



UMEDA

UMGUNGUNDOVU
ECONOMIC DEVELOPMENT AGENCY

ANNUAL REPORT 2024/25



INVEST. EMPOWER. SUSTAIN



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ACRONYMS

AFS	Annual Financial Statement
AG	Auditor General
AGSA	Auditor General of South Africa
APR	Annual Performance Report
BP	Business Plan
HR	Human Resources
ICT	Information and Communication Technology
IDP	Integrated Development Plan
SDBIP	Service Delivery & Budget Implementation Plan
KPAs	Key Performance Areas
KPIs	Key Performance Indicators
MFMA	Municipal Finance management Act, 2003 (Act 56 of 2003)
mSCOA	Municipal Standard Chart of Accounts
SCM	Supply Chain Management
UMEDA	uMgungundlovu Economic Development Agency
UMDM	uMgungundlovu District Municipality



PURPOSE

The Municipal Finance Management Act (Act 56 of 2003) (MFMA) and section 46 of the Municipal Structures Act, 1998 (Act 117 of 1998) requires the uMgungundlovu Economic Development Agency (UMEDA), A municipal entity of uMgungundlovu District Municipality, to prepare an Annual Performance Report for each financial year. This SDBIP reflects the performance of UMEDA for the period 1 July 2024 to 30 June 2025.





CHAPTER 1-

FOREWORD BY THE CHAIRPERSON AND CHIEF EXECUTIVE OFFICER



1.1 FOREWORD BY THE CHAIRPERSON



DR. SIHLE NDLOVU

It is with great appreciation and a deep sense of pride that I present the Foreword to the uMgungundlovu Economic Development Agency (UMEDA) Annual Report for the 2024/25 financial year. This has been a year of significant progress, strengthened governance, and impactful delivery as we continue to advance sustainable economic development within the uMgungundlovu District Municipality. Despite a challenging operating environment, UMEDA remained steadfast in fulfilling its mandate through focused project implementation, effective stakeholder engagement, and a sustained commitment to operational excellence. This financial year also marked a series of landmark achievements for the Agency. UMEDA proudly received a Clean Audit Outcome from the Auditor-General (AG), demonstrating our unwavering commitment to sound financial management, transparency, and good governance. This accomplishment reflects the dedication and professionalism of our management team and staff, as well as the effectiveness of our internal controls and oversight mechanisms. In addition, UMEDA was honoured with a Silver Recognition Award from the Department of Cooperative Governance and Traditional Affairs (COGTA), affirming our adherence to excellence and institutional integrity. Further reinforcing our growing reputation, the Agency was awarded the 2025 Business of the Year (State-Owned Enterprise category) by the Pietermaritzburg & Midlands Chamber of Business (PMCB). These recognitions collectively highlight UMEDA's rising impact and credibility within the development and governance sectors. Throughout the year, the Board remained committed to providing strong governance oversight and ensuring that the Agency upholds the principles of ethical leadership, accountability, and transparency. The achievements recorded this year are a testament to the collective effort of all stakeholders who share in UMEDA's mission to enable inclusive and sustainable development. As we look ahead, UMEDA will continue to build on this momentum by prioritising innovation, strengthening partnerships, and implementing high-impact programmes that stimulate economic growth and job creation. The solid foundation established during this year positions the Agency to expand its developmental footprint and contribute even more meaningfully to the progress of the municipality.

On behalf of the Board, I extend my sincere appreciation to the Executive Management, staff, the uMgungundlovu District Municipality, and all our partners for their continued support and commitment to UMEDA's vision. Together, we remain focused on building a dynamic, resilient, and inclusive local economy for the benefit of all.


Dr. Sihle Ndlovu
Chairperson

uMgungundlovu Economic Development Agency

1.2 FOREWORD BY THE CHIEF EXECUTIVE OFFICER



MR MICHAEL NEWTON

It is with great honour and gratitude that I present the Chief Executive Officer’s Foreword for the uMgungundlovu Economic Development Agency (UMEDA) Annual Report for the 2024/25 financial year. This has been a year marked by progress, strengthened governance, and meaningful impact as we continue our commitment to advancing inclusive and sustainable economic development within the uMgungundlovu District. Through a focused and collaborative approach, UMEDA has continued to deliver on its mandate by driving investment promotion, supporting local enterprise development, facilitating catalytic infrastructure projects, and strengthening strategic partnerships. Our efforts have been enhanced through close collaboration with the uMgungundlovu District Municipality, local municipalities, investors, and funders, ensuring that development initiatives are aligned with regional priorities and contribute to broad-based socio-economic growth. The 2024/25 financial year also stands out for several notable achievements that reflect UMEDA’s institutional maturity and operational excellence. The Agency received a Clean Audit Outcome from the Auditor-General (AG), demonstrating our commitment to transparency, accountability, and sound financial management. In addition, UMEDA proudly received a Silver Recognition Award from the Department of Cooperative Governance and Traditional Affairs (COGTA), affirming our governance standards and organisational capability. Further, the Agency was honoured as the 2025 Business of the Year in the State-Owned Enterprise category by the Pietermaritzburg & Midlands Chamber of Business (PMCB), highlighting our performance and the confidence stakeholders place in UMEDA. These achievements would not have been possible without the dedication, professionalism, and resilience of our staff. I extend my heartfelt appreciation to all members of the UMEDA team, whose hard work and commitment remain the backbone of our success. I also thank our Board for their strategic guidance and our partners, including municipalities, investors, and funders, whose support enables the delivery of impactful programmes that create lasting value for our communities.

Looking ahead, UMEDA remains committed to deepening its developmental footprint, strengthening partnerships, and accelerating initiatives that stimulate economic growth and create opportunities for local communities. The progress made in this financial year has laid a solid foundation for the Agency to achieve even greater impact in the years to come. Together with our staff, stakeholders and the uMgungundlovu District Municipality, we will continue to build a dynamic, resilient, and inclusive economy that benefits all residents.



Mr. Michael Newton
Chief Executive Officer
uMgungundlovu Economic Development Agency

1.3 STRATEGIC OVERVIEW OF THE AGENCY

uMgungundlovu Economic Development Agency (UMEDA) was established to promote and implement economic development within the parent municipality's area of jurisdiction based on the parent municipality's IDP and policies pertaining to this objective thereby unlocking the economic potential of the uMgungundlovu District area, with focus being on economic, social, and environmental development. The Agency is 100% owned by the uMgungundlovu District Municipality with regards to its shareholding status.

1.3.1 MANDATE

Our mandate is to implement and promote the economic development policies of the uMgungundlovu District Municipality in the areas of economic production, investment, and trade. This includes fast-tracking the implementation of strategic and catalytic local economic development projects within the District Municipality.

1.3.2 VISION

The vision of uMgungundlovu Economic Development Agency is to be a dynamic Agency which acts as a catalyst for inclusive economic growth and development thereby making uMgungundlovu District the investment destination of choice.

1.3.3 MISSION

To identify, facilitate and implement strategic projects which transform the district both economically and spatially. To become self-sufficient and sustainable entities.

1.3.4 VALUES

- Transparency
- Integrity
- Innovation
- Inclusivity
- Consultative
- Teamwork
- Partnership

1.3.5 STRATEGIC OBJECTIVES

- Ensure compliance principles to all applicable regulatory requirements and Strategic Objectives
- Achieve financial compliance with regulatory requirements.
- To build an efficient and productive administration
- Increase facilitated direct investments.
- Deliver and Optimize Economic Infrastructure Projects
- Package, Develop & promote investment opportunities for selected sectors.

1.3.6 UMEDA SERVICE OFFERING

- Investment Promotion
- Business Support
- SME/ Cooperative Development.
- Export Promotion.
- Community & Social Development.
- Project Development & Management.
- Infrastructure Development

1.3.7 UMEDA BUSINESS MODEL



1.4 OVERVIEW OF UMGUNGUNDLOVU DISTRICT

The uMgungundlovu District Area is bordered by: The iLembe District Municipality to the east; the uMzinyathi District Municipality to the north-east; the eThekweni Metropolitan Municipality to the south-east; the Harry Gwala District Municipality to the south-west; and both the uKhahlamba-Drakensberg World Heritage Site and the uThukela District to the north.

The district consists of seven Local Municipalities, namely: Msunduzi; iMpindle; uMshwathi; Mkhambathini; Mpofana; UMngeni; and the Richmond Local Municipality.

uMgungundlovu District Municipality is a Category C Municipality, with its seat in Pietermaritzburg. Its area of jurisdiction covers seven local municipalities.

The district covers about 9514.594 square kilometers, it has a population of 1,017,763 (one million, 17 thousand, seven hundred and sixty-three) according to Census 2011. The district constitutes about 10% of the Province of KwaZulu-Natal and it is number two in size after eThekweni Metro. uMgungundlovu is surrounded by these municipalities: eThekweni to the southeast (Durban), iLembe to the east (DC29), Harry Gwala to the southwest (DC43), uGu to the south (DC21), uMzinyathi to the north (DC24) and uThukela to the northwest (DC23). Languages spoken - isiZulu, English, Afrikaans, and others.



CHAPTER 2- CORPORATE GOVERNANCE



2.1 UMEDA BOARD MEMBERS



Chairperson: Dr. Sihle Ndlovu



Deputy Chairperson: Ms. Zinhle Sokhela



Ms. Mbali Myeni



Prof. Albert Modi



Ms. Phumelele Nzimakwe



Mr. Mpumelelo Zikalala



Mr. Bongani Hlomuka

2.2 CORPORATE GOVERNANCE

2.2.1 CORPORATE GOVERNANCE STATEMENT

The board of Directors of UMEDA endorsed the King IV Report (Code of Corporate Practices and Conduct). The directors are satisfied that the company has in all material respects complied with the provisions of the King IV Report and all the other legislation that is applicable to the organization.

2.2.2 UMEDA BOARD OF DIRECTORS

UMEDA has a unitary board structure comprising of non-executive directors. Directors are appointed by the Entity's sole shareholder, the uMgungundlovu District Municipality (UMDM). UMEDA has 7 highly skilled board members to ensure sound governance continuity allowing the ability to form sub-committees, Finance and Risk Committee, Project development and Investment Committee and Corporate Services Committee to play an effective oversight role in the execution of Board functions. The overall board composition comprises highly specialized individuals in their respective fields - from business, finance, law, academic, etc. The board meets at least quarterly to review the performance of the Agency.

The board is chaired by a non-executive Chairperson Dr Sihle Ndlovu, and Ms. Zinhle Sokhela is the deputy chairperson, other members are Mr. Mpumelelo Zikalala, Prof. Albert Modi, Ms. Mbali Myeni, Ms. Phumelele Nzimakwe, and Mr. Bongani Hlomuka. The directors have full unrestricted access to management and all company information.

2.2.3 BOARD MEMBERS AND 2024/25 MEETING ATTENDANCE

UMEDA initially planned to convene four Board meetings for the 2024/25 financial year. However, due to compliance-related requirements, the Agency held a total of six meetings. The table below outlines the attendance record of each Board member across these sessions.

Directors / Board Members	Board meetings attended
Dr Sihle Ndlovu	6
Ms. Zinhle Sokhela	5
Prof. Albert Modi	6
Mr. Mpumelelo Zikalala	3
Ms. Mbali Myeni	5
Ms. Phumelele Nzimakwe	6
Mr. Bongani Hlomuka	5

2.2.4 BOARD SUB COMMITTEES

Three subcommittees were established at the close of the year 2024 to strengthen oversight and support the effective execution of Board responsibilities outlined in Section 2.1.2. Board members serve across the Finance and Risk Committee, the Project Development and Investment Committee, and the Corporate Services Committee, while the Chairperson participates exclusively in Board and Audit Committee meetings. Each subcommittee convenes quarterly to consider reports and formulate recommendations for Board approval. The table below provides a summary of members' attendance across these meetings.

SUB COMMITTEES				
SUB COMMITTEE MEMBERS	FINANCE AND RISK COMMITTEE	PROJECT DEVELOPMENT AND INVESTMENT COMMITTEE	CORPORATE SERVICES COMMITTEE	TOTAL
Ms. Zinhle Sokhela	3	2	N/A	5
Prof. Albert Modi	N/A	2	2	4
Mr. Mpumelelo Zikalala	N/A	N/A	2	2
Ms. Mbali Myeni	3	2	N/A	5
Ms. Phumelele Nzimakwe	3	2	N/A	5
Mr. Bongani Hlomuka	N/A	N/A	2	2

2.2.5 COMPANY SECRETARIAL FUNCTION

The function of the company secretary is provided by the Personal Assistant to the Chief Executive Officer in terms of providing administrative support to the board in matters relating to governance, legislative and regulatory requirements. The directors have unrestricted access to the services.

