



VAALHARTS WATER USER ASSOCIATION

**ANNUAL REPORT
2025-2026**



A. INTRODUCTION

This report will provide feedback on all operations and activities of the Vaalharts Water User Association (VHWUA) for the financial year 2025/2026.

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

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

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C. List of Abbreviations

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

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1. CHAIRPERSON'S REPORT

1.1. Operational Review

Hard work in the previous years finally started paying off during this financial year in terms of recouping historical debt from Water Service Providers. Some are complying some are not but measures are in place for action for the first time and it must be commended.

The improved debt collection has in turn improved our reserve percentage that could assist with difficult times if our clients remain under stress and international situations keeps effecting prices and interest rates.

Even though DWS are still doing rehabilitation on their own they have improved their speed at least, VHWUA is also keeping a close eye and doing all in their power to join the team again to ensure more is done while still focussing on improving productivity of maintenance measures.

This year also saw a lot of research and development of new innovations in our civil and water control sections that will soon be implemented and improve our operations greatly.

1.2. Vaalharts Taung Revitalization (VTR) Project Feedback

Very little progress has once again been made in the 12 months that has passed. The DBSA had to take over the responsibility for providing funding for the Project Prep phase while DWS is now expected to sign the agreement before the procurement process can continue.

Even though this is a priority project effecting 100s of 1000s of people the project keeps stalling. We hope to see more progress in the new year.

1.3. Transformation

Our institution likes to challenge itself in terms of transformation each year even though we regularly hear how we set an example in terms of what we do for our communities, how we create opportunities.

This was really a year of opportunities, not only for interns at our institution but once again for small businesses to form part of our projects. Government Departments such as the Department of Agriculture and other are also exploring using VHWUA as implementing agents due to our effectivity but also our connections with local labour and local companies.

We will always strive to invest and uplift locally.

1.4. Vaal Main Stem WUA

During this year the Department took the first step to start the Public Consultation on the Establishment of the Vaal Main Stem WUA. We were also invited to come and pitch our proposal to take over the Operation and Maintenance on an Adopt-A-Scheme approach.

The meetings went well with many users for and against the process, but at least engaging while VHWUA made it clear that the benefits to us ploughing our experience into our neighbouring area will benefit all more than just a reduction in tariffs.

We hope to see this process and establishment near completion in the next year.

1.5. Manco Composition

Table 1: Manco Composition 2025/2026

<u>CATEGORY - IRRIGATION</u>	<u>Nr</u>	<u>NAME</u>
Wyk/Ward 1	1	WILLEM DE KLERK
Wyk/Ward 2	2	ANTON HOWARTH
Wyk/Ward 3 (5 Seats VH)	3	PIETER BURGER
Wyk/Ward 4	4	JOHAN BEYTELL
Wyk/Ward 5	5	PIET VAN NIEKERK
KB Kanaal/Canal (2 Seats KB)	6	LOUIS MARITZ
	7	CHARLES FISCHER
Spitskop (1 Seat Spitskop)	8	DANIEL JOHANNES SWAN (JNR)
Ganspan (Co-opted)	9	DANIEL STAOERT
Taung Bosele (2 Seats Taung)	10	MBULELO TAU
Taung Tshidiso Co-operative	11	ENOCH MOLEBIEMANG
<u>EMERGING FARMERS</u>	<u>Nr</u>	<u>NAME</u>
(1 Seat Across Scheme)	12	FABIAN LOBELO
<u>SMALL SCALE USERS</u>	<u>Nr</u>	<u>NAME</u>
(1 Seat VH)	13	CHRISTELLE STOMAN
(1 Seat Taung)	14	TUMELO LETELE
(1 Seat KB/Spitskop)	15	EPHRAIM MOKWENA
(Traditional Leader Co-Opted)	16	KGOSI MOTHIBI
(Traditional Leader Co-Opted)	17	KGOSI MANKUROANE
<u>LOCAL WATER AUTHORITIES</u>	<u>Nr</u>	<u>NAME</u>
(1 Seat Water Boards)	18	MARUPING RAPUDUNGOANE (Vaal Cent
	19	KELEBOGILE MOGAMISI (Magalies Wat
(1 Seat Phokwane)	20	GG HALTER
(1 Seat Magareng)	21	ANGIE SELEKE
<u>INDUSTRIES</u>	<u>Nr</u>	<u>NAME</u>
Industries (Co-Opted)	22	BERNADETTE MAREE
<u>GOVERNMENT DEPARTMENTS</u>	<u>Nr</u>	<u>NAME</u>
(1 Seat Dept. Agriculture)	23	PONDAI KANYASA (NC)
	24	GOITSEONE MOCWIRI (NW)
(1 Seat DWS Region)	25	RUTH MOTHEKHE

1.6. Vote of Thanks

With that I would like to thank the management of the VHWUA as well as the board for the year that passed. Lots of successes and lots of struggles still, however if we keep walking the straight road we will win in the end.

