the movements are less than R500.

A change in interest rates will not have an impact on equity (2023: no impact).

BRVAS

Fixed vs. variable rate loans

There are no borrowings in this project for the current financial year .

2024	Borrowings at fixed rates	Borrowings at variable rates	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Cash and cash equivalents	-	4 849	- %	100 %

2023	Borrowings at fixed rates	Borrowings at variable rates	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Cash and cash equivalents	-	4 526	- %	100 %

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on BRVAS's financial instruments held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus / (deficit)	2024 R'000	2023 R'000
Financial assets		
Change in interest rates of -100bps	(22)	(116)
Change in interest rates of +100bps	22	116
Change in interest rates of -200bps	(44)	(232)
Change in interest rates of +200bps	44	232

The table above excludes the Tariff receivable.

(1) Where the numbers are reflected as zero, the movements are less than R500.

A change in interest rates will not have an impact on equity (2023: no impact).

UMWP

Fixed vs. variable rate loans

There are no borrowings in this project for the current financial year.

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7. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

2024	Borrowings at fixed rates	Borrowings at variable rates	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Cash and cash equivalents	-	633	- %	100 %

2023	Borrowings at fixed rates	Borrowings at variable rates	Fixed rate borrowings as % of total debt book	Variable rate borrowings as % of total debt book
Interest -rate exposure on borrowings	**R'000**	**R'000**		
Cash and cash equivalents	-	644	- %	100 %

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (31 March 2023: +/- 100bps) and +200bps and -200bps (31 March 2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on uMWP's financial instruments held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus / (deficit)	2024 R'000	2023 R'000
Financial liabilities		
Financial assets		
Change in interest rates of -100bps	(3)	(47)
Change in interest rates of +100bps	3	47
Change in interest rates of -200bps	(6)	(95)
Change in interest rates of +200bps	6	95

The table above excludes the Tariff receivable.

(1) Where the numbers are reflected as zero, the movements are less than R500. A change

in interest rates will not have an impact on equity (31 March 2023: no impact).

8. PROPERTY, PLANT AND EQUIPMENT

Summary of property, plant and equipment

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Furniture and fixtures	2 308	(2 205)	103	2 308	(2 120)	188
Computer equipment	13 942	(7 198)	6 744	11 872	(4 728)	7 144
Networking equipment	1 900	(954)	946	1 900	(481)	1 419
Office equipment	3 842	(3 018)	824	3 842	(2 520)	1 322
Motor vehicles	1 603	(1 603)	-	1 603	(1 558)	45
Video Conferencing	2 234	(1 205)	1 029	2 234	(691)	1 543
Leasehold improvements	12 649	(2 275)	10 374	12 649	(1 014)	11 635
Total	**38 478**	**(18 458)**	**20 020**	**36 408**	**(13 112)**	**23 296**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Depreciation	Total

Notes to the Interim Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	R'000	R'000	R'000	R'000
Furniture and fixtures	188	-	(85)	103
Computer equipment	7 144	2 070	(2 470)	6 744
Networking equipment	1 419	-	(473)	946
Office equipment	1 322	-	(498)	824
Motor vehicles	45	-	(45)	-
Video conferencing	1 543	-	(514)	1 029
Leasehold improvements	11 635	-	(1 261)	10 374
	23 296	**2 070**	**(5 346)**	**20 020**

Reconciliation of property, plant and equipment - 2023

	Opening balance R'000	**Additions** R'000	**Disposals** R'000	**Depreciation** R'000	**Total** R'000
Furniture and fixtures	663	-	(116)	(359)	188
Computer equipment	445	7 476	-	(777)	7 144
Networking equipment	-	1 890	-	(471)	1 419
Office equipment	128	1 638	-	(444)	1 322
Motor vehicles	338	-	-	(293)	45
Video conferencing	-	2 054	-	(511)	1 543
Leasehold improvements	-	12 649	-	(1 014)	11 635
	1 574	**25 707**	**(116)**	**(3 869)**	**23 296**

9. RIGHT OF USE OF ASSETS

The company leases the office building. The lease term is 5 years.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

Category	2024 R'000	2023 R'000
Buildings	19 152	21 497
Total	**19 152**	**21 497**

2024 Reconciliation of right-of-use asset	Opening balance R'000	Deprecia ion R'000	Total R'000
Buildings	21 497	(2 345)	19 152
	21 497	**(2 345)**	**19 152**

2023 Reconciliation of right-of-use asset	Opening balance R'000	Additions R'000	Deprecia ion R'000	Total R'000
Buildings	-	23 451	(1 954)	21 497
	-	**23 451**	**(1 954)**	**21 497**

Notes to the Annual Financial Statements

10. INTANGIBLE ASSETS

	2024			2023		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Computer software	21 172	(21 166)	6	21 172	(21 149)	23
Total	**21 172**	**(21 166)**	**6**	**21 172**	**(21 149)**	**23**

Reconciliation of intangible assets - 2024

	Opening balance R'000	Amortisation R'000	Total R'000
	23	-	23
Computer software, other	23	(17)	6
	23	**(17)**	**6**

Reconciliation of intangible assets - 2023

	Opening balance R'000	Amortisation R'000	Total R'000
Computer software, other	62	(39)	23
	62	**(39)**	**23**

11. FINANCIAL INSTRUMENTS

11.1. Financial assets

Balance as per the Statement of Financial Position at 30 September 2023.:

	Note	2024 R'000	2023 R'000
Financial assets measured at amortised cost			
Non-current financial assets			
Tariff receivable	11.2	8 403 376	8 338 735
AMD receivable		1 618 711	1 569 967
Financial market investments	11.8	8 495	23 032
Current financial assets			
Tariff receivable	11.2	484 695	542 225
AMD Receivables		332 176	310 640
Trade and other receivables		58 940	76 451
Cash and cash equivalents		7 966 787	9 359 231
Total financial assets		**18 873 180**	**20 220 281**
Current/Non-current financial assets		**18 873 180**	**20 220 281**
Non-current		10 030 582	9 931 734
Current		8 842 598	10 288 547

11. FINANCIAL INSTRUMENTS (continued)

11.2. Tariff receivables

	2024			2023		
Project	**Non-Current R'000**	**Current R'000**	**Total R'000**	**Non-Current R'000**	**Current R'000**	**Total R'000**
VRS	4 858 477	158 309	5 016 786	4 679 557	158 309	4 837 866
BWP	140 381	31 082	171 463	145 705	49 214	194 919
VRESAP	2 537 356	169 529	2 706 885	2 617 230	209 940	2 827 170
MCWAP-1	315 300	33 078	348 378	320 581	26 904	347 485
KWSAP	551 862	92 697	644 559	575 662	97 858	693 520
Total	**8 403 376**	**484 695**	**8 888 071**	**8 338 735**	**542 225**	**8 900 960**

11.2.1. Reconciliation of movements in the tariff receivable

The tariff receivable arises as the contra to the construction revenue earned in each project, and is measured at amortised cost using the effective interest method.