2.2.6 AUDIT AND PERFORMANCE COMMITTEE

The uMgungundlovu Economic Development Agency's Audit and Performance Committee was established by the Board as an independent committee in accordance with section 166 of the Municipal Finance Management Act (MFMA), Act 56 of 2003, the Municipal Systems Act (MSA), Act 32 of 2000, and the Municipal Planning and Performance Management Regulations, 2001. The Committee operates under a formally adopted Audit Committee Charter, which is periodically reviewed and approved by the Board.

2.2.7 AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee discharged its responsibilities in line with section 166(2) of the MFMA, read together with Regulations 14(3) and 14(4)(a) of the Municipal Planning and Performance Management Regulations. These regulations outline key responsibilities, including meeting at least four times per financial year, convening special meetings where necessary, reviewing quarterly performance reports submitted in terms of Regulation 14(1)(ii), and assessing the Agency's performance management system and making recommendations.

The Audit Committee functions as a shared service with the uMgungundlovu District Municipality and was appointed by the District Municipality, while its members are remunerated directly by the Agency. Its mandate is to oversee the audit, performance, assurance, and risk management environment of the Agency. The Committee consists of five non-executive members: Mr. Simiso Ngidi (Chairperson), Ms. Neo Shabalala, Mr. Anil Singh, Mr. Joe Baloyi, and Ms. Bongi Nzama, supported by outsourced Internal Audit services. Standing invitations to Committee meetings are extended to Dr. Sihle Ndlovu (Board Chairperson), Mr. Michael Newton (Chief Executive Officer), and Mr. Mpumelelo Hadebe (Chief Financial Officer).

The Committee's Terms of Reference include reviewing internal and external audit reports, evaluating internal control and governance processes, overseeing assurance activities, monitoring the reliability and integrity of financial and operational information, ensuring compliance with applicable legislation, particularly the MFMA and the MSA safeguarding the Agency's assets, and monitoring the effectiveness of the Agency's risk management framework. This includes reviewing the strategic and operational risk registers, assessing the adequacy of mitigation measures, and ensuring that significant risks are appropriately managed.

2.2.8 AUDIT AND PERFORMANCE COMMITTEE MEMBERS AND 2024/25 MEETING ATTENDANCE

UMEDA initially planned to convene four Audit and Performance meetings for the 2024/25 financial year. However, due to compliance-related requirements, the Agency held a total of six meetings. The table below outlines the attendance record of each audit member across these sessions.

Audit Committee Members	Audit Committee attended
Mr. Simiso Ngidi	6
Ms. Neo Shabalala	6
Mr. Anil Singh	6
Mr. Joe Baloyi	6
Ms. Bongzi Nzama	6
Dr Sihle Ndlovu	6

2.2.9 THE EFFECTIVENESS OF INTERNAL CONTROLS

In accordance with Section 165 of the MFMA, UMEDA maintains an Internal Audit Unit that operates under the oversight and direction of the Audit Committee. This arrangement ensures that the Unit is functionally accountable to the Audit Committee, while its administrative responsibilities fall under the Accounting Officer.

The Internal Audit Unit's operations are governed by Section 165 of the MFMA, National Treasury Circular 65, the International Standards for the Professional Practice of Internal Auditing (ISPPA), and the Internal Audit Charter. Its activities are executed in line with the approved Annual Internal Audit Plan.

Additionally, during the period under review, the Audit Committee considered multiple reports submitted by the Internal Audit Unit as per the approved plan. Having assessed the work performed, together with insights from the Auditor-General, the Committee is satisfied that the Internal Audit function operated in accordance with the Annual Audit Plan and delivered quarterly reports that met the required standards of quality and professional practice.

2.2.10 SYSTEM OF INTERNAL CONTROLS

The Audit Committee has continued to monitor the progress achieved by the management in implementing remedial action to prevent the recurrence of findings identified by the Internal Audit and the Auditor General. The Audit Committee acknowledges management's efforts to strengthen internal controls within the municipal entity. Thus, the committee request that management continue to ensure that controls in place, policies and procedures of the Municipal Entity are embraced and adhered to, to prevent the recurrence of Internal Audit and Auditor-General findings.

2.2.11 RISK MANAGEMENT AND GOVERNANCE

The Audit Committee has reviewed the adequacy of the design, implementation and monitoring of the municipal entity's risk management processes and the integration thereof into the municipal entity's day-to-day activities, including:

- Reviewing the significant risk facing the municipal entity and the appropriateness of identified risk responses.
- Considering the appropriateness of management's risk appetite and risk tolerance in accordance with the risk management strategy set by the Board.
- Ensuring that a formal risk assessment is undertaken at least annually.

The Committee acknowledges the risk management processes that management has put in place; however, the municipal entity needs to increase its efforts in ensuring that the practice of risk management is embedded in the operational processes of the municipal entity and monitored continuously.

2.2.12 RISK MANAGEMENT POLICIES

The Newly Developed and Reviewed Risk Policies Approved in 2024/25 Financial Year:

Policy	Last Reviewed/Approved Date	Next Reviewed Date
1. Anti-Fraud and Corruption Policy	20 -Feb-2025	20-Feb-2028
2. Whistle Blower Policy	20-Feb-2025	20-Feb-2028
3. Risk Management Strategy	20-Feb-2025	20-Feb-2028
4. Risk Management Policy	20-Feb-2025	20-Feb-2028
5. Risk Communication Strategy	20-Feb-2025	20-Feb-2028
6. Anti-Fraud and Corruption Strategy	20-Feb-2025	20-Feb-2028
7. Risk Appetite and Tolerance Framework	30-Jul-2025	30-Jul-2028
8. Consolidated Risk Assurance Plan	30-Jul-2025	30-Jul-2028

2.2.13 FINANCE POLICIES

The Newly Developed and Reviewed Risk Policies Approved in 2024/25 Financial Year

Policy	Last Reviewed/Approved Date	Next Reviewed Date
1. Cost Containment Policy	20-Jan-2025	20-Jan-2028
2. Banking and Investment Policy	20-Jan-2025	20-Jan-2028

2.2.14 PERFORMANCE MANAGEMENT

The Audit Committee has considered the quarterly reports of the Internal Audit Activity in relation to performance management and the review of the Annual Performance Report and can conclude that the performance management system is in place and fully functional.

2.2.15 EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed and discussed the municipal entity's compliance with legal and regulatory provisions.
- Reviewed the Audit Action Plan.
- The municipal entity's annual financial statements for the year ended 30 June 2025.

2.2.16 APPRECIATION

FOREWORD BY MR. SIMISO NGIDI

I commend Management, staff, and the Board for their collective contribution to strong governance and effective performance management during the 2024/25 financial year. Their commitment to integrity, compliance, and accountability enabled UMEDA to achieve a Clean Audit Outcome. I further acknowledge the support of Internal and External Audit, as well as our municipal partners, whose collaboration strengthened the Agency's governance environment. The Committee remains encouraged by the progress achieved and looks forward to continued cooperation in sustaining excellence.



Mr. Simiso Ngidi

**Chairperson, Audit and Performance Committee
uMgungundlovu Economic Development Agency**



CHAPTER 3- ORGANISATIONAL DEVELOPMENT PERFORMANCE



8 SALGA
Inspiring service delivery

VISION:
An association that leads innovation through cutting edge, quality and sustainable service delivery to our member municipalities for better services to communities

MISSION:
To be consultative, informed, mandated, credible and accountable in protecting the interests of our members and acting as a catalyst for a developmental local government

VALUES:
Responsive, Innovative, Dynamic, Excellence

www.salga.org.za



UMEDA
uMgungundlovu
ECONOMIC DEVELOPMENT AGENCY

033 342 3396
info@umeda.co.za
www.umeda.co.za

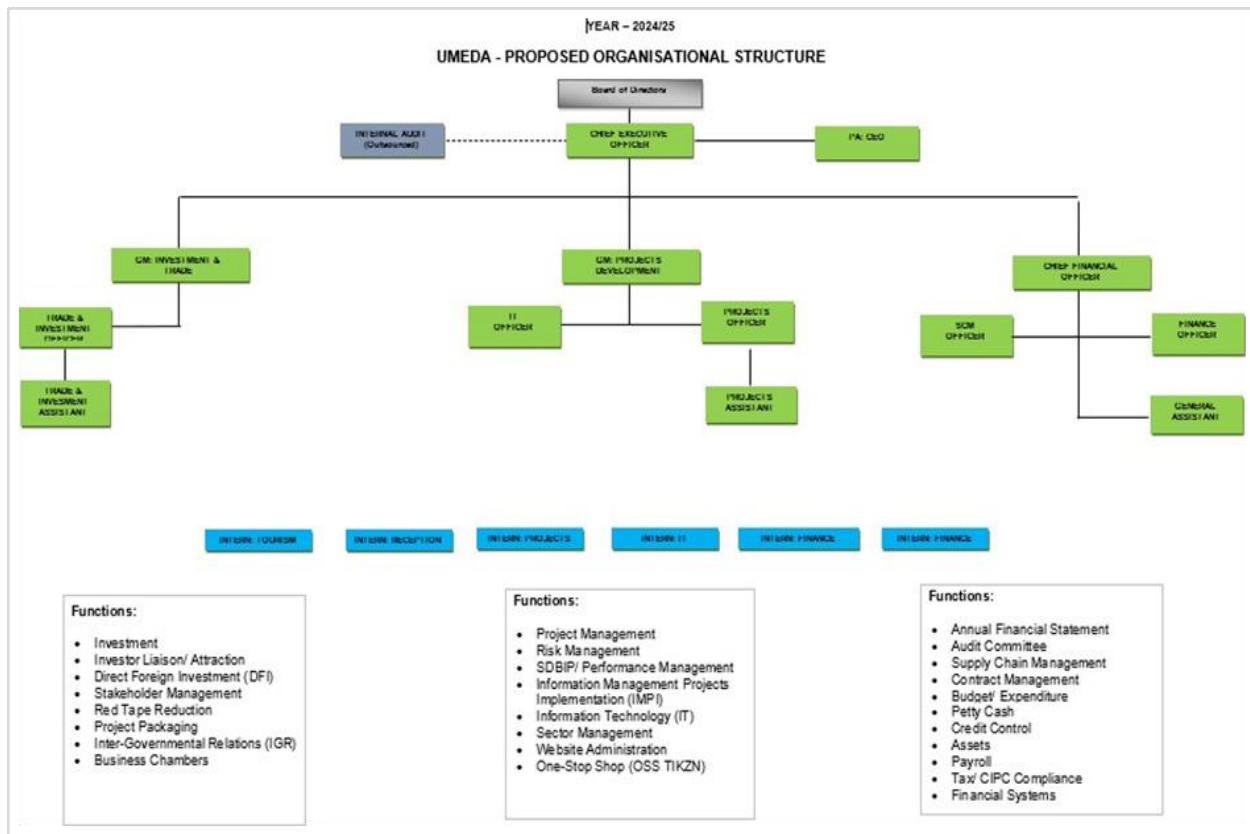
3.1 HUMAN RESOURCES

The Human Resources Department is mandated to establish and maintain a solid employee base through the recruitment and retention of a highly competent, skilled, and committed workforce. In fulfilling this mandate, the department ensures alignment with relevant labour legislation, including the Employment Equity Act, Labour Relations Act, Basic Conditions of Employment Act, and other applicable statutory frameworks.

To support organisational growth and operational efficiency, the department developed and implemented a range of Human Resource Policies and Procedures. During the reporting period, the Agency recruited four (4) personnel—through secondments, fixed-term contracts, and permanent appointments—to enhance institutional capacity.

Furthermore, the 2024/25 Organogram was approved by the Board to ensure alignment with the Agency’s Business Plan and the Service Delivery and Budget Implementation Plan (SDBIP). The approved organogram for 2024/25 is attached below.

3.1.1 2024/25 UMEDA ORGANIZATIONAL STRUCTURE



3.1.2 RECRUITMENT

The following appointments were made during 2024/25 financial year, as approved by the board.