Pieter Burger

Chairman of Manco

2. HISTORY OF THE ASSOCIATION

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

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

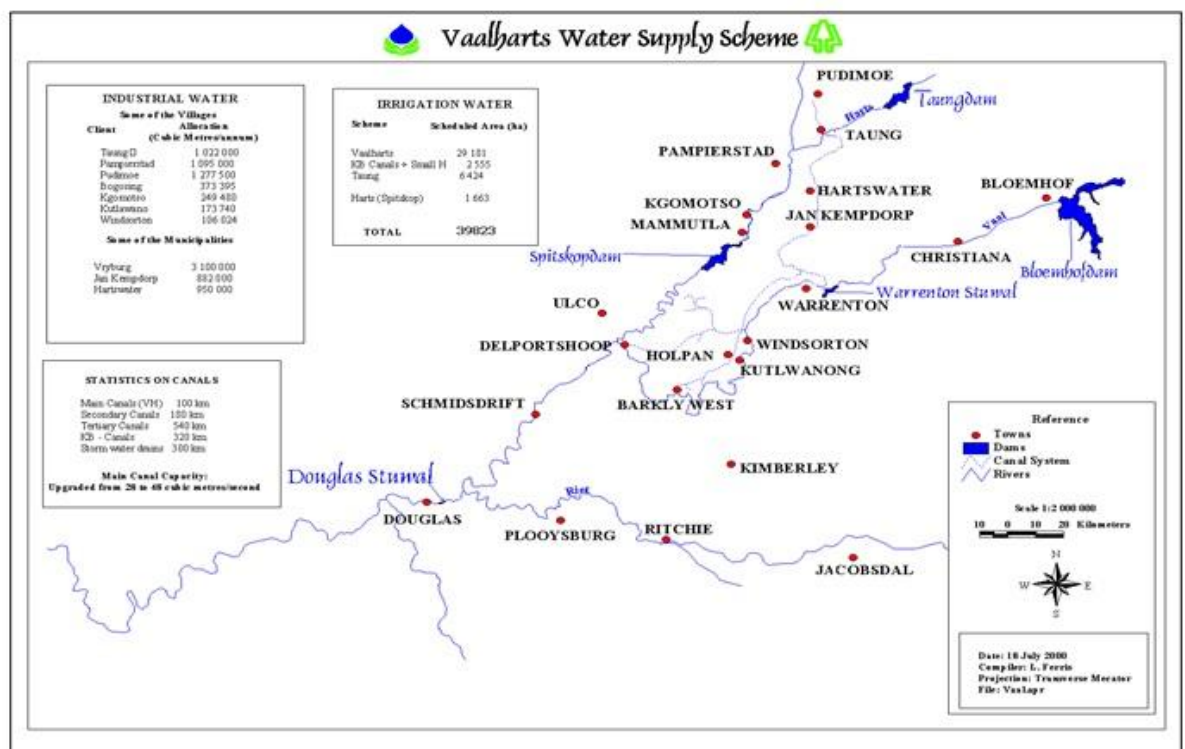


Figure 1: Vaalharts Water Supply Scheme

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

3. AUDIT COMMITTEE REPORT

This is the report of the audit committee of Vaalharts Water User Association appointed for the financial year ended 31 March 2026 in compliance with the Constitution of the Association.

3.1. Membership

The Board appointed the committee for the 2025/2026 financial year at the management committee meeting dated 10 October 2025.

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

The members of the committee were J. Beytell (chairman), E Mokwena, DJ van Eeden (CEO) and P Lombard (Financial Manager).