The interest earned on the tariff receivable to compensate for the time value of money, is disclosed as “Finance income” on the Statement of Comprehensive Income and details provided in note 19.1

2024	**Opening balance 1 April 2023**	**Construction revenue earned**	**Cost related payment reimbursem ent**	**Revenue from services rendered and other income**	**Tariffs or transfers received from DWS**	**Interest income earned on the tariff receivable**	**VAT on debtors**	**Closing balance 31 March 2024**
Project	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
VRS	4 837 866	-	3 670 921	271 637	(3 865 053)	101 415	-	5 016 786
BWP	194 919	-	-	3 321	(35 447)	8 670	-	171 463
VRESAP	2 827 170	-	-	9 002	(300 000)	170 713	-	2 706 885
MCWAP-1	347 485	-	-	5 008	(32 119)	28 004	-	348 378
KWSAP	673 520	-	-	3 414	(79 027)	46 652	-	644 559
	8 880 960	**-**	**3 670 921**	**292 382**	**(4 311 646)**	**355 454**	**-**	**8 888 071**

2023	**Opening balance**	**Constructio n revenue earned**	**Cost related payment reimbur-sement**	**Revenue from services rendered and other income**	**Tariffs or transfers received from DWS**	**Interest income earned on the tariff receivable**	**Net VAT on debtors**	**Closing Balance 31 March**
Project	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
VRS	4 928 368	449	6 187 319	309 942	(7 716 234)	1 221 792	(93 770)	4 837 866
BWP	278 829	115	-	8 426	(104 782)	12 331	-	194 919
VRESAP	3 137 880	-	-	12 574	(611 358)	287 806	268	2 827 170
MCWAP-1	370 511	-	-	12 445	(100 113)	64 642	-	347 485
KWSAP	829 015	-	-	8 230	(264 720)	98 778	2 217	673 520
	9 544 603	**564**	**6 187 319**	**351 617**	**(8 797 207)**	**1 685 349**	**(91 285)**	**8 880 960**

11. FINANCIAL INSTRUMENTS (continued)

11.3. AMD Receivable

Two-thirds of the costs incurred on the AMD short-term intervention is recoverable from the fiscus. The repayment terms agreed with DWS per the implementation agreement is for the period 31 May 2023 to 31 March 2032.

	2024 R'000	2023 R'000
Non-current	1 618 711	1 569 967
Current	332 176	310 640
Total	**1 950 887**	**1 880 607**

11.3.1. Reconciliation of movements in the AMD receivable

	2024 R'000	2023 R'000
Opening balance	1 880 607	1 870 050
Current year costs		25 873
Interest income	70 280	133 791
VAT on debtors		29 932
Payments received		(179 039)
Closing balance	**1 950 887**	**1 880 607**

11.4. Financial market investments

The financial market investments comprise of investment made in Landbank.

Notes to the Interim Financial Statements

11. FINANCIAL INSTRUMENTS (continued)

	2024		2023	
Financial market investments	**Current R'000**	**Non-current R'000**	**Current R'000**	**Non-current R'000**
VRS	-	8 495	-	23 032
Total	**-**	**8 495**	**-**	**23 032**

VRS
The investment in Landbank has been adjusted for the expected credit loss as reflected below.

Movement of expected credit loss provision on financial market Investments	**2024 R'000**	**2023 R'000**
Balance at beginning of year	36 000	27 000
Net impairment raised/ (reduced)	-	9 000
Balance at end of year	**36 000**	**36 000**

11.5. Trade and other receivables

The trade and other receivables comprises of DWS debtors for the socially funded projects. The balances per project are reflected in the statement of financial position in note 6.4.1.

	2024 R'000	**2023 R'000**
Trade and other receivables	58 940	76 451

Notes to the Interim Financial Statements

11. FINANCIAL INSTRUMENTS (continued)

11.6. Borrowings

Financial liabilities measured at amortised cost	**Notes**	**2024 R'000**	**2023 R'000**
Non-current financial liabilities			
Borrowings	11.6	11 296 437	12 049 387
Fixed rate loans		1 735 342	1 856 821
Variable rate loans		9 100 310	9 743 898
CPI loans		460 785	448 668
Current financial liabilities			
Borrowings	11.6	1 459 608	1 334 955
Fixed rate loans		364 688	351 638
Variable rate loans		1 071 528	959 926
CPI rate loans		23 392	23 392
Refund liability	11.7	173 575	173 754
Contract liability	11.8	596 245	592 298
Trade and other payables	11.9	323 977	1 142 308
Total financial liabilities		13 849 842	15 292 702
Non-current/current financial liabilities		13 849 842	15 292 702
Non-current		11 296 437	12 049 387
Current		2 553 405	3 243 315

11.6.1Average interest rate and maturity profile per project
Borrowings per project are reflected in note

Average interest per project	**2024 %**	**2023 %**
VRS		
Loans bear effective interest at rates ranging from	*9,62 to 10,56	*9,62 to 10,56
Project weighted average rate including Capital Market and Commercial Paper	8,54	8,54

The project funded at a weighted average rate of:	**2024 %**	**2023 %**
BWP	8,58	8.5
VRESAP	10,22	9,82
MCWAP-1	10,28	9.58
MMTS-2	-	-
KWSAP	10,90	9.85

ORWRDP, MRWP, UMWP and MCWAP2 are funded from the fiscus and the weighted average cost of capital is therefore not applicable.

11. FINANCIAL INSTRUMENTS (continued)

Average maturity profile

Project	2024	2023
VRS	March 2026 -July 2036	March 2026 - July 2036
BWP	September 2024 - March 2029	September 2024 - March 2029
VRESAP	October 2023 - March 2028	June 2027 - July 2029
MCWAP-1	September 2033 - October 2033	September 2033 - October 2033
KWSAP	December 2032 - June 2033	December 2032 - June 2033

Refer to note 7 for financial risk management analysisfor the financial liabilities per project.

11.7. Refund liability

The refund liability is as a result of an overpayment received from DWS on the MMTS-2 project. The amounts receivable from DWS in relation to the work performed by TCTA on their behalf was settled, and this over-payment will be refunded to DWS following the completion of TCTA's internal processes.

Overpayment received from DWS	2024 R'000	2023 R'000
Opening balance	173 754	179 147
Amount received during the year	-	
Amount utilised during the year	(179)	(5 393)
Balance at the end of the year	**173 575**	**173 754**

11.8. Contract liability

Summary of contract liabilities

	2024 R'000	2023 R'000
Contract liability	596 245	592 298
	596 245	**592 298**

Reconciliation of contract liabilities

	2024 R'000	2023 R'000
Opening balance	592 298	408 142
Revenue recognised on delivery of goods/services previously paid for	(84 837)	(109 071)
Contract revenue earned	(84 837)	(98 429)
Finance income earned	-	(10 642)
Payments received in advance of delivery of performance obligations	88 784	293 227
	596 245	**592 298**

Contract liabilities relating to working capital advances represent balances which are due to DWS as a result of payments made to TCTA to enable TCTA to construct infrastructure on behalf of DWS for those projects which are completely socially funded and for those which have a combination of commercial and social funding. These will also arise if a particular payment received from DWS for costs incurred to date, exceeds the revenue recognised to date under the cost-to-cost method.