Employee Name	Position	Gender	Contract / Permanent / Secondment	Date
Mr. Marco Hlongwane	Finance Intern	Male	24 Month Contract	01 July 2024
Mr. Sabelo Khumalo	Finance Officer	Male	Permanent	02 December 2024
Mr. Lungani Maphumulo	I.T Officer	Male	Permanent	01 March 2025
Mr. Yastiel Pillay	HR Intern	Male	24 Month Contract	01 April 2025
Ms. Phumelele Mngomeni	Finance Intern	Female	24 Month Contract	01 April 2025
Mr. Luyanda Ngobese	I.T Intern	Male	24 Month Contract	12 May 2025

3.1.3 RESIGNATIONS AND TERMINATIONS

The following resignations or terminations were recorded during 2024/25 financial year:

Employee	Position	Gender	Reason For Resignation /Termination	Date
Mr. Nhlakanipho N. Mzimela	I.T Officer	Male	Resigned	9 September 2024

3.1.4 HUMAN RESOURCE POLICIES

All UMEDA policies and procedures are developed by the Management and approved by the Board. During 2024/25 financial year, the following policies were reviewed.

Policy	Last Reviewed Date	Next Reviewed Date
1. Code Of Ethics Policy	30-Jul-25	30-Jul-28
2.. Employment Equity Policy	30-Jul-25	30-Jul-28
3. Records Management Policy	30-Jul-25	30-Jul-28
4.Disciplinary Code	30-Jul-25	30-Jul-28
5.Sexual Harassment Policy	30-Jul-25	30-Jul-28
6. Employee Wellness Policy	30-Jul-25	30-Jul-28

3.1.5 SKILLS DEVELOPMENT AND TRAINING

The following training courses were attended by the Agency staff members during 2024/25 financial year.

Date	Type	Name	Host	Venue	Staff Member
10 September 2024	Workshop	HR and Payroll	NJMPF	NJMPF Office	Mr Sabelo Kumalo Mr Yastiel Pillay Ms Lethiwe Zondi
13 September 2024	Workshop	Bid Committee Systems	Provincial Treasury	UMEDA Office	All Staff
19 September 2024	Training	Supply Chain Management	National Treasury	Microsoft Teams	Ms Lethiwe Zondi Mr Mpumelelo Hadebe
28 November 2024	Training	Transversal Contract Management Training	Provincial Treasury	Microsoft Teams	Mr Sabelo Khumalo
21 November 2024	Workshop	Provincial Red Tape Reduction & Ease Of Doing Business Workshop	COGTA EDTEA SALGAC Small Business Development	Microsoft Teams	Mr Sandile Gabela Mr Thabiso Molefe
5 March 2025	Workshop	Risk Workshop	National Treasury	UMEDA Office	Ms Lethiwe Zondi Mr Mpumelelo Hadebe
12 May 2025	Training	Occupational and Health	Global Learning Services	Global Learning Services	Mr Hloniphani Khumalo Ms Nonhlelo Dlamini

3.1.6 SKILLS DEVELOPMENT WORKPLACE SKILLS PLAN

As part of the 2024/25 Workplace Skills Plan (WSP), UMEDA awarded bursaries to employees to further their studies, as reflected in the table below.

Name	Type	Course Name	Institution	Duration
Ms. Lethiwe Zondi	Bursary	B – Compt in Financial Accounting	UNISA	1 Year
Ms. Nonhlelo Dlamini	Bursary	Postgraduate Diploma in Risk Management	UNISA	1 Year
Mr. Sandile Gabela	Bursary	Postgraduate Diploma in Public Administration	University Of Western Cape	1 year
Mr. Hloniphani Khumalo	Bursary	Advanced Diploma in Public Relations and Communications	DUT	1 Year

3.1.7 SENIOR MANAGEMENT REMUNERATION

Senior Management	Designation	Total Cost to Company
Mr. Michael Newton	Chief Executive Officer	R1,375,925.10
Mr. Mpumelelo Hadebe	Chief Finance Officer	R972,453.96
Mr. Sandile Gabela	General Manager: Trade & Investment	R972,453,96
Mr. James Martin	General Manager: Project Development	R972,453,96
Total		R4,293,286.98



CHAPTER 4- INFORMATION AND COMMUNICATION TECHNOLOGY



4.1 OVERVIEW

This section provides an overview of the activities and achievements of the Information and Communication Technology (ICT) unit within the Agency, for the 2024/25 financial year. The report highlights key projects, initiatives, and outcomes undertaken by the unit in support of the Agency's overall goals and objectives.

The ICT Unit at UMEDA is responsible for managing and maintaining the agency's IT infrastructure, systems, software, and data security. The department consists of a dedicated team of professionals with expertise in various areas of information technology.

4.2 OBJECTIVES AND INITIATIVES

The department's objectives for the year were aligned with the agency's broader goals and included the following key initiatives:

- **Enhance Network Security:** Strengthened network security measures by implementing advanced firewall systems, intrusion detection systems, and conducting regular security audits.
- **Upgrade Hardware and Software:** Upgraded aging hardware and software systems to improve performance and reliability, resulting in increased productivity and reduced downtime.
- **Maintain Cloud Solutions:** Successfully migrated a portion of the company's infrastructure to cloud-based solutions, resulting in cost savings and improved scalability.
- **Improve Help Desk Services:** Enhanced the help desk services by implementing a new ticketing system, reducing response time, and providing timely resolutions to user issues.
- Website development and maintenance

4.3 IT GOVERNANCE

IT Governance Framework was adopted by the Board on the 14th of July 2022, and considers IT risks, adequate controls in terms of reporting and oversight structures to ensure value and improved service delivery. As a result, the IT Strategic Plan was developed with an aim of supporting UMEDA business requirements and ensuring that IT investments remain in line with the approved organizational strategy/ business plan.

IT is governed by the following structures:

- **IT Steering Committee (Tactical Level)** The Agency has a functional IT Steering Committee which is integrated with the projects committee. The membership for the committee comprises of 06 members and chairperson. The committee sits on a quarterly basis.
- **Audit and Performance Committee (Strategic Level)** The Audit Committee consists of a minimum of five independent members, with a minimum of five (5) meetings held per annum to give effect to the responsibilities assigned to the Audit Committee in its Charter.
- **Board of Directors (Strategic Level)** The Board of Directors consists of seven members, with a minimum of four (4) meetings held per annum to give whose responsibility is to direct, monitor, and evaluate.

4.4 OPERATING SYSTEMS (OS)

The Agency utilises Microsoft Windows 11 as its primary Operating System across the organisation, providing enhanced functionality, including seamless computer–mobile device integration. UMEDA's data centre is housed at its main offices located at UMEDA House, Royal Showgrounds, Chief Albert Luthuli Street, Townhill. The Agency employs multiple storage solutions to support secure information management:

Shared Folder: Hosted on the backup server and accessible to authenticated users, with permissions configured in line with established access control parameters.

OneDrive: Leveraged as the Agency's cloud-based storage platform through Microsoft 365. To safeguard data integrity and ensure business continuity, Disaster Recovery (DR) testing is conducted twice annually, verifying the security, resilience, and reliability of the Agency's information systems.

4.5 INFORMATION TECHNOLOGY POLICIES

All UMEDA policies and procedures are developed by the Management and approved by the Board.

The following IT policies were reviewed and approved during the 2024/25 financial year:

Policy	Last Reviewed/Approved Date	Next Reviewed Date
1. IT Strategic Plan	20-Feb-2025	20-Feb-28
2. IT Charter Governance Framework	20-Feb-2025	20-Feb-28



CHAPTER 5-

PROJECTS DEVELOPMENT & INVESTMENT





5.1 OVERVIEW

The mandate of Project Development Department is to conceptualise, develop and manage projects, both investment and infrastructure projects. The investment projects are packaged, facilitated, and promoted within the uMgungundlovu District. The funding of the projects came from different funders such as UMDM, KZN EDTEA and KZN COGTA.

The portfolio of projects that UMEDA is facilitating are mainly greenfield, thus requiring significant developmental interventions before actual commitments could be committed by investors. The department is committed to convert pipeline projects into committed projects in the next financial year. Several leads are currently being screened and negotiated with prospective investors.

UMEDA is focusing on four sectors to promote investment opportunities in the district, namely:

- Tourism & Infrastructure
- Agriculture-Hemp/ Cannabis
- IT/ICT
- Manufacturing
- SMMEs and Entrepreneurship
- Green energy

5.2 TOURISM DEVELOPMENT SUPPORT

The Tourism Organisation Grant Funding was made possible through the uMgungundlovu District Municipality. This program was initiated as part of a commitment made by the District Mayor, Councilor Mzi Zuma, to support the tourism sector following numerous challenges raised during the Social Compact engagement.

An amount of R500,000 was made available and was allocated among the existing and prospectus CTOs.

The event was chaired by the District Mayor and was attended by representatives from all seven Local Municipalities, the Department of Economic Development, Tourism and Environmental Affairs (EDTEA), as well as Community Tourism Organisations (CTOs). The funding disbursement program, led by the uMgungundlovu Economic Development Agency (UMEDA), was successfully implemented on 4 April 2025.

5.3 MIDLANDS TOURISM PASSPORT PROJECT

UMEDA have developed and launched the Midlands Tourism Passport with the aim of marketing and promoting the uMgungundlovu District Municipality. The passport features a variety of tourism establishments, including wine cellars, craft outlets, coffee shops, accommodation facilities and adventure hotspots. The project was officially launched on 27 June 2025.

Stakeholders:

- UMEDA
- Community Tourism Organisations (CTO)
- uMgungundlovu District Municipality
- Lekker Passport

Since the launch, UMEDA has actively presented this concept to the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) and the KwaZulu-Natal Tourism and Film Authority. Both entities have shown interest, with discussions indicating the possibility of funding and expanding the programme to other districts within KwaZulu-Natal.

5.4 INVESTMENT PROMOTION AND MARKETING

UMEDA uses platforms such as inbound and outbound trade and investment missions as one of the effective tools for promoting investment opportunities in the district.

5.5 INBOUND

During 2024/25, UMEDA hosted a fact-finding mission with delegates:

DATE	COUNTRY	ORGANIZATION	DELEGATION FOCUS	OUTCOME
27/03/2024	China	Zoeyol (Pty)LTD	Timber Processing	Establishment of a Timber vineyard Factory located at Msunduzi and Richmond Municipality.
13/08/2024	China	Mountain Onyx Pty Ltd	Timber Processing	Establishment of a Timber Factory located at uMshwathi Municipality.

5.6 CONFERENCES /FORUM/WORKSHOPS/SEMINAR

To create awareness of the Agency's services and programs and promote the district as a business and investment destination, the Agency participated in the following Conferences/ forums/ workshops/ seminars during 2024/25.