3.2. Purpose

The purpose of the committee is to:

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

3.3. Duties carried out

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

3.3.1. Financial statements

The committee:

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

3.3.2. External audit

The committee:

- nominated PriceWaterhouseCoopers Inc. as auditors and JP Allen as the independent auditor and designated audit partner, respectively to the management committee for appointment for the financial year ended 31 March 2026, of the Association, and ensured that the appointments complied with legal and regulatory requirements for the appointment of an auditor;
- approved the external audit engagement letter, the audit plan and the budgeted audit fees payable to the external auditors;
- determined the nature and extent of all non-audit services provided by the independent auditors and pre-approved all non-audit services undertaken;
- obtained assurances from the independent auditors that adequate accounting records were being maintained;
- confirmed that no reportable irregularities had been identified or reported by the independent auditors under the Auditing Profession Act; and

3.3.3. Independence of external auditors

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

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

3.3.4. Combined assurance

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

3.3.5. Financial Manager, Internal Auditors TGA and finance function

The committee:

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

3.4. Annual financial statements

Following the review by the committee of the annual financial statements of Vaalharts Water User Association for the year ended 31 March 2026, the committee is of the view that, in all material respects, it complies with the relevant provisions of the Constitution of the Association and the entity's accounting policies and fairly presents the financial position at that date and the results of its operations and cash flows for the year. In conjunction with the risk committee and social and ethics committee, the committee has also satisfied itself as to the integrity of the remainder of the annual integrated report.

Having achieved its objectives for the financial year, the committee recommended the annual financial statements and annual integrated report for the year ended 31 March 2026 for approval to the management committee.

J Beytell

Chairman

4. HUMAN RESOURCE COMMITTEE REPORT

It is an honour and prestige to be afforded an opportunity to present the human resources and remuneration report of the aforementioned committee for the period 2025/2026.

4.1. Members of the committee

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

4.2. Terms of reference are *inter alia*

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

To mention a few.

4.3. Job Creation & Labour Relations

During the year under review, we were able to create about 125 non-permanent jobs for the community which lives on the scheme through the dry week period.

All internal grievances (1) were handled as per the company's grievance procedure and resolved timely, while the disciplinary actions taken by the company during the year under review were in accordance with company's policy and the Labour relations act.

Vaalharts Water has 3 recognised unions (Nehawu, Amcu and Solidarity) with the following employee representation: Nehawu 47%, Amcu 44% and Solidarity 9%.

4.4. Long Service Awards & Employee Wellness

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

Vaalharts Water also assisted employees who were going through mental, domestic, social and/or alcohol and substance abuse problems through its employee assistant program (EAP).

4.5. Employment Equity.

In compliance with Employment Equity Act No 55 of 1998, Vaalharts water submitted its annual employment equity report to the department of labour, it was acknowledge as received with no issues communicated back.

The new 5-year employment equity plan has been submitted to the department of labour and its currently awaiting DG (director General) approval.

4.6. Skills Development

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

The institution during the financial year 2025/2026 trained 41 employees on occupational based training, skills program, academic, statutory and refresher training which is a total of 22% from the total number of employees.

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

4.7. Occupational Health and Safety

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

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

The highest number of days work without injuries recorded for the year under review is 95.

4.8. Way forward

Vaalharts Water aims to continue uplifting and capacitating its work force to build a competent work force for the benefit of the water users in the scheme.

To effectively and efficiently apply its human resources to achieve the goals of the scheme and always aiming for improvements where there are gaps.

F Lobelo

VHWUA HR Committee Chairperson

5. CIVIL DEPARTMENT

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

During previous Financial Years, the Refurbishment of the North Canal was done by the VHWUA and claimed back from DWS. During the 2025-2026 Financial Year the Department once again decided to use their own Construction team to fulfil this duty.

Achievements During Scheduled Dry Periods – North Canal

The following work was successfully completed by the DWS Construction West Team:

	2025-2026 DWS CW	2024-2025 DWS CW	2023-2024 DWS CW	2022-2023 VHWUA
Concrete panels replaced	159	74	19	469
Concrete placed (m ³)	338	181	53	782
Meters effected (m)	413.5	185	47.5	1172.5

These interventions contribute significantly to the longevity and efficiency of the Vaalharts Water Scheme, ensuring reliable water delivery for agricultural and other users even though we know that CCW is doing the work 9 times more expensive than VHWUA.