11. FINANCIAL INSTRUMENTS (continued)

11.9. Trade and other payables

2024

	Interest payable	Trade Creditors	Loan Account: LHWP	Non-contractual amounts	Other Creditors	Total before inter-project elimanatins	Inter-project elimination	Balance per project
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
VRS	68 665	130 962	-	684	1 262	201 573	-	201 573
BWP	5 522	-	1 074	1 778	-	8 374	(1 074)	7 300
VRESAP	68 495	1 050	2 691	14 446	15	86 697	(2 691)	84 006
MCWAP-1	10 494	2 456	1 599	-	-	14 549	(1 599)	12 950
MMTS-2	-	-	91	-	20 460	20 551	(91)	20 460
ORWRDP	-	-	-	-	4 069	4 069	-	4 069
KWSAP	1 078	213	7 036	6 337	-	14 664	(7 036)	7 628
KRIEL	-	-	2 456	-	-	2 456	(2 456)	-
MRWP	-	(8)	19 265	(3 743)	-	15 514	(19 265)	(3 751)
TCTA-C	-	2	9 931	-	-	9 933	(9 931)	2
MCWAP-2	-	2 158	7 959	(2 630)	-	7 487	(7 959)	(472)
BRVAS	-	10	14 504	(5 227)	(10)	9 277	14 504	(5 227)
UMWP	-	3	28 177	(4 564)	-	23 616	(28 177)	(4 561)
Balance at end of year	**154 254**	**136 846**	**94 783**	**7 081**	**25 796**	**418 760**	**(94 783)**	**323 977**

2023

	Interest payables	Trade creditors	Loan Account: LHWP	Non-contractual amount	Other creditors	Total before inter-project eliminatios	Inter-project elimination	Balance per project
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
VRS	64 227	891 699	-	101 604	4 858	1 062 388	-	1 062 388
BWP	306	-	2 221	2 748	-	5 275	(2 221)	3 054
VRESAP	27 328	381	3 410	7 852	647	39 618	(3 410)	36 208
MCWAP-1	9 390	1 204	3 322	(1 211)	-	12 705	(3 322)	9 383
MMTS-2	-	-	4 412	-	20 460	24 872	(4 412)	20 460
ORWRDP	-	455	35 208	(188)	4 069	39 544	(35 208)	4 336
KWSAP	969	-	8 190	2 857	162	12 178	(8 190)	3 988
KRIEL	-	-	2 456	-	-	2 456	(2 456)	-
MRWP	-	15	15 118	(3)	-	15 130	(15 118)	12
TCTA-C	-	-	3 403	-	-	3 403	(3 403)	-
MCWAP-2	-	2 621	13 204	-	-	15 825	(13 204)	2 621
BRVAS	-	10	4 398	(148)	(10)	4 250	(4 398)	(148)
UMWP	-	8	11 037	(2)	-	11 043	(11 037)	6
Balance at end of year	**102 220**	**896 393**	**106 379**	**113 509**	**30 186**	**1 248 687**	**(106 379)**	**1 142 308**

12. PREPAYMENTS

Prepaid expenditure includes advance payments made to contractors, annual insurance and treasury related license fees. The advance payments are recouped from future payment certificates. Other prepaid expenditure is amortised to the statement of comprehensive income in the periods that the expenses are incurred.

Project	2024 R'000	2023 R'000
VRS	42 202	43 620
MMTS-2	635	635
MCWAP-2	-	444
ORWRDP	1 016	1 016
Balance at end of year	**43 853**	**45 715**

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash at banks and cash on hand. Cash and cash equivalents also includes highly liquid investments that are readily available, generally on a “same day” basis. TCTA prioritises liquidity across all its projects, as such, most investments are allocated to Call and Money Market Funds. TCTA’s cash management practice is to maintain a minimum amount of cash on hand. Refer to 6.4.1 for the cash and cash equivalents per project.TCTA prioritises liquidity across all it’s projects, as such, most investments are allocated to Call and Money Market Funds.

14. LEASE LIABILITIES

Minimum lease payments due	2024 R'000	2023 R'000
- within one year	5 662	8 701
- in second to fifth year inclusive	20 202	36 461
	25 864	45 162
less: future finance charges	(5 405)	(10 996)
Present value of minimum lease payments	**20 459**	**34 166**
Present value of minimum lease payments due		
- within one year	3 495	4 854
- in second to fifth year inclusive	16 964	29 312
	20 459	**34 166**

As at 31 March 2024 TCTA is committed to R25 864 (2023; R45 162) for the lease. This differs from the portfolio of leases for which an expense was recognised in the current financial period. The lease term is 5 years and the average effective borrowing rate was 12.06%. Interest rate is fixed at commencement dates

15. SHORT-TERM EMPLOYEE BENEFITS

The following amounts have been accrued for in the current financial year and are based on best available estimates and have an element of uncertainty.

Current	2024 R'000	2023 R'000
Leave pay	16 980	14 790
Incentives	22 361	22 361
	39 341	**37 151**

15. SHORT-TERM EMPLOYEE BENEFITS (continued)

Reconciliation of short-term employee benefits - 2024

	Opening balance	Additions	Utilised during the year	Total
Leave pay	14 790	2 190	-	16 980
Incentives	22 361	-	-	22 361
	37 151	**2 190**	**-**	**39 341**

Reconciliation of short-term employee benefits - 2023

	Opening balance	Additions	Utilised during the year	Total
Leave pay	14 583	22 143	(21 936)	14 790
Incentives	-	22 361	-	22 361
	14 583	**44 504**	**(21 936)**	**37 151**

Leave pay

In terms of TCTA's policy, employees are entitled to accumulate annual leave not taken to a maximum of 40 working days. Accumulated annual leave exceeding the maximum of 40 working days is forfeited six months after the employee's leave cycle.

Incentives

Performance rewards and incentives refer to the variable portion of pay and are an element of the overall TCTA Total Rewards Strategy. The Board approved TCTA Short-term Rewards and Incentive (STRI) Policy sets the framework, principles, and methodology for the payment of performance rewards and incentives. These are payable annually (financial year), based on the performance management process outcome at organizational, divisional and individual levels, and under the discretion of the Board. The mentioned policy also prescribes how the provision of funds is to be determined.