DATE	TYPE	NAME	HOST	VENUE	STAFF MEMBER
01 July 2024	Meeting	Special EXCO	UMDM	Virtual	Mr. Sandile Gabela Mr. Michael Newton
05 July 2024	Workshop	Action working Group B Meeting	TIKZN	TIKZN, uHwebo Boardroom	Mr. Sandile Gabela
09 July 2024	Meeting	Special Board meeting	UMEDA	Virtual	Mr. Sandile Gabela, Mr. Michael Newton, Mr. James Martin
16 July 2024	Workshop	Workshop in Implementing the Council Resolution Msunduzi	Msunduzi Municipality	Tourism Hub Boardroom	Mr. Sandile Gabela
22 July 2024	Meeting	Introductory Meeting between UMEDA and Kwanalu	UMEDA	UMEDA Boardroom	Mr. Sandile Gabela, Mr. Thabiso Molefe, Ms. Nonhle Dlamini
25 to 26 July 2024	Conference	2nd African Continental Free Trade Area (AfCFTA) Conference	Milla SA	Durban ICC	Mr. James Martin and Mr. Sandile Gabela
30 July 2024	Council Meeting	Full Council	UMDM	UMDM- Council Chamber	Mr. Michael Newton and Mr. Sandile Gabela
02 August 2024	Meeting	US Consulate Visit	UMEDA	UMEDA Boardroom	Mr. Michael Newton, Mr. Sandile Gabela and Mr. James Martin
08 August 2024	Forum	DDM Technical HUB & One Plan Review	UMDM	Royal Show grounds	Mr. Michael Newton, Mr. Sandile Gabela and Mr. James Martin

12 August 2024	Meeting	Meeting between Municipal Manager and UMEDA	UMEDA	UMEDA Boardroom	Mr. Sandile Gabela and Mr. James Martin
03 September 2024	Investment Summit	SALGA Masterclass on Investment	SALGA	Durban- SALGA KZN Offices	Mr. Sandile Gabela, Mr. Thabiso Molefe and Mr. Hloniphani Khumalo
11 September 2024	Workshop	Land disposal and Property Revitalization	UMEDA	UMEDA Boardroom	Mr. Sandile Gabela, Mr. James Martin, Mr. Thabiso Molefe and Mr. Hloniphani Khumalo
16 September 2024	Council Meeting	Special EXCO	UMDM	Virtual	Mr. Newton and Mr Gabela
17 October 2024	Webinar	DTIC Manufacturing support Programme webinar	DTIC	Virtual	Mr. Sandile Gabela and Mr. Thabiso Molefe
21 October 2024	Meeting	Luqa Capital Investments and UMEDA	UMEDA	UMEDA Boardroom	Mr. Sandile Gabela
22 October 2024	Meeting	Tourism Stakeholders Consultation Engagement	UMDM	Virtual	Mr. Sandile Gabela, Mr. Thabiso Molefe and Ms. Mpilwenhle Mlaba
07 November 2024	Webinar	Presidential Engagement	Durban Chamber of Business and Commerce	Coastlands Musgrave Hotel	Mr. Sandile Gabela
06 December 2024	Workshop	Skills Development Workshop	SEDA	7 Buro Crescent	Mr. Sandile Gabela
23 January 2025	Meeting	Briefing session for Deputy President's event	UMEDA	Virtual	Mr. Sandile Gabela
24 January 2025	Event	Mpumuza Traditional Council Matriculants Recognition Ceremony	UMDM	Blackburn Sports Ground	Mr. Sandile Gabela, Mr. Thabiso Molefe, and Mr. Hloniphani Khumalo
13 February 2025	Workshop	Learning session with international border municipalities on trans-border trade	SALGA	Virtual	Mr. Sandile Gabela and Mr. Thabiso Molefe
25 February 2025	Workshop	Economic Data Analysis workshop	UMEDA	Virtual	Mr. Sandile Gabela and Mr. Thabiso Molefe
04 March 2025	Forum	UMDM IDP Representative Forum	UMDM	UMDM Council Chamber	Mr. Sandile Gabela

05 March 2025	Meeting	ICLEI World Congress 2027 Working Group	Msunduzi Municipality	Virtual	Mr. Thabiso Molefe
08 April 2025	Meeting	Planned Deputy Minister Visits to Provinces and Priority Districts on Accountability, Service Delivery and Cooperation Challenges	Msunduzi Municipality	Msunduzi Council Chambers	Mr. Sandile Gabela
15 April 2025	Meeting	Local Inagural meeting for the SALGA KZN DSAC Games 2025	UMDM	Virtual	Mr. Sandile Gabela
02 May 2025	Meeting	N3 Estate Development Corridor	UMEDA	Virtual	Mr. Sandile Gabela and Mr. Thabiso Molefe
07 May 2025	Meeting	SALGA Conference: Stefan Botha-Rainmaker Marketing	SALGA	Mount Edgecombe	Mr. Sandile Gabela
11 June 2025	Meeting	Business Breakfast Progress Meeting	UMDM	Virtual	Mr. Sandile Gabela and Mr. Thabiso Molefe
19 June 2025	Site Visit	Ezemvelo Site Visit	Ezemvelo	Midmar Resort	Mr. Sandile Gabela, Mr. James Martin and Ms. Mpilwenhle Mlaba
27 June 2025	Meeting	Provincial Tourism and Audio-Visual Committee	Endumeni Municipality	Dundee Battlefield	Mr. Sandile Gabela

5.7 PROJECTS

NO	PROJECT NAME	DESCRIPTION	FUNDER	PROJECT SITE	PROJECT VALUE	STATUS
1.	Camps Drift WIER Development	<p>Phase1: Residential component consisting of 1316 units (756 social housing & 560 open market)</p> <p>Phase 2: 96 room hotel approximately 3681m2 & 10 stories in height 4969m2 retail precinct (shops, restaurants, takeaways, recreation activities and business services) 991m2 medical office precinct. An integrated open space and road system.</p>	EDTEA Msunduzi Municipality Private Sector SHRA	Msunduzi	R 982 m	Reasons for non-implementation: SHRA have committed funding for Social Housing Building plans will be submitted as soon as the funding is through for Phase 1
2.	KZN Equestrian Hub	<p>To unify and strategize South Africa's equestrian sector particularly in KZN around vaccine development, export/import protocols and government engagement towards reviving and strengthening the industry.</p> <p>The meeting aimed to address the decline of South Africa's equestrian industry and explore opportunities to reposition KwaZulu-Natal's Midlands as a key investment hub. Using the Midlands Equestrian Action group neutral, facilitative role in bringing together stakeholders from across the sector to:</p> <ul style="list-style-type: none"> •Understand challenges in export protocols and vaccine access •Unify the industry's voice •Refine a working proposal •Prepare for high-level government engagement <p>The goal is to create a collaborative, structured platform to support growth, jobs, and international competitiveness in the equestrian industry.</p>	Private Sector, UMEDA	Mpofana	R200 m	MEAG is advancing South Africa's equestrian sector, expanding from a Midlands initiative to a national effort. The Group engaged veterinary authorities to address export/import challenges and submitted a formal letter to the Minister of Agriculture, Mr. Steenhuisen. The UMEDA General Manager attended a conference in Gauteng and visited Dube Trade Port to explore a quarantine facility, supporting MEAG's goal of unifying the industry and promoting growth and competitiveness.

3.	District Industry	Timber	It is strategic industrial development initiative aimed at strengthening the forestry and wood-processing value chain across the uMgungundlovu District. The initiative is expected to stimulate local economic growth, create jobs, and unlock downstream manufacturing opportunities within the district. The uMgungundlovu region has significant plantation forestry, particularly in areas such as Richmond, uMshwathi and Msunduzi, making it well-positioned for large-scale timber production and beneficiation. The project seeks to enhance timber harvesting, processing and value-addition through targeted infrastructure support, investment facilitation and private-sector partnerships. This includes opportunities to expand sawmilling capacity, establish wood-product manufacturing enterprises, and support small growers and community forestry initiatives to ensure inclusive participation in the sector. The project will also integrate environmental stewardship and fire-risk management measures to safeguard long-term sustainability. Overall, the District Timber Industry Project aims to transform the timber sector into a key economic driver for uMgungundlovu, contributing to rural development, SMME growth, and increased industrialisation within the district.	UMDM	uMshwathi, Msunduzi and Richmond	R200 m	<p>Msunduzi Timber Factory-The investor has signed the lease agreement, and they will begin factory establishment in the 1st week of September.</p> <p>Richmond Timber Factory-UMEDA & Richmond Municipality will be assisting with fast tracking building plans approvals, electricity and water supply, once the building plans have been approved.</p> <p>uMshwathi Timber Factory-produces high-quality treated timber products, including poles, fencing, and construction components, serving municipal, agricultural, and commercial needs. Aligned with the uMgungundlovu Economic Development Agency (UMEDA), the company contributes to local job creation and supports sustainable economic growth in the district.</p>
4.	Msunduzi Precinct	Airport	Revitalisation of the existing Oribi Airport complex including detailed design for Market Road extension, land use rights and subdivisions, provision/upgrade of bulk services, decommissioning of derelict railway line and packaging and disposal of industrial space	Msunduzi, EDTEA, UMEDA & Private Sector	Msunduzi	R 150 m (Private Sector)	<p>Airport Precinct Master plan conducted in 2017. There has been no movement.</p> <p>The proposed development of Msunduzi Airport remains pending, as the project is currently awaiting the initiation of the Expression of Interest (EOI) process by the Msunduzi Municipality. At this stage, no further movement has been recorded, and progress is</p>

						contingent upon the commencement of the formal EOI process to engage potential investors and development partners.
5.	iMpendle Shopping Centre	The iMpendle Shopping Centre is a planned retail development intended to create a central commercial hub within the town of iMpendle. The project involves the establishment of a modern shopping facility on a 6-hectare site, with the aim of providing residents with improved access to essential goods and services. The development is expected to accommodate a range of retail stores, service outlets, and trading spaces that will support local economic activity.	UMDM, iMpendle	iMpendle	R90 m	Architectural services have been secured on a risk-based arrangement to develop the design for the proposed shopping centre, demonstrating strong stakeholder confidence in the project's long-term viability and anticipated economic impact. UMEDA also received pro-bono architectural support to assist the investor in advancing the project. In addition, a private investor has been identified, further strengthening the prospects for successful project implementation.

6.	Wingrove Smart City	A new town development of 10 000 houses, with a central commercial / educational / health / light industrial and recreational Total area 755ha, of which approximately 450ha will be developed	Msunduzi, /Government Departments & Private Sector	Msunduzi	15b	Awaiting SPLUMA approval from Msunduzi
7.	UMEDA film Studio	UMEDA is in the process of establishing a dedicated Film Office that will actively market the uMgungundlovu District's diverse filmmaking assets. These include vibrant urban cityscapes in Pietermaritzburg, scenic Midlands rural landscapes, iconic heritage sites such as the Nelson Mandela Capture Site, and natural attractions including Howick Falls, dams, forests, and farmlands. The Film Office will offer comprehensive facilitation services for small independent films, television series, commercials, and	UMEDA	Msunduzi	R120 m	A new Film Office website has been developed; however, board members have recommended that it be linked to the main agency website rather than operate independently. Branding elements such as signage, brochures, and banners for the Film Office have been prepared. A Memorandum of Understanding (MOU) has been

		major international productions. Services will include dedicated support staff, location scouting assistance, municipal coordination, and fast-tracked permitting. This approach positions UMDM as a film-friendly district that removes barriers for producers and enhances the region's competitiveness as a filming destination.				signed with Phambili Media Production
8.	UMDM Hemp & Cannabis Park	To identify suitable lands (potentially in Traditional area) for growing industrial Hemp and facilitation of finance requirements for investors with off – take agreement for medicinal cannabis. UMEDA has established the KZN Hemp Association.	DARLLR, EDTEA, UMEDA, UKZN, Private Sector	Msunduzi	R150m(unfunded) Cannabis R450m (unfunded)	A comprehensive R40 million funding proposal in support of its hemp and cannabis sector development Programme has been drafted. This strategic initiative aims to unlock agricultural, industrial, and economic opportunities across the district in alignment with national policy directives. The proposal will be formally submitted to the National Minister of Agriculture during the month of June 2025, with the objective of securing funding for infrastructure, skills development, and enterprise support within this emerging sector. The Government Infrastructure Funding policies of does not allow for financing of these without the required trading permits.
9.	District Energy Security Programme	The appointment of IPPS to supply renewable energy to the bulk / industrial consumers, by wheeling through Eskom and Municipal infrastructure. 5 IPPs have been signed up, 12 industrial nodes have been identified, the business chamber and members are on board.	ESKOM, 7 Local Municipalities, NERSA	UMEDA, 7 LMs, NERSA, Chamber, Dept of Energy	R1.2 b(Funded) Pvt Sector	The project team is awaiting confirmation this week of a R1 million investment from the private sector, which will be utilised to address critical legal and compliance requirements necessary for project implementation. To date, a total of 2.9 GW of confirmed green energy capacity has been secured, marking a