5.1. Concrete Works

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

Table 2: Concrete Works

STRUCTURE	CONCRETE m³	SLABS	METERS
Main Canal	11	4	12
North Canal	55	33	82.5
West Canal	11.5	6	18
Feeder canals	393	315	945
Community furrows	763.5	1697	5090
Drainage canals	437	351	1052
KB canals	216.5	480	1440
Pre-Cast	26		
Other	150.5		
TOTAL:	2064		

5.2. Sluices

During the 2025-2026 Financial year the following sluices were replaced:

- 41 Community Sluices and Calibrated
- 11 Division Sluices

5.3. Maintenance of Drainage Canals

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

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

Table 3: Drains

DRAINS CLEANED	DISTANCE IN METERS
Primary and secondary drains mechanically cleaned	149 305
Secondary drains cleaned by contractors	503 972

5.4. Maintenance of Buildings

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

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

- House A3 Painting inside and outside
- House B009 Painting inside and outside
- House B019 Painting inside and outside
- House B040 Replace Roof
- House H17/1 Painting inside and outside
- House H20/2 Full renovation of House
- SKW HR Quarters Tiling of Sitting Room
- House HU1 Painting inside and outside
- House HU8 Painting inside and outside
- House B051 Tiling of Sitting and Dining Rooms
- House B032 Tiling of 4 Rooms
- CFO Office Building of Filing Cupboard
- Civil Office Painting of Ladies Bathroom
- Reggie Pienaar Garden Painting, Installing Rails, Epoxy on Floor
- SKW Hall Replacing Damaged Ceiling
- House B051 Building a Kitchen Unit
- 12 Kompong Painting and Replacement of Doors
- House W11 Repair Carport
- House S2 Painting and Repair Roof
- B003 Sprinter Replace Interior Ceiling

- | | |
|---------------------|-----------------------------|
| • House H9/1 | Painting inside and outside |
| • Civil Entrance | Paint inside |
| • Civil Hugo Office | Paint Office |

6. WATER CONTROL

6.1. Efficiency and Control of Water

Table 4: Water Use Efficiency



Water Use Efficiency Accounting Report: Weeks 1 to 52

VHS: Vaalharts 2025/2026

Year	Mnth	Agriculture (x1000 m3)	Industrial (x1000 m3)	Municipality (x1000 m3)	Household (x1000 m3)	Down stream (x1000 m3)	Other (x1000 m3)	Total used (x1000 m3)	Released (x1000 m3)	Total loss (x1000 m3)	Loss (%)	Alloc used (x1000 m3)	Alloc avail (x1000 m3)	Used (%)	Avail (%)
2025	Apr	328	10	717	36	1 825	5 083	7 999	9 094	1 095	12.0	1 055	277 289	0.4	99.6
2025	May	2 113	10	527	45	1 851	14	4 560	6 941	2 380	34.3	3 720	274 624	1.3	98.7
2025	Jun	6 652	11	536	36	4 968	25	12 229	17 624	5 395	30.6	10 945	267 399	3.9	96.1
2025	Jul	8 919	11	785	45	6 925	25	16 710	22 047	5 338	24.2	20 686	257 658	7.4	92.6
2025	Aug	12 419	6	654	36	6 911	16	20 042	25 223	5 181	20.5	33 781	244 563	12.1	87.9
2025	Sep	25 032	15	806	36	9 355	22	35 266	42 164	6 898	16.4	59 656	218 688	21.4	78.6
2025	Oct	28 183	15	829	45	9 957	36	39 064	48 972	9 908	20.2	88 718	189 626	31.9	68.1
2025	Nov	6 454	16	862	36	3 922	14	11 304	14 059	2 755	19.6	96 065	182 279	34.5	65.5
2025	Dec	13 554	15	728	36	5 978	27	20 337	25 651	5 314	20.7	110 388	167 956	39.7	60.3
2026	Jan	37 277	31	876	45	11 192	41	49 462	61 835	12 373	20.0	148 613	129 731	53.4	46.6
2026	Feb	23 001	26	760	36	4 113	27	27 963	38 183	10 220	26.8	172 428	105 916	61.9	38.1
2026	Mar	17 678	24	805	36	4 395	18	22 956	31 975	9 020	28.2	190 953	87 391	68.6	31.4
		181 611	190	8 886	463	71 392	5 350	267 891	343 767	75 876	22.1	190 953	87 391	68.6	31.4

6.2. Loss Percentage

In the table below the past 26 years' loss percentages can be seen. A clear reduction can be seen from 2007 when the WAS program was introduced fully. The biggest factor used to be the operational losses. To install more real time measurement and train employees formally there could a be possibility to reduce losses even more. The fluctuation in the losses per year is due to the amount of rain during the season. The canal is more efficient when in high and even flow during the year.