16. REVENUE

Revenue from contracts with customers	2024 R'000	2023 R'000
Construction contracts	110 690	137 961

Disaggregation of revenue from contracts with customers

A earns revenue through contracts with DWS as the main customer. Refer to note 6.4.2 for the revenue per project. TCTA disaggregates revenue from customers as follows:

Construction contracts

2024 Project	Engineering R'000	Overheads R'000	Construction R'000	Total Revenue from customers R'000
MCWAP-2	3 660	21 736	59 441	84 837
BRVAS	1 447	8 238	-	9 685
UMWP	2 419	13 749	-	16 168
	7 526	**43 723**	**59 441**	**110 690**

2023 Project	Engineering R'000	Overheads R'000	Construction R'000	Total Revenue from customers R'000
VRS	-	-	1 348	1 348
BWP	-	-	115	115
ORWRDP	-	-	20 779	20 779
MCWAP-2	5 966	38 907	35 336	80 209

16. REVENUE (continued)

BRVAS	1 942	13 045	1 509	16 496
UMWP	2 436	16 578	-	19 014
	10 344	**68 530**	**59 087**	**137 961**

Revenue from services rendered

2024 **Project**	**VRS operations and main-tenance R'000**	**Debt manage-ment services R'000**	**Total revenue from customers R'000**
VRS	152 532	5 444	157 976
BWP	-	205	205
VRESAP	-	490	490
MCWAP-1	-	2	2
MMTS-2	-	1	1
KWSAP	-	379	379
MRWP	-	195	195
Total revenue from services rendered	**152 532**	**6 716**	**159 248**

2023 **Project**	**VRS operations and main-tenance R'000**	**Debt manage-ment services R'000**	**Total revenue from customers R'000**
VRS	247 877	11 110	258 987
BWP	-	1 152	1 152
VRESAP	-	1 321	1 321
MCWAP-1	-	775	775
MMTS-2	-	2 549	2 549
KWSAP	-	1 130	1 130
ORWRDP	-	724	724
MRWP	-	362	362
	247 877	**19 123**	**267 000**

Performance obligations

A performance obligation is a promise to provide a distinct good or service or a series of distinct goods or services. TCTA is charged with financing and implementing bulk raw water infrastructure projects. These infrastructure projects are accounted for in terms of IFRS 15: Revenue from Contracts with Customers and deal with the construction of a single asset such as a dam or pipeline. In some instances, they deal with several assets that are closely interrelated or interdependent in terms of their design, technology and function or ultimate purpose or use. TCTA applies IFRS 15: Revenue from Contracts with Customers separately for each construction contract as required in the directive from the Minister of Water and Sanitation. TCTA's performance obligations per contract can be summarised as follows:

• provide project financing expertise in order to secure funding for the project (only applicable to off-budget projects); and

• implementing the construction of the assets to be delivered to DWS.

Unsatisfied contracts

2024 **Project**	**< one year R'000**	**> one year R'000**
VRS	5 006 073	127 113 022
BWP	16 293	65 022
VRESAP	16 334	82 970
MCWAP-1	17 862	87 239
MMTS-2	9	-
KWSAP	11 161	116 174
	5 067 732	**127 464 427**

2023 **Project**	**< one year R'000**	**> one year R'000**

16. REVENUE (continued)

VRS	6 666 230	129 849 042
BWP	12 804	74 907
VRESAP	15 788	90 940
MCWAP-1	17 201	95 973
MMTS-2	61 480	17 258
KWSAP	10 405	121 629
	6 783 908	**130 249 749**

17. CONTRACT COSTS

Contract costs comprise construction costs, cost for services rendered and other operating costs. As TCTA is on a cost recovery basis, the contract costs form the basis of the contract revenue recognised. Please refer to note 15 for the breakdown of contract revenue which reflects the reciprocal of the contract costs. Additional disclosure is provided for other operating expenses which has not been provided in note 15.

17.1. Operating expenses

Other operating expenses includes all TCTA overhead costs not separately disclosed. These costs are allocated to each project by aggregating the expected time to be spent on each project to determine the recovery percentage per project, which is applied to the expenses. During construction this recovery is included in the construction costs. Post construction these costs are recognised as operating expenditure.

17.1.1. Breakdown of staff costs disclosed as operating expenses as well as costs included in construction costs.

During the construction phase, all staff related costs are included in the construction costs for each individual project. The total staff cost for the year is reflected below:

Staff cost	**2024**				**2023**			
	Costs included in operating expenses	**Cost included in constructi on cost**	**Cost included in services rendered**	**Total staff costs**	**Costs included in operating expenses**	**Cost included in constructi on cost**	**Cost included in services rendered**	**Total staff costs**
Project	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
VRS	90 200	-	5 307	**95 507**	195 713	-	10 539	**206 252**
BWP	2 321	-	193	**2 514**	5 269	-	357	**5 626**
VRESAP	5 804	-	482	**6 286**	7 904	-	536	**8 440**
MCWAP-1	3 772	-	-	**3 772**	8 440	-	-	**8 440**
MMTS-2	-	-	-	**-**	10 538	-	714	**11 252**
ORWRDP	-	-	-	**-**	10 195	-	714	**10 909**
KWSAP	2 321	-	193	**2 514**	5 269	-	357	**5 626**
MCWAP-2	-	18 858	-	**18 858**	-	33 758	-	**33 758**
MRWP	2 321	-	193	**2 514**	5 269	-	357	**5 626**
BRVAS	-	7 770	-	**7 770**	-	11 617	-	**11 617**
UMWP	-	12 123	-	**12 123**	-	14 149	-	**14 149**
Total	**106 739**	**38 751**	**6 368**	**151 858**	**248 597**	**59 524**	**13 574**	**321 695**

17.1.2. Other operating expenses.

Other operating expenses includes all TCTA overhead costs not separately disclosed.

2024	**2023**

. CONSTRUCTION COST (continued)

	Leases expensed (low value and short term lease)	External auditors	Other expenditure	Leases expensed (low value and short term lease)	External auditors	Other expenditure
Project	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
VRS	2 304	7 842	1 400	5 666	15 441	662
BWP	-	-	795	-	-	2 005
VRESAP	-	-	1 783	-	-	2 787
MCWAP-1	-	-	1 235	-	-	3 230
MMTS-2	-	-	1	-	-	3 710
ORWRDP	-	-	1	-	-	4 004
KWSAP	-	-	714	-	-	1 831
MRWP	-	-	882	-	-	2 153
TCTA-C	-	-	3	-	-	8
	-	-	-	-	-	-
Total	**2 304**	**7 842**	**6 813**	**5 666**	**15 441**	**20 391**

18. OPERATING INCOME

Operating income relates to the recovery of TCTA overhead costs which are necessary for the achievement of services rendered and cost recoveries from the DWS. The other income each year will be recovering the expenses incurred for that project. The detail of other operating income per project is in note 6.4.2.