		<p>This model of Development Agency breaking energy is being explored as a pilot for SA</p> <p>District Energy War Room is responsible for Driving this process.</p>				<p>significant milestone in the district's transition toward sustainable energy solutions.</p> <p>The programme is being developed in collaboration with the local Chamber of Commerce, as well as the Msunduzi and uMngeni Municipalities, ensuring broad-based support and alignment with regional development priorities.</p>
10.	Howick Falls and Mpophomeni Tourism Upgrade	<p>The upgrading of the Howick Falls Tourism Precinct including area around the Falls.</p> <p>The upgrading of the Mpophomeni Tourism</p>	<p>The upgrading of the Howick Falls Tourism Precinct including the area around the Falls.</p> <p>The upgrading of the Mpophomeni Tourism</p>	EDTEA UMEDA Umgeni Municipality	Howick Falls R10M Mpophomeni R1M	<p>Phase 1. All project components have been completed. UMEDA is currently finalising outstanding works with the contractor which is changing the current installed round poles to square beams of the pergola structure.</p> <p>Phase 2. Will commence in January 2026, pending the EXCO Council resolution from uMngeni municipality and approval from AMAFA.</p> <p>Phase 3: Service providers were appointed on 1 August 2025, and tenders were awarded for the construction of all prioritised components, including the stage roof, vendor container facilities, internal signage, tourism signage, septic tanks, security lighting, and the thatched roof structure. Three components have been completed, patching of the thatched grass roof, Installation of the new septic tank and the vendor container facilities have been supplied. The remaining items are security lighting and the stage cover which are currently in progress, with the exception of the signage works which have been re-advertised.</p>

11.	Camperdown Smart City & WWT	<p>The Camperdown Smart City WWT Project will deliver critical wastewater infrastructure to support 400 hectares of land released for mixed-use development.</p> <p>All land is privately owned, with landowners ready to commence construction. The infrastructure is essential to unlocking the broader New Town Development.</p>	Umgeni Water, UMDM, UMEDA, EDTEA, COGTA, ESKOM, SANRAL, DOT & Human Settlements	Mkhambathini	R 450 M (Not funded) Potential Investment R4B	<p>The residential development area is currently undergoing a detailed evaluation to determine its market potential and inform strategic planning. Concurrently, the property owners are in the process of finalizing a comprehensive development plan to guide the implementation phase.</p> <p>Private sector funding has been secured to support the development, and a formal letter of request has been submitted to Mayor Zuma. Awaiting a scheduled meeting with the Head of Department: Technical Services and the Chief Financial Officer to review and refine the proposed funding model. This engagement will ensure alignment with municipal objectives and financial sustainability of the project.</p>
12.	Mpofana Park, Agri-Bicycle Factory	<p>At present DOT imports more than R 20 million of bicycles for scholar transport.</p> <p>KZN DOT put a call for expressions of a feasibility study and the construction of a bicycle factory and identified the Mpofana Agri-industrial park as potentially suitable site.</p>	EDTEA, DOT, UMEDA, Mpofana LM	Mpofana	R 1.9M Feasibility (funded) 120M Est.(unfunded)	<p>The feasibility study for the Mpofana Agri-Park Bicycle Factory has been completed and is currently awaiting a formal sign-off by the Department of Transport (DOT). Upon approval, the project will proceed to the implementation phase.</p> <p>A key outstanding consideration is the final determination of the operational site, pending a decision on whether to construct a new facility in Mooi River or lease an existing building.</p> <p>The project's viability is dependent on the confirmation of a R20 million per annum order from DOT for three consecutive years, which remains under review.</p>

13.	WAR ON LEAKS	<p>UMEDA has identified the economic need to save water a programme under the National Skills Fund (NSF) aimed at the development, support, training, and capacitation of Small, Medium and Micro Enterprises (SMMEs) identified as Targeted Enterprises. The initiative specifically focuses on those with Construction Industry Development Board (CIDB) Grades 1-4 and priorities unemployed youth within the uMgungundlovu District.</p> <p>This programme seeks to employ, over a two-year period, 525 unemployed graduates by providing them with structured training and workplace-based internship opportunities aligned to the current water losses experienced across the 7 local Municipalities. These graduates will be equipped to contribute directly to the WAR ON LEAKS, through the direct efforts relating to technical water losses as well as being champions of change in adjusting the manner in which our communities use water, with little regard for its scarcity.</p>	UMEDA UMDM All Local Municipalities	All LMs	R100M	The project concept was presented to ESSID Cluster. A formal application, with supporting documents, was submitted to the NSF on the 4th of July 2025 and is currently awaiting feedback.
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CHAPTER 6- SERVICE DELIVERY PERFORMANCE



6.1 PERFORMANCE OVERVIEW

This section presents an analysis of the Agency's annual performance, derived from departmental Service Delivery and Budget Implementation Plans (SDBIPs), which are aligned to the performance agreements of Heads of Departments. The assessment is undertaken for each departmental Key Performance Indicator (KPI), using the approved evaluation methodology outlined below.

This summary reflects performance against the annual targets for the period 1 July 2024 to 30 June 2025. The Agency is pleased to report that it achieved an unqualified audit opinion with no material findings as per Annexure A of the Auditor General report, demonstrating strong organisational performance and compliance.

6.2 SDBIP REPORTING AND MONITORING

The performance of the Municipal Entity is evaluated by means of the Service Delivery Budget and Implementation Plan (SDBIP). SDBIP is a plan that converts the Multi-Year Business Plan and Budget into measurable criteria; it further implements annual strategies and objectives of the municipal entity.

The SDBIP of UMEDA consists of departmental performance plans and reports to the board the actual performance of the municipal entity on a quarterly basis. The SDBIP measures the achievement of performance indicators that have been determined to align with the municipal entity budget and multi-year for the financial year under review in this case the 2024/25 financial.

- a) Summary of the overall performance of the Municipal Entity in terms of the Entity's Key Performance Areas (KPAs) namely:
 - Good Governance
 - Institutional Development and Transformation
 - Sound Financial Viability and Management
 - Local Economic Development
- b) Departmental performance per KPI for the quarter under review.

6.3 KEY PERFORMANCE INDICATOR DEFINITIONS

Definitions of Key Performance Indicators (KPIs) used to track progress against strategic objectives.

STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	DEFINITIONS
INCREASE FACILITATED DIRECT INVESTMENTS	Camperdown Smart City Stakeholder engagement	The indicator measures the number and quality of engagements conducted with key stakeholders, including government entities, private sector investors, community representatives, and other relevant partners, to facilitate collaboration, input and support for the development and implementation of the Camperdown Smart City initiatives.
	Social Compact Committee meetings	The indicator measures the number of social compact meetings. Conducted ensuring representation and engagement from various stakeholders, including government, community members and the private sector, to promote inclusive participation in development discussions.
	OSS queries resolved	The indicator measures the total number of business-related queries handled and resolved through the One Stop Shop, including support provided for business registration, SARS tax certificate, compliance facilitation and investment assistance.
	District energy stakeholder engagements	Tracks the number of stakeholder engagements, level of participation, and collaboration efforts in advancing district energy solutions and sustainability initiatives, with a focus on promoting and providing solar energy to regions in need.
	Number of meetings with potential Investors	Measures the number of meetings held with potential investors aimed at securing investment opportunities that drive economic growth, business development and job creation in targeted sectors.

	Percentage completed for Howick Falls Precinct Upgrade Phase 1	This indicator measures the proportion of planned Phase 1 activities for the Howick Falls Precinct Upgrade that have been successfully completed within the reporting period. It reflects progress against the approved project scope, timelines, and deliverables, and serves as an assessment of project implementation efficiency and overall readiness.
	Funding, Stakeholder Consultation and Design for Mpophomeni Tourism Precinct	This indicator measures progress made in securing project funding, conducting stakeholder consultations, and advancing the design work for the Mpophomeni Tourism Precinct. It assesses the extent to which the foundational requirements for project initiation have been completed, ensuring that financial resources, stakeholder inputs, and technical design elements are in place to support successful implementation.
	Host a show that will run for 10 days supporting local small medium business	This indicator measures the successful planning and execution of a 10-day event aimed at supporting and promoting local small and medium enterprises, fostering business exposure, stakeholder engagement, and community economic development.
STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	DEFINITIONS
TO BUILD AN EFFICIENT AND PRODUCTIVE ADMINISTRATION	Training and development of UMEDA staff members	Measures the number of Training sessions, workshops, and professional development programs provided to UMEDA staff to improve their skills, knowledge and capacity for effective service delivery.
	Number of critical business software licenses renewed	The indicator tracks the number of renewals for essential business software licenses required for UMEDA's operations, ensuring compliance, security and uninterrupted service delivery.
	Number of SQL database (MScoa) backups executed	Measures the number of daily SQL database (MScoa) backups successfully executed and counted at the end of each quarter to ensure data security, integrity and system reliability.
	Number of Disaster Recovery testing conducted	Measures the number of Disaster Recovery testing exercises performed to assess the effectiveness of backup systems, data recovery processes, and UMEDA's continuity plans.
	Number of Newsletters published	The indicator measures the number of newsletters produced and published on a quarterly basis to communicate key updates, developments, projects and initiatives to stakeholders.
STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATOR	DEFINITIONS
ACHIEVE FINANCIAL COMPLIANCE WITH REGULATORY REQUIREMENTS	Date of AFS Submission to Board within deadline	The date on which the Annual Financial Statement (AFS) are submitted to the Board within the prescribed deadline, ensuring compliance with legislative governance and financial reporting requirements
	AFS Submission to Parent Municipality within deadline	Measures the timely submission of the Annual Financial Statements (AFS) to the Parent Municipality within the deadline ensuring compliance with as required by laws and regulations including financial reporting and the Municipal Finance Management Act (MFMA). This Indicator supports transparency, accountability and adherence to regulatory requirements.
	Date of Submission to AG within deadline	The indicator measures the timeliness of submitting the required financial statements and reports to the Auditor-General (AG) by the Chief Financial Officer within the prescribed deadline which is August of each year. Ensuring compliance with legislative requirements and reflects UMEDA's commitments to financial accountability.

	Submission of Section 87 to Parent Municipality within MFMA deadline	Measures the timely submission of the section 87 report, as required by the Municipal Finance Management Act (MFMA), to the parent municipality within the prescribed deadline. Section 87 of the MFMA mandates that annual budget and adjustments budget of a municipal entity must be submitted to the parent municipality for approval. Compliance with this deadline ensures proper financial governance and alignment with municipal financial planning processes.
	Submission of quarterly consolidated Section 87 to the Board within deadline	The indicator measures the number of submissions of the quarterly consolidated section 87 report to the Board within the deadline. In compliance with section 87 of the Municipal Finance Management Act (MFMA), municipal entities are required to prepare and submit consolidated budget performance reports to ensure financial oversight, accountability and informed decision-making by the Board.
	Submission of Mid-term budget adjustment to the Board within MFMA deadline	The indicator measures the submission of Mid-term Budget Adjustment to the Board in accordance with (MFMA) deadline. The Mid-term budget adjustments ensure that financial performance and budget allocations are reviewed and adjusted where necessary to align with UMEDA's priorities and operational effectiveness.
	Assets Verifications Conducted	The indicator measures the completion of asset verification processes to ensure the accuracy, existence, condition, and proper recording of organizational assets. Asset verification is a critical component of asset management, ensuring compliance with financial reporting standards and safeguarding Agency's resources. Regular verification helps in detecting discrepancies, preventing asset mismanagement, and supporting informed decision-making regarding asset maintenance, disposal, or acquisition.
STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	DEFINITIONS
ENSURE COMPLIANCE TO ALL APPLICABLE REGULATORY REQUIREMENTS	Number of risk Assessments Conducted	Measures the number of formal risk assessments conducted within a specific period to identify, evaluate, and mitigate potential risks that could impact UMEDA's operations, financial health and strategic objectives. Regular risk assessments help in proactive risk management, ensuring compliance with governance frameworks and enhancing organizational resilience.
	Number of PMS report submitted to the Board	The indicator measures the number of performance Management System (PMS) reports submitted to the Board on a quarterly basis. This report monitors the agency's performance, planned projects have been successfully executed within the defined scope, time frame, budget, Ensuring alignment with strategic goals and compliance with government requirements.
	Number of Board meetings held	The indicator measures the number of Board meetings conducted within a specific period to ensure effective governance, strategic oversight and decision -making. Regular board meetings are essential for reviewing the Agency's performance, financial management and compliance with regulatory requirements.
	Number of Audit and Performance Committee meetings held	Measures the number of Audit and performance Committee meetings conducted. These meetings ensure proper oversight of financial reporting, risk management, internal controls and performance monitoring in alignment with governance and compliance requirements. Regular meetings contribute to transparency, accountability and organizational effectiveness.
	Number of Signed (SLA/MOU) with strategic Partners	The indicator measures the total number of Service Level Agreements (SLA) or Memoranda of Understanding (MOU) signed with strategic partners within a specific period. These agreements formalize partnerships, outlining roles, responsibilities and commitments to support collaboration and the achievements of UMEDA's objectives.