This year 68.6% of the total agricultural quota has been used due to summer rainfall and the canal did not have an even flow which then results in higher losses.

Table 5: Loss Percentages

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

2007/2008	351413400	202907300	9442000	26.12
2008/2009	396550400	227259400	11689000	25.22
2009/2010	374724500	212461900	86550000	24.71
2010/2011	366491600	243647992	9027348	25.4
2011/2012	371800500	263311734	10517915	26.1
2012/2013	447967500	335745351	10929292	22.6
2013/2014	459084500	324462500	12150000	26.7
2014/2015	449132500	335851500	13178000	22.3
2015/2016	493176500	347370500	14740000	26.6
2016/2017	326706500	237113500	22212200	22.7
2017/2018	44194000	325974000	16685000	22.8
2018/2019	477785000	356746000	16845000	21.7
2019/2020	421883000	323894000	15788000	19.7
2020/2021	362031000	294394000	12598000	18.7
2021/2022	321149000	159370000	13087000	20.5
2022/2023	339538000	252552000	11612000	22.1
2023/2024	344850000	334326000	10524000	20.9
2024/2025	40229900	304832000	9009000	22.0
2025/2026	343767000	259997000	9076000	22.1

6.3. Representation of HDI Farmers on the Vaalharts Water Scheme

Table 6: Current Emerging Farmer Hectares

Scheme	Total ha	EF ha	%
Vaalharts	28968	600.7	2.0
Spitskop	1663	375.41	22.57
KB	2555	360.9	14
Taung	(6424 available) 3759 usable	3759	100
Total	36 945	5044.61	13.65

6.4. Water Measurement

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

Vaalharts Water has a registered rain meter by SAWS in Jan Kempdorp, we also measure at 8 other different sites to oversee the Vaalharts irrigation area. There is 4 sub areas that Vaalharts is divided in: West Canal, Tadcaster, Springboknek, Magogong.

The daily operation for the water distribution is done on the WAS program to calculate the releases for the scheme. These personnel do water distribution, reporting faults next to canals, cleaning inside and outside of canals and is directly in contact with the clients of Vaalharts Water on a daily basis.

The dry periods on weekends has an impact on water distribution losses and management of water while the canal demand increases a lot before and after the dry weeks.

The KB system uses fixed pipes and V-Noch measuring structures that ensure the amount of water licensed per year is delivered to each user in 250 days per year

6.5. Servitudes



The servitudes team have a grass cutting section that uses 3 tractors with mulchers and 1 brush cutter plus 2 petrol brush cutters to maintain the grass next to canals. The tractors is also used to spray chemicals next to canals. This operation continues during the year nonstop.

We received a new tipper truck to clean next to feeders where ground is removed during dry weeks and supply gravel to roads and servitudes to fill up and restore the areas. They also remove debris next to informal settlements where there is possible pollution.

The team also has 3 excavators that is being used to prepare servitude areas to be cut with mulchers and remove trees next to overgrown canals and restore roads that was damaged by overflowing canals and heavy rains. They also clean canals that catches high amounts of sand during the year to prevent overspilling.

6.6. Taung

The Taung Office is operating at full capacity. A database is in place of most users that received tribal land, while the challenge is receiving any change of ownerships from the tribal office. Monthly meetings are held with different co-op's to better communication between Vaalharts Water and users to understand the accounts and operations. The office is working parallel with the tribal office, at this stage the feedback from the community is positive. Sub-District meetings are held quarterly.

Crop verification is done bi-annually for proof of irrigation. The Vaalharts Water Officers are visible on a daily basis while they attend all the Co-Op meetings for general enquiries and challenges. Communication between clients, farmers and the Municipality has been improved.

6.7. Temporary Water Transfers

Table 7: Temporary Transfers

Total volume of water temporarily transferred for the water year	20 984 260 m ³
Transfers to Vaal River	1 863 886 m ³
Transfers between plots, between irrigators and between properties of the same irrigator	19 084 374 m ³
Total Number of Transfers	226

7. MECHANICAL DEPARTMENT

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

- Maintenance and service of vehicles and machines.
- Procurement, planning & transport of the fleet and equipment.
- Innovation implementation to enhance productivity.
- All mechanical and steel maintenance of canals including sluices etc.
- Inspections of dams and structures.
- Grading of access roads.
- Providing fuel to vehicles on site and in the field.
- Electrical maintenance on all Vaalharts Water buildings, houses, and dams.
- Auto – electrical repairs on vehicles and machines.