19. FINANCE INCOME

Finance incomeor the year ended are analysed as follows:

2024	Interest income for financial assets at amortised cost				
	Interest income on financial instruments	Interest income on the tariff and other receivables	Finance income per project	Elimination of inter-project related finance income	Total finance income
	R'000	R'000	R'000	R'000	R'000
VRS	264 842	171 695	436 537	(3 666)	432 871
BWP	3 889	8 670	12 559	-	12 559
VRESAP	19 887	170 713	190 590	-	190 590
MCWAP-1	28 163	28 004	56 167	-	56 167
MMTS-2	14 194	-	14 194	-	14 194
KWSAP	12 957	46 652	59 609	-	59 609
BRVAS	175	-	175	-	175
UMWP	22	-	22	-	22
TCTA-C	346	-	346	-	346
MCWAP-2	24 587	-	24 587	-	24 587
MRWP	216	-	216	-	216
Finance income	**369 268**	**425 734**	**795 002**	**(3 666)**	**791 336**

2023	Interest income for financial assets at amortised cost				
	Interest income on financial instruments	Interest income on the tariff and other receivables	Finance income per project	Elimination of inter-project related finance income	Total finance Income
	R'000	R'000	R'000	R'000	R'000
VRS	424 291	1 355 569	1 779 860	(15 731)	1 764 129
BWP	5 875	12 331	18 206	(12)	18 194
VRESAP	22 511	287 806	310 317	-	310 317
MCWAP-1	45 587	64 642	110 229	(497)	109 732
MMTS-2	36 945	-	36 945	-	36 945
ORWRDP	964	3 721	4 685	-	4 685
KWSAP	19 844	98 778	118 622	-	118 622
TCTA-C	905	-	905	-	905
BRVAS	670	-	670	-	670
UMWP	268	394	662	-	662
MCWAP-2	24 164	10 642	34 806	-	34 806
UMGENI	(3 852)	-	(3 852)	-	(3 852)
MRWP	199	-	199	-	199
Finance income	**578 371**	**1 833 883**	**2 412 254**	**(16 240)**	**2 396 014**

20 FINANCE COST

Finance costs for the year ended are analysed as follows:

2024

	Interest expense for borrowings at amortised cost					
	Other local debt	**Interest on lease liability**	**Total: Interest cost**	**Other Finance costs**	**Elimination of interproject related finance costs**	**Finance cost per project**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
VRS	451 291	1 231	452 522	32 717	-	485 240
BWP	8 774	-	8 774	187	(111)	8 849
VRESAP	119 322	-	119 322	378	(297)	119 404
MCWAP-1	42 729	-	42 729	399	(142)	42 986
MMTS-2	91	-	91	-	(91)	-
ORWRDP	(85)	-	(85)	-	-	(85)
KWSAP	47 219	-	47 219	334	(147)	47 406
MCWAP-2	539	-	539	-	(539)	-
MRWP	918	-	918	-	(918)	-
BRVAS	422	-	422	-	(422)	-
UMWP	999	-	999	-	(999)	-
Finance costs	**672 219**	**1 231**	**673 450**	**34 015**	**(3 666)**	**703 800**

2023

	Interest expense for borrowings at amortised cost					
	Other local debt	**Interest on lease liability**	**Total: Interest Costs**	**Other Finance costs**	**Elimination of interproject related finance costs**	**Finance cost per project**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
VRS	749 598	1 092	750 690	68 492	-	819 182
BWP	22 138	-	22 138	750	(47)	22 841
VRESAP	238 028	-	238 028	34 093	(245)	271 876
MCWAP-1	82 394	-	82 394	800	-	83 194
MMTS-2	27 858	-	27 858	8 598	(67)	36 389
ORWRDP	3 721	-	3 721	-	(3 721)	-
KWSAP	91 957	-	91 957	1 000	(98)	92 860
MCWAP-2	10 642	-	10 642	-	(10 642)	-

. **FINANCE COST (continued)**

UMWP	798	-	798	-	(798)	-
BRVAS	230	-	230	-	(230)	-
UMWP	394	-	394	-	(394)	-
Finance costs	**1 227 758**	**1 092**	**1 228 850**	**113 733**	**(16 242)**	**1 326 342**

Other finance costs amounting to R34 million (2023: R114 million) have been shown separately from interest expenses and disclosed as a separate category within finance costs.

21. CONTINGENCIES

21.1. Contingent Liabilities

In the ordinary course of business, TCTA is involved in various legal actions and claims, including those related to contract awards, and land or land rights expropriation required to execute its directives. Although the outcome of the legal proceedings cannot be predicted with certainty, TCTA discloses all known claims as a result of these events and whose existence may be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of TCTA.

Contingent liabilities had no movement from 31 March 2023 to 30 September 2023.

The litigation matters have been detailed below:

21.1.1. LESOTHO HIGHLANDS WATER PROJECT (“LHWP”)

TCTA was served with a Writ of Execution and Notice of Attachment in execution of incorporeal property or rights in incorporeal property on 17 May 2021 emanating from a dispute between Frazer Solar GMBH ("the Company"), a company incorporated in Germany and the Kingdom of Lesotho ("KOL"). TCTA was not a party to the original proceedings between the Company and KOL. The Writ of Execution and Notice of Attachment make provision for the attachment of the KOL's right to receive payment of royalties from the RSA, through TCTA for water delivered into the RSA. The matter is being opposed by the KOL, the LHDA, TCTA and the Minister of Water and Sanitation. Separately, the KOL applied for a review and set aside of the original contract concluded between it and Frazer, in the Lesotho High Court. The original contract has been set aside by the courts in Lesotho. The existing litigation in South Africa involving TCTA, and the Minister of Water and Sanitation has been suspended until the outcome of the Rescission Application between KOL and the Company which is continuing separately as TCTA and the Minister were not part of the original contract and ensuing litigation which gave rise to the arbitration award against the KOL. The outcome of these proceedings between KOL and the Company will determine if the proceedings against TCTA will continue thereafter. The value of the claim from the Company is 53 (fifty three) million Euros.

21.1.2. ACID MINE DRAINAGE (“AMD”)

Notes to the Interim Financial Statements

21. CONTINGENCIES (continued)

TCTA put out 2 requests for tender for the Operation and Maintenance of the AMD Central and Eastern Basin Treatment Plants. The plaintiff was not successful in the first stage of the tender processes and was subsequently disqualified. It then proceeded with an application for an urgent interdict and a review application. The plaintiff was not successful on the interdict application and eventually proceeded on the review application. The matter was heard on the 4 February 2022 and judgement is still awaited. The value of the claim is R1,6 (one comma six) billion Rand.

21.2. Contingent assets

TCTA was served with an order from the High Court that TCTA be joined to the proceedings as it has a material interest in the proceedings together with DWS and the Public Protector, regarding a matter concerning the previous Chief Delegate:LHWP.That application was dismissed and applied to the Supreme Court of Appeal for leave to appeal. That application for leave to appeal was dismissed with costs. Since no further steps have been taken, TCTA has instructed its attorneys to draw up its bill of costs, have same taxed and served on the counterparty. However she cannot be traced and following relocation from her npresent address. Instructions have been given to the attorneys to close their file and submit the final invoices for payment..