The overall assessment of actual performance against set targets for key performance indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

COLOUR	CATEGORY	EXPLANATIONS
	KPI Overachieved	Actual vs target is above 100%
	KPI Met / or achieved	Actual vs target is 100% achieved
	KPI not fully met / or partially achieved	Actual vs target not 100% achieved
	KPI not met / or not achieved	Actual vs target not met

6.4 ACTUAL DEPARTMENTAL PERFORMANCE FOR THE PERIOD UNDER REVIEW

The table below indicates the annual performance of each department per KPI, as reflected in the organisational SDBIP. Details on reasons for deviations and measures for improvement are provided in the 2024/25 SDBIP reporting template. Adjustments were made during the mid-term review, and the revised annual targets are highlighted in red and shown with strike-through formatting. Adjustments were also made to the associated budget allocation.

KPA REF	STRATEGIC PLAN REF	STRATEGIC OBJECTIVE	PROJECT	KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	ANNUAL ACTUAL	REASONS FOR VARIANCE	MEASURES TAKEN TO IMPROVE
SOCIO-ECONOMIC SERVICES								
SOCIO-ECONOMIC SERVICES	INV/01	Increase facilitated direct investments	Provide promotion, marketing and facilitation of investment opportunities and development of projects within uMgungundlovu District	Camperdown smart city stakeholder engagement	4	8	N/A	N/A
	INV/02			Social compact committee meetings	4	5	N/A	N/A
	INV/03			OSS queries resolved.	20	31	N/A	N/A
	INV/04			District energy stakeholder engagements	4	4	N/A	N/A
	INV/05			Number of meetings with potential investors	4	4	N/A	N/A

	INV/06			Percentage completed for Howick Falls Precinct Upgrade Phase 1	100%	98%	Due to delays caused by weather conditions and pending Variation order	N/A
	INV/07			Funding, Stakeholder Consultation and Design for Mpophomeni Tourism Precinct	2	2	N/A	N/A
	INV/08			Host a show that will run for 10 days supporting local small medium business	1	1	N/A	N/A
INSTITUTIONAL TRANSFORMATION & DEVELOPMENT								
INSTITUTIONAL TRANSFORMATION & DEVELOPMENT	CORP/01	To build an efficient and productive administration	Provide leadership, strategic management in accordance with the legislation, regulations, and policies to ensure appropriate support service to all core programmes within the Agency.	Training and development of UMEDA staff members	4	9	N/A	N/A
	CORP/02			Number of critical business software licenses renewed	6	8	N/A	N/A
	CORP/03			Number of SQL database (mSCOA) backups executed	200	351	N/A	N/A
	CORP/04			Number of Disaster Recovery testing conducted	4	4	N/A	N/A
	CORP/05			Number of Newsletters published	4	4	N/A	N/A
FINANCIAL VIABILITY & MANAGEMENT								
FINANCIAL VIABILITY & MANAGEMENT	FIN/01	Achieve financial compliance with regulatory requirements	Provide leadership, strategic management in accordance with the legislation,	Date of AFS Submission to Board within deadline	31/08/24	31/08/24	N/A	N/A

	FIN/02		regulations, and policies to ensure appropriate support service to all core programmes within the Agency	AFS Submission to Parent Municipality within deadline	31/08/24	31/08/24	N/A	N/A
	FIN/03			Date of AFS Submission to AG within deadline	31/08/24	31/08/24	N/A	N/A
	FIN/04			Submission of Section 87 to Parent Municipality within MFMA deadline	12	12	N/A	N/A
	FIN/05			Submission of quarterly consolidated Section 87 to Board within deadline	4	4	N/A	N/A
	FIN/06			Submission of Midterm budget adjustment to the Board within MFMA deadline	25/01/25 20/01/2025	20/01/2025	N/A	N/A
	FIN/07			Assets verifications conducted	4	4	N/A	N/A
	GOOD GOVERNANCE							
GOOD GOVERNANCE	CEO/01	Ensure compliance to all applicable regulatory requirements	Provide leadership, strategic management in accordance with the legislation, and policies to ensure appropriate support service to all core programmes within the Agency.	Number of Risk Assessments conducted	4 1	3	N/A	N/A
	CEO/02			Number of PMS reports submitted to Board	4	5	N/A	N/A
	CEO/03			Number of Board meetings held	4	6	N/A	N/A

	CEO/04			Number of Audit and Performance Committee meetings held	4	6	N/A	N/A
	CEO/05			Number of signed (SLA/MOU)	4	8	N/A	N/A



ANNEXURE A-
AUDITOR GENERAL REPORT



AUDITOR-GENERAL
SOUTH AFRICA

AUDIT REPORT

uMgungundlovu Economic Development Agency

(UMEDA)

2024-25

Report of the auditor-general to KwaZulu-Natal Provincial Legislature and the council on uMgungundlovu Economic Development Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the uMgungundlovu Economic Development Agency (UMEDA) set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement, statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMgungundlovu Economic Development Agency as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

7. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xxx, forms part of my auditor's report.

Report on the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to Socio-economic services presented in the annual performance report for the year ended 30 June 2025. I selected those indicators that measure the municipal entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Number of One Stop Shop (OSS) queries resolved
 - Percentage completed for Howick Falls Precinct Upgrade Phase 1
 - Funding, Stakeholder Consultation and Design for Mpophomeni Tourism Precinct
 - Host a show that will run for 10 days supporting local small medium business

14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipal entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for measures taken to improve performance

16. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

17. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

20. The table that follows provides information on the achievement of planned targets and lists the key indicator that was not achieved as reported in the annual performance report.

Socio-economic services

<i>Targets achieved: 75%</i> <i>Budget spent: 34%</i>		
Key indicator not achieved	Planned target	Reported achievement
Percentage completed for Howick Falls Precinct Upgrade Phase 1	100%	98%

Report on compliance with legislation

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipal entity's compliance with legislation.
22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipal entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
24. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

25. The accounting officer is responsible for the other information included in the annual report which includes the directors' report and the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

30. I did not identify any significant deficiencies in internal control.

Auditor - General

Pietermaritzburg

28 November 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



PMCB
BUSINESS
OF THE **YEAR 2025**

STATE-OWNED ENTERPRISE

WINNER

**uMgungundlovu
Economic
Development
Agency**

SIGNED BY THE PRESIDENT OF THE
Pietermaritzburg & Midlands Chamber of Business
7 November 2025

JESMONDENE
LIFESTYLE ESTATE

Mi7
NATIONAL GROUP

THE VOICE OF BUSINESS





ANNEXURE B-
AUDITED ANNUAL FINANCIAL STATEMENTS
AS AT 30 JUNE 2025



UMEDA
uMGUNGUNDOVU
ECONOMIC DEVELOPMENT AGENCY

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Annual Financial Statements for the year ended June 30, 2025

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

General Information

1.5 Board of Directors

Chairperson

Dr S Ndlovu

Deputy Chairperson

Mrs Z Sokhela

Prof A Modi

Ms M Myeni

Mr M Zikalala

Ms P Nzimakwe

Mr B Hlomuka

Business address

UMEDA House

Maritzburg Show Grounds

Chief Albert Luthuli Street

Pietermaritzburg

3201

Postal address

PO Box 3174

Pietermaritzburg

3201

Controlling entity

uMgungundlovu District Municipality

Bankers

First National Bank

Auditors

Auditor General South Africa (AGSA)

Registered Auditors

Preparer

The annual financial statements were internally compiled by:

Mpumelelo Hadebe

Chief Financial Officer

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

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1.6 Page

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Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	9
Significant Accounting Policies	10 - 21
Notes to the Annual Financial Statements	22

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Financial Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the municipal entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

The Accounting Officer has reviewed the municipal entity's cash flow forecast for the year to June 30, 2026 and, in the light of this review and the current financial position, he is satisfied that the municipal entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 4, which have been prepared on the going-concern basis, were approved by the on August 30, 2025 and were signed on its behalf by:



Mr. Michael Newton

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Statement of Financial Position as at June 30, 2025

	Note(s)	2025	2024
Assets			
Current Assets			
Receivables from exchange transactions	7	3,500	-
Receivables from non-exchange transactions	8	-	32,962
Statutory receivables	9	1,268,488	1,349,007
Prepayments	6	436,461	476,914
Cash and cash equivalents	10	10,438,674	10,509,645
		12,147,123	12,368,528
Non-Current Assets			
Property, plant and equipment	3	2,775,273	2,138,661
Non-Current Assets		2,775,273	2,138,661
Current Assets		12,147,123	12,368,528
Total Assets		14,922,396	14,507,189
Liabilities			
Current Liabilities			
Payables from exchange transactions	5	132,084	6,839
Provisions	12	727,161	461,119
		859,245	467,958
Non-Current Liabilities			
Unspent conditional grants and receipts	11	8,240,227	10,220,315
Non-Current Liabilities		8,240,227	10,220,315
Current Liabilities		859,245	467,958
Total Liabilities		9,099,472	10,688,273
Assets		14,922,396	14,507,189
Liabilities		(9,099,472)	(10,688,273)
Net Assets		5,822,924	3,818,916
Accumulated surplus		5,822,924	3,818,916
Total Net Assets		5,822,924	3,818,916

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Statement of Financial Performance

	Note(s)	2025	2024
Revenue			
Revenue from exchange transactions			
Other income		56,535	16,500
Interest received - investment	15	1,149,653	850,955
Total revenue from exchange transactions		1,206,188	867,455
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	16	15,680,088	13,030,681
Public contributions and donations	17	40,000	-
Total revenue from non-exchange transactions		15,720,088	13,030,681
		1,206,188	867,455
		15,720,088	13,030,681
Total revenue	13	16,926,276	13,898,136
Expenditure			
Employee related costs	18	(7,994,908)	(7,235,109)
Remuneration of Board Members	19	(255,483)	(102,342)
Depreciation and amortisation	20	(214,078)	(217,490)
Lease rentals on operating lease	14	(247,755)	(184,761)
Loss on disposal of assets and liabilities		(240,212)	(64,458)
General Expenses	21	(5,951,982)	(3,792,123)
Total expenditure		(14,904,418)	(11,596,283)
Operating surplus/deficit		-	-
Surplus before taxation		2,021,858	2,301,853
Taxation		-	-
Surplus for the year		2,021,858	2,301,853

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Statement of Changes in Net Assets

	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1,517,064	1,517,064
Balance at July 1, 2023 as restated*	1,517,064	1,517,064
Changes in net assets		
Surplus for the year	2,301,853	2,301,853
Total changes	2,301,853	2,301,853
Balance at July 1, 2024	3,818,917	3,818,917
Changes in net assets		
Surplus for the year	2,021,858	2,021,858
Other 3	(17,851)	(17,851)
Total changes	2,004,007	2,004,007
Balance at June 30, 2025	5,822,924	5,822,924
Note(s)		

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Cash Flow Statement

	Note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Grants		13,732,962	16,916,519
Interest income		1,149,653	850,955
Other receipts		12,300	16,500
		<u>14,894,915</u>	<u>17,783,974</u>
Payments			
Employee costs		(8,014,581)	(7,211,126)
Suppliers		(5,779,884)	(4,346,118)
Statutory receivables		(80,519)	1,283
		<u>(13,874,984)</u>	<u>(11,555,961)</u>
Total receipts		14,894,915	17,783,974
Total payments		(13,874,984)	(11,555,961)
Net cash flows from operating activities	22	<u>1,019,931</u>	<u>6,228,013</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	<u>(1,090,902)</u>	<u>(210,462)</u>
Net increase/(decrease) in cash and cash equivalents		(70,971)	6,017,551
Cash and cash equivalents at the beginning of the year		10,509,645	4,492,094
Cash and cash equivalents at the end of the year	10	<u>10,438,674</u>	<u>10,509,645</u>
Cash flows from operating activities			
Receipts			
Cash flows of discontinued operations		18,364,234	17,783,974
Payments			
Cash flows of discontinued operations		(17,344,303)	(11,555,961)
Total receipts		18,364,234	17,783,974
Total payments		(17,344,303)	(11,555,961)
Net cash flows from operating activities	22	<u>1,019,931</u>	<u>6,228,013</u>

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Annual Financial Statements for the year ended June 30, 2025