22. RELATED PARTIES

TCTA is a state-owned entity established under the National Water Act. As such, TCTA is a government-related entity and has applied the exemption in paragraph 25 of IAS 24 Related Party Disclosure. These related parties are either controlled, jointly controlled or significantly influenced by the government of the Republic of South Africa. The significant transactions below are as a result of contractual agreements entered into between TCTA and the related parties in fulfilling TCTA's mandate in terms of directives issue in various projects.

22.1. Trading transactions

22.1.1. DWS

For related party transactions and balances with DWS refer to note 11.2.

22.1.2. DBSA

A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government. TCTA and DBSA are both schedule 2 Major Public Entities in terms of the PFMA and report to National Government.

Borrowings per Project	Opening balance 1 April 2023 R'000	Drawdowns R'000	Repayments R'000	Closing balance 30 September 2023 R'000	Interest incurred for the period R'000
BWP	120 000	-	-	120 000	5 330
Total transactions with DBSA	**120 000**	**-**	**-**	**120 000**	**5 330**

Borrowings per Project	Opening balance 1 April 2022 R'000	Drawdowns R'000	Repayments R'000	Closing balance 31 March 2023 R'000	Interest incurred for the period R'000
BWP	140 000	-	(20 000)	120 000	11 955
Total transactions with DBSA	**140 000**	**-**	**(20 000)**	**120 000**	**11 955**

22.1.3. ESKOM

The following transactions which are collectively significant have occurred with Eskom:

Project	2024 R'000	2023 R'000
VRS	22 021	72 010

Notes to the Interim Financial Statements

22. RELATED PARTIES (continued)

22.1.4. LANDBANK

TCTA and Landbank are both schedule 2 Major Public Entities in terms of the PFMA and report to National Government.

Project	Opening balance 1 April 2023	Investments	Maturities / ECL adjustment	Closing balance 30 September 2023	Interest income	Interest receivable 30 September 2023
	R'000	R'000	R'000	R'000	R'000	R'000
	22 500	-	(14 542)	7 958	2 794	422
Total transactions with Landbank	**22 500**	**-**	**(14 542)**	**7 958**	**2 794**	**422**

Project	Opening balance 1 April 2022	Capitalised interest	Maturities/ ECL adjustment	Closing balance 31 March 2023	Interest income	Interest receivable 31 March 2023
	R'000	R'000	R'000	R'000	R'000	R'000
	45 900	-	(23 400)	22 500	5 389	532
Total transactions with Landbank	**45 900**	**-**	**(23 400)**	**22 500**	**5 389**	**532**

Notes to the Interim Financial Statements

22. COMPENSATION OF DIRECTORS AND EXECUTIVE MANAGEMENT

Short-term employee benefits

TCTA does not contribute to any defined retirement or medical aid fund. It does not have a liability for the provision of retirement funding. The emoluments paid to management include a sum for the provision of their own medical aid and pension benefits.

Total compensation to directors and executive management	2024 R'000	2023 R'000
Non-executive Directors	3 533	7 065
Executive Director	3 193	7 938
Executive Management	15 381	36 622
Total for the year	**22 107**	**51 625**

22.1. Non-executive directors

2024

Directors	Board fees	Adhoc Fees (1)	Travel/Other	Audit & Risk Committee	Finance Committee	Nominations & Governance Committee	ATTENDANCE FEES Human Capital Social & Ethics Committee	ICT Governance Committee	Grand total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Precious N. Sibiya Gerald	573	-	-	-	51	51	-	-	675
Dumas(2)	504	-	-	90	-	18	-	51	663
Greg White(3)	182	30	5	-	36	36	61	-	350
Neo M. Tladinyane	182	-	-	-	36	27	6	-	302
Vidhulekha N. Vedalankar	182	11	-	-	-	-	46	36	311
Evelyn M. Mamabolo	182	9	-	-	-	-	-	-	227
Patrick R. Mnisi	178	10	-	63	-	-	-	-	251
Zelda N Tshabalala	182	18	-	124	36	36	-	-	396
Pule J Mofokeng	182	11	-	90	-	-	3	36	358
	2 347	**89**	**5**	**367**	**159**	**168**	**116**	**123**	**3 533**

Notes to the Interim Financial Statements

. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS (continued)

(1) Ad Hoc Fees comprise all additional TCTA related work done outside scheduled engagements, in line with the Directors' Remuneration Policy.
(2) Mr Dumas was the Chairperson of the Board until 31 December 2022. He was appointed as the Deputy Chairperson of the Board from 1 January 2023.
(3) Mr White's term with the previous board ended on 31 December 2022 and he was re-appointed from 1 January 2023.

Notes to the Interim Financial Statements

. **DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS (continued)**

2023

Directors	**Board fees**	**Board Additional Meetings(1)**	**Adhoc Fees (2)**	**Travel/Other**	**Audit & Risk Committee**	**Finance Committee**	**Nominations & Governance Committee**	**ATTENDANCE FEES Human Capital Social & Ethics Committee**	**Technical Committee**	**Grand total**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Maemelli Julia Ramataboe(3)	757	-	-	-	241	-	58	-	54	1 110
Simphiwe Khondlo(3)	265	5	15	5	-	90	58	-	77	515
Satish Roopa(3)	265	5	-	-	160	67	-	62	-	559
Norman Baloyi(3)	265	5	-	-	166	102	58	-	-	596
Mollale Mavis Maponya(3)	272	5	-	-	160	-	-	67	-	504
Precious N. Sibiya (5)	315	-	-	-	-	26	30	-	-	371
Gerald Dumas(4)	1 198	-	-	-	28	-	83	-	45	1 354
Greg White	363	8	-	5	155	90	59	122	-	802
Neo M. Tladinyane (5)	91	3	-	-	-	18	16	-	26	154
Vidhulekha N. Vedalankar (5)	91	3	-	-	-	-	-	18	18	130
Evelyn M. Mamabolo (5)	91	3	-	-	-	-	-	18	18	130
Patrick R. Mnisi (5)	91	3	-	-	28	-	-	-	-	122
Zelda N Tshabalala (5)	91	3	-	-	41	18	21	-	-	174
Pule J Mofokeng	91	3	-	-	26	-	-	-	18	138
Lindelwa Dlamini(3)	272	5	-	8	-	-	-	67	54	406
	4 518	**51**	**15**	**18**	**1 005**	**411**	**383**	**354**	**310**	**7 065**

(1) Fees for additional meetings in excess of the 8 scheduled meetings, in line with the Direcor's Remunerations Policy
(2) Ad Hoc Fees comprise all additional TCTA related work done outside scheduled engagements, in line with the Directors' Remuneration Policy
(3) Member's term of office ended on 31 December 2022.
(4) Mr Dumas was the Chairperson of the Board until 31 December 2022. He was appointed as the Deputy Chairperson of the Board from 1 January 2023.
(5) New member appointed on 01 January 2023.