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Agency services	550,000	(510,000)	40,000	-	(40,000)	
Other income	-	59,000	59,000	56,535	(2,465)	
Interest received - investment	1,250,198	-	1,250,198	1,149,653	(100,545)	
Total revenue from exchange transactions	1,800,198	(451,000)	1,349,198	1,206,188	(143,010)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	12,200,000	9,780,369	21,980,369	15,680,088	(6,300,281)	a
Public contributions and donations	-	-	-	40,000	40,000	
Total revenue from non-exchange transactions	12,200,000	9,780,369	21,980,369	15,720,088	(6,260,281)	
'Total revenue from exchange transactions'	1,800,198	(451,000)	1,349,198	1,206,188	(143,010)	
'Total revenue from non-exchange transactions'	12,200,000	9,780,369	21,980,369	15,720,088	(6,260,281)	
Total revenue	14,000,198	9,329,369	23,329,567	16,926,276	(6,403,291)	
Expenditure						
Personnel	(8,460,358)	-	(8,460,358)	(7,994,908)	465,450	
Remuneration of Non Executive Directors	(420,000)	100,000	(320,000)	(255,483)	64,517	b
Depreciation and amortisation	(215,070)	-	(215,070)	(214,078)	992	
Lease rentals on operating lease	(394,000)	132,000	(262,000)	(247,755)	14,245	c
General Expenses	(4,475,770)	(8,426,268)	(12,902,038)	(5,951,982)	6,950,056	d
Total expenditure	(13,965,198)	(8,194,268)	(22,159,466)	(14,664,206)	7,495,260	
	14,000,198	9,329,369	23,329,567	16,926,276	(6,403,291)	
	(13,965,198)	(8,194,268)	(22,159,466)	(14,664,206)	7,495,260	
Operating surplus	35,000	1,135,101	1,170,101	2,262,070	1,091,969	
Loss on disposal of assets and liabilities	-	-	-	(240,212)	(240,212)	
	35,000	1,135,101	1,170,101	2,262,070	1,091,969	
	-	-	-	(240,212)	(240,212)	
Surplus before taxation	35,000	1,135,101	1,170,101	2,021,858	851,757	
Deficit before taxation	35,000	1,135,101	1,170,101	2,021,858	851,757	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	35,000	1,135,101	1,170,101	2,021,858	851,757	

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Annual Financial Statements for the year ended June 30, 2025

Budget on Cash Basis

Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
--------------------	-------------	--------------	--	---	-----------

- a - The Howick falls phase two was budgeted to be complete by the year end and revenue to be recognised.
- b - The savings on the board fees was due to late start in the board committees.
- c - The anticipated move from the current premises did not materialise.
- d - The construction of Howick falls phase two did not materialise as budgeted.

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Annual Financial Statements for the year ended June 30, 2025

	2025	2024
Note(s)		

1. Significant accounting policies

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

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Financial Management Act (Act 56 of 2003).

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

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipal entity.

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipal entity will continue to operate as a going concern for at least the next 12 months.

1.4 Significant judgements and sources of estimation uncertainty

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

Budget Information

The annual budget figures have been prepared in accordance with GRAP standard and are consistent with the accounting policies adopted by the Board for the preparation of these annual financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of budget versus actual amounts. Explanatory comments are provided in the notes to the annual financial statements giving reasons for over or under spending on line items where it is found to be material. The annual budget figures included in the annual financial statements are for the entity and do not include budget information for uMgungundlovu District Municipality. These figures are those approved by the Board at the beginning and during the year. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 01 July 2024 to 30 June 2025.

Other

1.5 Property, plant and equipment

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

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1.7 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is recognised as an asset when:

it is probable that future economic benefits or service potential associated with the item will flow to the municipal entity; and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	5 - 15 years
Motor vehicles	Straight-line	5 - 15 years
IT equipment	Straight-line	5 - 15 years
Other equipment	Straight-line	5 - 15 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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1.5 Property, plant and equipment (continued)

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipal entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipal entity assesses at each reporting date whether there is any indication that the municipal entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipal entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipal entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipal entity; and
- the cost or fair value of the asset can be measured reliably.

The municipal entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.
- Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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1.8 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

1.9 Item Depreciation method Average useful life

Computer software, other	Straight-line	3 - 5 years
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Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised .

1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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1.6 Financial instruments (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

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1.7 Financial instruments (continued)

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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1.7 Financial instruments (continued) Classification

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting:

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

The entity measures a financial asset and financial liability initially at its fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid

1.8 Tax

Current tax assets and liabilities

The entity's income is exempt from taxation in terms of Section 10(1)(cA) of the income tax Act.

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1.9 Leases

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

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

Operating leases - lessee

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

1.10 Employee benefits Identification Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Classification of plans

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Multi-employer plans are defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that: (a) pool the assets contributed by various entities that are not under common control; and (b) use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees.

State plans are plans established by legislation that operate as if they are multiemployer plans for all entities in economic categories laid down in legislation.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipal entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

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

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

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1.11 Provisions and contingencies (continued)

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating Profit. If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipal entity

No obligation arises as a consequence of the sale or transfer of an operation until the municipal entity is committed to the sale or transfer, that is, there is a binding arrangement. After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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1.11 Provisions and contingencies (continued)

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.12 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.13 Revenue from exchange transactions

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

An exchange transaction is one in which the municipal entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

1.12 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipal entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipal entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipal entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.13 Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipal entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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

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1.14 Revenue from non-exchange transactions

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

1.14 Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipal entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

1.15 Expenses

Expenses are recognised when they are incurred and not necessary when they are paid..

1.16 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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

1.17 Irregular expenditure

Irregular expenditure as defined in section 125 2(d) of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including :

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

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

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

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1.18 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The municipal entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipal entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipal entity is exempt from the disclosures in accordance with the above, the municipal entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.19 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

The municipal entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.20 Value Added Taxation

The entity is registered with SARS for VAT in accordance with Section 15 (2) (a) of the Value Added Tax Act No 89 of 1991.

uMgungundlovu Economic Development Agency

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Notes to the Annual Financial Statements

2025

2024

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipal entity's accounting periods beginning on or after July 1, 2025 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Revised GRAP 25 on Employee Benefits	To be determined	Unlikely there will be a material impact
GRAP 1 on Presentation of Financial Statements	To be determined	Unlikely there will be a material impact
Improvements to the Standards of GRAP, 2020.	To be determined	Unlikely there will be a material impact
Guideline on Accounting for Landfill Sites	To be determined	Unlikely there will be a material impact
Revised GRAP 104 Financial Instruments	01 April 2025	Unlikely there will be a material impact

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Figures in Rand

3. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	904,829	(223,906)	680,923	731,130	(190,094)	541,036
Motor vehicles	1,509,409	(338,252)	1,171,157	950,891	(270,455)	680,436
IT equipment	974,312	(252,575)	721,737	716,677	(191,980)	524,697
Other equipment	309,676	(108,220)	201,456	573,271	(180,779)	392,492
Total	3,698,226	(922,953)	2,775,273	2,971,969	(833,308)	2,138,661

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Figures in Rand

3. Property, plant and equipment (continued) Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	541,036	243,939	(47,145)	(56,907)	680,923
Motor vehicles	680,436	558,518	-	(67,797)	1,171,157
IT equipment	524,697	257,635	-	(60,595)	721,737
Other equipment	392,492	30,810	(193,067)	(28,779)	201,456
	2,138,661	1,090,902	(240,212)	(214,078)	2,775,273

uMgungundlovu Economic Development Agency

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Figures in Rand

1.15 3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	547,805	51,530	(4,638)	(53,661)	541,036
Motor vehicles	743,829	-	-	(63,393)	680,436
IT equipment	499,221	146,431	(59,821)	(61,134)	524,697
Other equipment	419,293	12,501	-	(39,302)	392,492
	2,210,148	210,462	(64,459)	(217,490)	2,138,661

4. Current tax payable (receivable)

5. Payables from exchange transactions

Trade payables 132,084 6,839

6. Prepayments

Software licences	436 461	446 682
Medical Aid		30 232
Total	<u>436 461</u>	<u>476 914</u>

7. Receivables from exchange transactions

Trade debtors 3,500 -

Statutory receivables included in receivables from exchange transactions above are as follows:

120 - 180+ Days 3,500 -

Financial asset receivables included in receivables from exchange transactions above - -

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7. Receivables from exchange transactions (continued)

1.16 Total receivables from exchange transactions 3,500 -

8. Receivables from non-exchange transactions

uMgungundlovu District Municipality - 32,962

At the end of the financial year, uMgungundlovu District Municipality owed the agency an amount of R0 (2024: R32 962)

9. Statutory Receivables

The entity had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

VAT receivables 1,268,488 1,349,007

Current assets 1,268,488 1,349,007

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	258	156
Bank balances	66,200	34,855
Short-term deposits	10,355,069	10,458,622
Other cash and cash equivalents	17,147	16,012
	10,438,674	10,509,645

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2025	June 30, 2024	June 30, 2023
First National BANK - Chequeaccount - 627 1166 5177	62,856	34,855	22,654	62,856	34,855	22,654
First National BANK - Chequeaccount - 62838452605	17,147	16,012	15,861	17,147	16,012	15,861
First National BANK - Chequeaccount - 63026183846	10,355,069	10,458,622	4,452,602	10,355,069	10,458,622	4,452,602
First National BANK - Chequeaccount - 63109078378	3,344	-	-	3,344	-	-
Total	10,438,416	10,509,489	4,491,117	10,438,416	10,509,489	4,491,117

uMgungundlovu Economic Development Agency

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11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

N3 Corridor Program	1,750,000	1,750,000
RASET Grant	-	179,946
Howick Falls Grant	5,490,227	8,290,369
Mpophomeni Revitalisation Grant	1,000,000	-
	8,240,227	10,220,315

Movement during the year

Balance at the beginning of the year	10,220,315	6,750,996
Additions during the year	1,000,000	5,000,000
Income recognition during the year	(2,980,088)	(1,530,681)
	8,240,227	10,220,315

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

12. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Total
Leave Provision	373,683	164,896	538,579
Bonus Provision	87,436	101,146	188,582
	461,119	266,042	727,161

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Total
Leave Provision	180,755	206,629	(13,701)	373,683
Employee benefit cost	-	87,436	-	87,436
	180,755	294,065	(13,701)	461,119

The leave pay provision represents managements best estimate of the entity's liability in respect to leave days owing to staff.

13. Revenue

Other income	56,535	16,500
Interest received - investment	1,149,653	850,955
Government grants & subsidies	15,680,088	13,030,681
Public contributions and donations	40,000	-
	16,926,276	13,898,136

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Annual Financial Statements for the year ended June 30, 2025

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13. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Other income	56,535	16,500
Interest received - investment	1,149,653	850,955
	1,206,188	867,455

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Transfer revenue

Government grants & subsidies	15,680,088	13,030,681
Public contributions and donations	40,000	-
	15,720,088	13,030,681

14. Lease rentals on operating lease

Premises

Contractual amounts	241,500	172,700
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Equipment

Contractual amounts	6,255	12,061
	247,755	184,761

15. Investment revenue

Interest revenue

Bank	1,149,653	850,955
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uMgungundlovu Economic Development Agency

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Annual Financial Statements for the year ended June 30, 2025

	202	202
16. Government grants & subsidies		
Operating grants		
Transfers from controlling entity	12,700,000	11,500,000
Howick Falls Grant	2,800,142	1,530,681
RASET Grant	179,946	-
	15,680,088	13,030,681
	15,680,088	13,030,681
N3 Corridor Development		
Balance unspent at beginning of year	1,750,000	1,750,000
The close out report was sent to the relevant department and awaiting approval to recognise revenue the revenue as it was after the expected date.		
Rasset Grant		
Balance unspent at beginning of year	179,946	179,946
Conditions met - transferred to revenue	(179,946)	-
	-	179,946
Howick Falls Grant		
Balance unspent at beginning of year	8,290,369	4,821,050
Current-year receipts	-	5,000,000
Conditions met - transferred to revenue	(2,800,142)	(1,530,681)
	5,490,227	8,290,369
Conditions still to be met - remain liabilities (see note 11).		
Mpophomeni Revitalisation		
Current-year receipts	1,000,000	-
17. Public contributions and donations		
donations	40,000	-
Donation of building usage in lieu of hosting the Maritzburg show		

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Annual Financial Statements for the year ended June 30, 2025

	202	202
18. Employee related costs		
Basic	6,406,710	6,156,343
Bonus	472,049	264,830
Medical aid - company contributions	92,977	32,703
UIF	29,140	27,390
SDL	71,705	50,212
Leave pay provision charge	164,896	195,181
Acting allowances	80,701	3,629
Cellphone Allowance	145,846	139,099
Back Pay	47,115	22,146
Pension Fund	382,624	343,576
Bonus provision charge	101,145	-
	7,994,908	7,235,109
Remuneration of CEO - M Newton		
Annual Remuneration	1,326,065	1,272,005
Performance Bonuses	101,760	15,085
Contributions to UIF, Medical and Pension Funds	2,125	2,125
Backpay	9,540	-
Skills Levy	14,650	9,898
Cellphone Allowance	27,600	27,600
	1,481,740	1,326,713
Remuneration of GM Trade and Investments - S Gabela		
Annual Remuneration	933,976	895,900
Performance Bonuses	71,672	10,625
Contributions to UIF, Medical and Pension Funds	2,125	2,125
Cellphone Allowance	22,800	22,800
Backpay	6,719	-
Skills levy	10,352	6,996
	1,047,644	938,446
Remuneration of GM Projects - J Martin		
Annual Remuneration	933,976	895,900
Performance Bonuses	71,672	13,904
Contributions to UIF, Medical and Pension Funds	2,125	2,125
Cellphone Allowance	22,800	22,800
Skills Levy	10,352	7,029
Backpay	6,719	-
	1,047,644	941,758
Remuneration of CFO - M Hadebe		
Annual Remuneration	933,976	763,810
Performance Bonuses	61,104	2,526
Contributions to UIF, Medical and Pension Funds	2,125	1,771
Backpay	6,719	-
Cellphone Allowance	22,800	19,398
Skills Levy	10,245	6,915
	1,036,969	794,420

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	202	202
19. Remuneration of Board Members		
Board fees	255,483	102,342
20. Depreciation and amortisation		
Property, plant and equipment	214,078	217,490
21. General expenses		
Advertising	54,986	67,719
Auditors remuneration	509,533	393,148
Bank charges	51,769	11,837
Cleaning	143,796	1,750
Consulting and professional fees	2,697,951	1,861,139
Consumables	123,601	68,676
Insurance	83,491	50,992
IT expenses	798,793	754,843
Fleet	1,004	19,840
Marketing	96,674	6,975
Medical expenses	11,711	1,600
Fuel and oil	39,274	32,216
Printing and stationery	73,646	37,688
Repairs and maintenance	252,413	27,295
Security (Guarding of municipal property)	-	1,313
Subscriptions and membership fees	22,175	2,405
Telephone and fax	205,086	164,770
Transport and freight	27,456	-
Training	82,503	55,859
Travel - local	6,608	10,847
Electricity	41,069	37,329
Tourism development	428,571	-
Entrance Fees	21,297	2,224
Legal fees	178,575	181,658
	5,951,982	3,792,123
22. Cash generated from operations		
Surplus	2,021,858	2,301,853
Adjustments for:		
Depreciation and amortisation	214,078	217,490
Gain on sale of assets and liabilities	240,212	64,458
Movements in provisions	266,042	280,364
Changes in working capital:		
Consumer debtors	3,500	-
Other receivables from non-exchange transactions	32,962	416,519
VAT	80,519	(1,283)
Prepayments	40,453	(192,188)
Payables from exchange transactions	125,245	(207,277)
Unspent conditional grants and receipts	(2,004,938)	3,469,319
Accrued expense	-	(121,242)
	1,019,931	6,228,013

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23. Commitments

Authorised operational expenditure

Already contracted for but not provided for

• Accounting and Business Support	2,145,045	662,080
• Operating Leases	210,930	159,416
Contracted Services	547,214	3,042,443
• Broadband Provision	7,548	23,680
	2,910,737	3,887,619

Total operational commitments

Already contracted for but not provided for	2,910,737	3,887,619
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Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	210,930	159,416
- in second to fifth year inclusive		718,815
	210,930	878,231

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

24. Contingencies

There were no contingencies for the year under review.

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Annual Financial Statements for the year ended June 30, 2025

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25. Related parties

Relationships	
Accounting Officer	Refer to key Management' report note 18
Controlling entity	uMgungundlovu District Municipality
Board Member (Chairperson)	Dr Sihle Ndlovu
Board Member (Deputy Chairperson)	Mrs Zinhle Sokhela
Board Member	Prof Albert Modi
Board Member	Mr Mpumelelo Zikalala
Board Member	Ms Phumelele Nzimakwe
Board Member	Ms Mbali Myeni
Board Member	Mr Bongani Hlomuka

Related party balances

Board Fees

Dr. Sihle Ndlovu	74,310	60,438
Mrs. Zinhle Sokhela	28,809	13,095
Prof. Albert Modi	28,809	18,333
Mr. Mpumelelo Zikalala	18,333	10,476
Ms. Mbali Myeni	43,168	-
Ms. Phumelele Nzimakwe	43,168	-
Mr. Bongani Hlomuka	18,886	-
	<u>255,483</u>	<u>102,342</u>

Amounts included in Trade receivable (Trade Payable) regarding related parties

uMgungundlovu District Municipality	-	32,962
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Related Parties

Operational Grant Revenue	<u>12,700,000</u>	<u>11,500,000</u>
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26. Risk management

Financial risk management

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Cash and cash equivalents	10,438,674	10,509,645
Receivable from non-exchange transactions	-	32,962
Receivables from exchange transaction	3,500	-
Current tax receivable	1,268,488	1,349,007
Payables from exchange	132,084	6,839

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1.17 27. Going concern

We draw attention to the fact that at June 30, 2025, the Entity had an accumulated Profit of 5,822,924 and that the entity's total assets exceeds its liabilities by 5,822,924

The current assets exceeded the current liabilities by R11,287,869 and the entity realised a Surplus of R 2,021,858 in the current year. The entity will be a going concern in the foreseeable future since the total assets exceeds the total liabilities and the entity is solely dependent on funding from the Parent Municipality (uMgungundlovu District Municipality).

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the subordination agreement referred to in these annual financial statements will remain in force for so long as it takes to restore the solvency of the municipality.

The management of the Agency is confirming that the Entity will not cease trading. The Parent Municipality has confirmed this by ensuring that the Parent appointed board of directors for 3 years.

The Parent Municipality is committed to transfer equitable share to the agency to ensure that the Agency meets its financial obligations.

The management is committed to look for funding from the state so that the Agency can be self sufficient.

28. Fruitless and wasteful expenditure

Opening balance as previously reported	41,141	41,141
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29. Irregular expenditure

Opening balance as previously reported	7,446,397	7,446,397
Add: Irregular expenditure - current	-	29,969
Less: Amount written off - current	-	(29,969)
Closing balance	7,446,397	7,446,397

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1.18 30. Deviation from supply chain management regulations

Supplier	Date of Award	Description of goods	Reason for deviation	Award value
VRM Technology	09 April 2025	Internet service, Installation and setup	The service provider appointed could not deliver the required bandwidth and the agency reverted to the previously appointed provider to continue with operations	R23 126.00
Sbonga's Cleaning and Garden Services	06 January 2025	Cleaning services	the employed general assistance was admitted in hospital result a service provider was appointed to fulfill her duties	R111 900.00
WEQ4UCC	16 July 2024	Licensing of UMEDA Vehicles	The department of transport does not accept electronic transfers and the post office would not open an account for the agency due to the fact that it has less than 6 vehicles. A service provider was appointed to renew the vehicles on behalf of the agency	R18 539.70

31. Segment information

uMgungundlovu Economic Development Agency

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Annual Financial Statements for the year ended June 30, 2025

Notes to the Annual Financial Statements

31. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Administration and Governance	Socio - Economic Services	Total
Revenue			
Revenue from non-exchange transactions	12,740,000	2,980,088	15,720,088
Interest revenue	1,149,653	-	1,149,653
Other Income	56,535	-	56,535
Total segment revenue	13,946,188	2,980,088	16,926,276
Entity's revenue			16,926,276
Expenditure			
Salaries and wages	7,994,908	-	7,994,908
Remuneration of Non-Executive Directors	255,483	-	255,483
Depreciation and Amortisation	214,078	-	214,078
Lease rentals on operating lease	247,755	-	247,755
Loss on Disposal of Assets	240,212	-	240,212
General Expenditure	2,971,894	2,980,088	5,951,982
Total segment expenditure	11,924,330	2,980,088	14,904,418
Total segmental surplus/(deficit)	2,021,858	-	2,021,858
Assets			
Current Assets	12,147,123	-	12,147,123
Non-Current Assets)	2,775,273	-	2,775,273
Total segment assets	14,922,396	-	14,922,396
Total assets as per Statement of financial Position			14,922,396

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Annual Financial Statements for the year ended June 30, 2025

Notes to the Annual Financial Statements

	Administration and Governance	Socio - Economic Services	Total
31. Segment information (continued)			
Liabilities			
Current Liabilities	859,245	-	859,245
Non-Current Liabilities	-	8,240,227	8,240,227
Total segment liabilities	859,245	8,240,227	9,099,472
Total liabilities as per Statement of financial Position			9,099,472

2024

	Administration and Governance	Socio - Economic Services	Total
Revenue			
Revenue from non-exchange transactions	11,500,000	1,530,681	13,030,681
Interest Revenue	850,955	-	850,955
Insurance	16,500	-	16,500
Total segment revenue	12,367,455	1,530,681	13,898,136
Entity's revenue			13,898,136

uMgungundlovu Economic Development Agency

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Annual Financial Statements for the year ended June 30, 2025

Notes to the Annual Financial Statements

31. Segment information (continued)

Expenditure

Salaries and wages	7,235,109	-	7,235,109
Remuneration of Non - Executive directors	102,342	-	102,342
Loss on disposal of assets and liabilities	64,458	-	64,458
Depreciation and Amortisation	217,490	-	217,490
Lease rentals on operating lease	184,761	-	184,761
General Expenses	3,726,623	65,500	3,792,123
Total segment expenditure	11,530,783	65,500	11,596,283
Total segmental surplus/(deficit)	836,672	1,465,181	2,301,853

Assets

Current Assets	12,368,528	-	12,368,528
Non-Current Assets	2,138,661	-	2,138,661
Total segment assets	14,507,189	-	14,507,189
Total assets as per Statement of financial Position			14,507,189

Liabilities

Current Liabilities	467,958	-	467,958
Non-Current Liabilities	-	10,220,315	10,220,315
Total segment liabilities	467,958	10,220,315	10,688,273
Total liabilities as per Statement of financial Position			10,688,273

32. Accounting by principals and agents

The entity was a party to a principal-agent arrangement(s).

uMgungundlovu Economic Development Agency

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Annual Financial Statements for the year ended June 30, 2025

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32. Accounting by principals and agents

(continued) Details of the arrangement(s) is/are as follows:

During the 2024/25 financial year, the Agency entered into an agreement with the new owner of the Maritzburg Show Grounds, being Vu-Tact Trade & Investment (Pty) Ltd (VUT) with the purpose to collaborate with each other in pursuit of the achievement of set objectives in relation to economic growth poverty alleviation and job creation through the management and promotion of the Royal Show Grounds as a destination to host events festivals shows and other entertainment or sporting activities. The Agency was appointed as implementing agent to promote and manage the Royal Show Grounds Events on behalf of the Principal (VUT) in lieu of rental for the facility known as the Wood Rite building. The agreement commenced on 01 July 2024 and was terminated on 01 November 2024.

1.19 Entity as agent Revenue recognised

As part of the MoU, the Agent promoted and managed the Royal Show Grounds Event held on xxx on behalf of the Principal in lieu of rental for the facility known as the Wood Rite building. The market value of the rental amount of the Wood Rite building is R10 000 per month for a period 1 July 2024 to 1 November 2024. - The Agent has recognised an Agency Administration Fee of R40 000 in the Financial Statement of Performance

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

Category(ies) of expenses paid or accrued on behalf of the principal, are:

Amount of expenses paid on behalf of the principal during the reporting period	6,546,051	-
Amount of revenue received on behalf of the principal during the reporting period	6,546,051	-



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ECONOMIC DEVELOPMENT AGENCY

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