Notes to the Interim Financial Statements

. **DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS (continued)**

22.2. Executive director

2024

Director	Date appointed or resigned	Earnings R'000	Employer contributions (1) R'000	Total R'000
EXECUTIVE DIRECTOR Mr. DKP Sechemane (Chief Executive Officer)	2018/11/01	2 834	359	3 193

(1) This amount refers to employer contributions(ie. Medical Aid, Pension, Group Life, SDL and UIF).

Notes to the Interim Financial Statements

. **DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS (continued)**

2023

Director	Date appointed or resigned	Earnings R'000	Employer contributions (1) R'000	Incentive bonus for 2022 R'000	Other payments (2) R'000	2021 Incentive bonus paid in 2023 R'000	Total R'000
DKP Sechemane (Chief Executive Officer)	2018/11/01	5 403	695	877	185	778	7 938

(1) This amount refers to employer contributions(ie. Medical Aid, Pension, Group Life, SDL and UIF).
(2) Other payments consist of leave pay, long service awards and attraction bonus.

Securities issued

Service contracts

. **DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS (continued)**

22.3. Executive management

The remuneration of directors and key executives is determined by the Human Capital & Ethics Committee having regard to the performance of individuals and market trends.

2024

Executive Managers	Position	Date appointed or resigned	Earnings R'000	Employer contributions (1) R'000	Other payments (2) R'000	Incentive R'000	Total R'000
B Shongwe	Chief Financial Officer	2020/01/03	1 802	179	-	-	1 981
Prof. O Busari	Chief Strategy Officer	2009/11/01	2 126	278	-	-	2 404
L Radzuma	Chief Risk Officer	2010/07/01	1 600	209	275	-	2 084
N Nkabinde	Executive Manager:Project Finance and Treasury	2015/09/01	1 574	215	-	-	1 789
C Kistasamy	Executive Manager:Enterprise Wide Support Services	2020/06/01	1 496	165	-	-	1 661
H Botha	Executive:Human Resources and Organisational Development	2016/02/01	1 326	187	-	-	1 513
W De Witt	Corporate Secretary	2018/10/01	1 066	157	-	-	1 223
M Masongwa	Chief Internal Auditor	2018/10/01	984	147	-	-	1 131
J Mavuso	Executive Manager: Project Management and Implementation	2022/06/01	1 409	186	-	-	1 595
Total Executive Management remuneration			**13 383**	**1 723**	**275**	**-**	**15 381**

(1) This amount refers to guaranteed portion of the Executives remuneration
(2) Other payments consist of leave pay and long service awards

. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS (continued)

2023

	Position	Date appointed or resigned	Earnings R'000	Employer contributions (1) R'000	Incentive bonus R'000	Other payments (2) R'000	2021 Incentive paid in 2023 R'000	Total R'000
Executive Managers								
Prof. O Busari	Chief Strategy Officer	2009/11/01	4 053	537	629	383	511	6 113
J Claassens	Executive Manager: Project Management and Implementation	2022/06/30	950	130	559	655	271	2 565
L Radzuma	Chief Risk Officer	2010/07/01	3 052	391	269	288	-	4 000
B Shongwe	Chief Financial Officer	2020/01/03	3 435	341	500	-	238	4 514
C Kistasamy	Executive Manager:Enterprise Wide Support Services	2020/06/01	2 852	312	413	-	166	3 743
H Botha	Executive:Human Resources and Organisational Development	2016/02/01	2 529	354	375	20	181	3 459
W De Witt	Corporate Secretary	2018/10/01	1 999	291	310	-	170	2 770
M Masongwa	Chief Internal Auditor	2018/10/01	1 844	275	310	-	290	2 719
J Mavuso	Executive Manager:Project Finance and Treasury	2022/06/01	2 239	290	-	-	-	2 529
N Nkabinde	Executive Manager:Project Finance and Treasury	2015/09/01	3 001	409	456	129	215	4 210
Total Executive Management remuneration			**25 954**	**3 330**	**3 821**	**1 475**	**2 042**	**36 622**

(1) This amount refers to employer contributions(ie. Medical Aid, Pension, Group Life, SDL and UIF)
(2) Other payments consist of leave pay, long service awards and attraction bonus

23. GOING CONCERN

The underlying operating model has remained the same as it has been in previous years and continues to assure the long-term solvency of TCTA, as well as the liability to meet all its obligations as they fall due. TCTA's solvency is secured by undertakings by the Department of Water and Sanitation in project implementation or income agreements between TCTA and the Department, or government guarantees granted by the executive authority to project funders, acting in concurrence with the Minister of Finance.

23. GOING CONCERN (continued)

The undertakings in project implementation or income agreements provide that all projects costs incurred by TCTA will be fully funded by the Department of Water and Sanitation through water use charges and/or from other resources of the Department, should payments recovered from users tariffs be insufficient.

The agreements also provide that the Department will step in and fulfil TCTA's obligations to its funders, should TCTA fail to perform such obligations.
That is, should TCTA be in breach of its obligations to funders in terms of funding agreements concluded with such funders, and fail to remedy such breach, DWS will perform such obligations. The undertakings by DWS are made in favour of the funders and the funders may accept the benefits of the undertakings from the Minister of Water and Sanitation, acting in concurrence with the Minister of Finance, in writing. Government approval has been obtained to issue guarantees for the Mokolo-Crocodile (West) Water Augmentation Project if required.

The government guarantees are provided in favour of funders of the Vaal River System Augmentation Projects by the Minister of Water and Sanitation acting in concurrence with the Minister of Finance.

TCTA annually provides the Department with information on the amount of capital charges that the Department should include in water use charges, after consultations with water users, to enable the Department to fulfil its obligations to TCTA. The charges are adjusted annually to take into account any changes in conditions, assumptions or actual costs and revenue, so that under all circumstances sufficient revenue will be generated to repay debt over the remaining debt repayment period. TCTA also provides DWS with the annual amounts of funding that the Department should provide to TCTA from its budget for social and other projects funded by the fiscus or with fiscal contributions.

TCTA sources short-term liquidity facilities to fund short-term mismatches in the timing of expenditure on project costs and debt service, and receipt of revenues.

TCTA has considered factors that may affect TCTA's ability to raise funding, DWS' ability to fulfil its financial obligations to TCTA, liquidity management and adequacy of projected tariffs to repay debt in full over the debt repayment period (debt sustainability, taking into account the ability to adjust tariffs annually to ensure their adequacy to recover all projects costs should conditions and assumptions change). The projected tariffs are sustainable and adequate to discharge TCTA's financial obligations.

TCTA will continue to monitor the impact of COVID-19 on funding, despite the lower propensity to impose lockdowns in response to new outbreaks.

In respect of TCTA's obligations in relation to the Lesotho Highlands Water Project, the Notice of Establishment provides, in clause 25(1)(d), that the funds of TCTA consist of money appropriated by Parliament if its other sources of funds (including proceeds of loans and income derived from the performance of its Treat and Non-Treaty functions) are not sufficient to enable TCTA to fulfil all the Republic's financial obligations in terms of or resulting from the Treaty, including the raising of money and liability and financial risk management (as set out in clause 24(a) of the Notice of Establishment. This serves as a further guarantee of TCTA's solvency in relation to LHWP, in that TCTA may obtain an appropriation from Parliament to ensure that it performs all its functions related to LHWP.

All project borrowing limit authorisations are in effect for the period ending 31 March 2024. TCTA has requested the Minister of Water and Sanitation to extend the borrowing limit authorisation for the Vaal River System Augmentation Projects (VRS) with the concurrence of the Minister of Finance beyond 31 March 2024. All other projects’ borrowing limit authorisations extend beyond 31 March 2024.

In TCTA's view, an event of default would not affect TCTA as going concern as all its financial obligations are secured by government undertakings and guarantees.

TCTA has considered the funding of TCTA's operations following an event of default, to the extent that despite the settlement of debt the Authority is unable to access funding from the market. This would be the case if the residual effects of the event of default in question cannot be cured by the settlement of outstanding debt. Funding of the operations of the Lesotho Highlands Water Project is guaranteed by the provision of clause 25(1)(d) of the Notice of Establishment as described above. In terms of the other projects that are currently under implementation, namely the Berg River-Voelvlei Augmentation Scheme, Phase 2 of the Mokolo-Crocodile Rover (West) Water Augmentation.

Project and Phase 1 of the uMkhomazi Water Project, management believes that their strategic importance would be prioritised for government funding for TCTA to continue their implementation, or if suspended, sufficient provision would be made to fund incurred costs and costs of suspension.

TCTA has further considered the proposed incoporation of TCTA and certain functions of the DWS into the National Water Resources Infrastructure Agency (NWRIA) and is satisfied that government will take the necessary care to avoid disruption of the funding and operations currently carried out by TCTA. The Department is undertaking the necessary consultations on the draft bill with TCTA lenders to ensure that lenders’ concerns are addressed in the final bill prior to any transfer of TCTA’s liabilities to the NWRIA. TCTA continues to exercise caution in the procurement of IT systems, being cognisant of the emergence of the NWRIA.

23. GOING CONCERN (continued)

The impact of events of default, having been evaluated by TCTA with due regard to the government undertakings and guarantee underpinning its financial obligations, including government's undertakings to step-in and assume TCTA obligations should it fail to perform such obligations, do not change TCTA's assumption of TCTA's going concern status.

24. NOTES TO THE STATEMENT OF CASH FLOWS

24.1. CASH GENERATED FROM OPERATING ACTIVITIES

	Note	2024 R'000	2023 R'000
Surplus for the year		87 536	1 069 672
Adjustments for non-cash flow items:			
Depreciation on non-current assets		7 709	5 862
Net interest income		267 922	615 678
Interest income and imputed interest on tariff receivable		(355 455)	(1 685 350)
Construction revenue		(110 690)	(137 961)
Revenue from services rendered		(159 248)	(266 999)
Other operating income		(136 540)	(315 780)
Net impairment losses on financial assets		-	9 000
Changes inworking capital:			
Trade and other receivables		17 513	(38 969)
Prepayments		1 862	(3 183)
Payables and provisions (excluding interest payable)		(876 005)	452 912
Capitalised to the tariff receivable		4 309 573	9 084 885
Cost related payments		(3 670 921)	(6 187 319)
Non-cash flow item in accounts receivable		114 090	177 147
VAT on tariff receivable debtor		-	113 724
Increase in contract liabilities		3 947	184 156
(Decrease) in refund liability		(179)	(5 393)
Cash generated from operating activities		**(498 887)**	**3 072 082**

24.2. INTEREST RECEIVED

	Note	2024 R'000	2023 R'000
Income during the year adjusted for non-cash items		**365 601**	**576 887**
Interest on financial instruments accrued (after inter-project elimination)		435 881	710 664
AMD interest		(70 280)	(133 777)
Non-cash flow		-	3 852
Net interest income	19	**365 601**	**580 739**

24.3. INTEREST PAID

	Note	2024 R'000	2023 R'000
Amount not paid at the beginning of the year		(102 220)	(92 578)
Expensed during the year adjusted for non-cash items		(665 695)	(1 207 822)
Amount expensed (excluding imputed interest)		(669 784)	(1 212 609)
Less: intercompany interest		-	-
Interest capitalised to the principal amount		2 858	3 695
Interest on lease liability		1 231	1 092
Amount not paid at the end of the period		162 089	102 220
Interest paid	20	**(605 826)**	**(1 198 180)**

24.4. RECONCILIATION OF FINANCIAL MARKET LIABILITIES TO FINANCING ACTIVITIES AS AT 30 SEPTEMBER AND 31 MARCH 2023

	Note	2024 R'000	2023 R'000
Liabilities at the beginning of the year		**13 404 141**	**15 199 540**
Long-term borrowings	11.6	12 049 387	12 664 345
Short-term borrowings	11.6	1 334 955	2 535 195
Long-term lease liability		16 696	-
Short-term lease liability		3 103	-
Cash flow from financing activities		(633 853)	(1 853 140)
Non-cash flow items		**4 089**	**57 741**
Capitalised interest		2 858	36 850
Capitalisation of office building lease		-	19 799
Interest on lease liability		1 231	1 092
Liabilities at the end of the period		**12 774 377**	**13 404 141**
Long-term borrowings	11.6	11 296 437	12 049 387
Short-term borrowings	11.6	1 459 608	1 334 955
Long-term lease liability		14 811	16 696
Short-term lease liability		3 521	3 103

24.5. NET DEBT RECONCILIATION

	Note	2024 R'000	2023 R'000
Cash and cash equivalents at 1 April		**9 359 231**	**8 849 378**
Liabilities at 1 April		**(13 404 141)**	**(15 199 540)**
Long-term borrowings	11.6	(12 049 387)	(12 664 345)
Short-term borrowings	11.6	(1 334 955)	(2 535 195)
Long-term lease liability		(16 696)	-
Short-term lease liability		(3 103)	-
Net debt at 1 April		**(4 044 910)**	**(6 350 162)**
Increase / (decrease) in cash and cash equivalents		(1 392 445)	509 852
Net cash outflow from financing activities		633 853	1 853 140
Non cash flow items		(4 089)	(57 741)
Cash and cash equivalents at the end of the period		**7 966 787**	**9 359 231**
Liabilities at the end of the period		**(12 774 377)**	**(13 404 141)**
Long-term borrowings	11.6	(11 296 437)	(12 049 387)
Short-term borrowings	11.6	(1 459 608)	(1 334 955)
Long-term lease liability		(14 811)	(16 696)
Short-term lease liability		(3 521)	(3 103)
Net debt at the end of the period		**(4 807 590)**	**(4 044 910)**