7.1. Mechanical and fleet operations

During the 2025/2026 year the mechanical department completed the following jobs:

Vehicle/Machine Maintenance & Service Activities	1000+
Steel Maintenance & Innovation Activities	269
Electrical Repairs	187
Pool Activities	1000+
Diesel & Tyre Jobs	1000+

- Most mechanical jobs are done inside the Vaalharts Workshop while others need to be carried out on site in and around the Vaalharts scheme. Mechanics, welding teams, electricians and support teams travel great distances daily to ensure fleet, steel and electrical structures are in a good working condition.
- Pool assistant vehicles include two low bed trucks, two truck mounted crane trucks, a roll-back truck, and a mobile crane.
- Water trucks deliver water daily to water control houses as well as concrete teams when in need.
- The fuel delivery vehicles travel out into the scheme every day to either provide fuel to vehicles and machines or assist with tyre problems.

- Dam inspections are conducted routinely. Incidents and accidents are recorded and investigated with corrective actions suggested.
- Water meters and valves are installed and maintained.
- Community assistance are provided regularly.

7.2. New fleet items purchased for 2025/2026

2 x Isuzu 1.9D SC Bakkies	
1x CAT 306.5 Mini Excavator	
1 x Toyota Hino 2836 10 Cube Tipper Truck	

1x Putzmeister SP11 LMR Shotcrete machine	
1 X TOYOTA 2.4 GD6 4x4 Bakkie	

7.3. Budget

The result for the Mechanical Budget for 2025/2026 is listed below as:

Year Budget	8 855 798
Year Spent	7 478 630
Balance	1 377 168

% Saving on budget	15.5%
--------------------	-------

15.5 % saving on the budget was made this year due to the following measurements to help prevent high maintenance cost:

- Strict measures to ensure all vehicles, trucks, machines, and the mobile plant is serviced according to intervals to prevent major damage.
- Preventive maintenance on the fleet, all mechanical and steel structures in the Vaalharts scheme.
- Utilising our own mechanical personnel more than contractors.
- Fleet inspections to identify mechanical problems that could prevent high repair costs.
- The use of the Live Budget daily to see actual figures to prevent overspending.
- Procurement of high-quality parts,tyres,and other materials with extended service life to improve fleet reliability,durability,and cost-effectiveness

8. HUMAN RESOURCE DEPARTMENT

8.1. Brief introduction

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

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

- Selection and Recruitment
 - Labour relations
 - Benefits management
 - Skills development
 - Human resources Administration
 - Employment Equity
 - Human Resources Policies development
 - Leave Management
 - Occupational Health and Safety
 - Office Cleaning
 - Security Services
-
- The Mission of the VHWUA Human Resources Department is to be fully compliant with all labour laws, for example: The Basic Conditions of Employment, Labour Relations Act, Skills Development Act, Employment Equity Act etc while ensuring a happy and productive labour force.
 - The Vision is to contribute towards the general development of the Vaalharts Water User Association and South Africa and in particular the community within our area of operation by capacitating employees who will respond to the challenging needs of the scheme which requires flexible employees who are not rigid and able to interact with administration, civil, technological and mechanical developments and also achieve our training and employment equity targets.
 - We have programs in place in terms of learnerships and internships for the local youth who are taken through our program to increase skill levels. We are also committed to social responsibility and, as a water user association, we are busy with the outlay of our social responsibility plans.

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

8.2. Organogram

The organogram for 2025-2026 was approved by Management when changes were made and by Manco when changes were made at Executive and Senior Management level.

8.3. Staff Compliment

The staff compliment for the financial year was 188.

8.4. Training and development

A total number of 41 employees were trained during the financial year, in order to improve their production, efficiency, skills and knowledge.

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

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

8.5. Positions filled during the financial year 2025-2026

The following 13 positions were filled during the year under review in accordance with our Selection and Recruitment Policy

- Welder Assistant
- X2 Water Control Aid
- General Worker Spitskop
- X3 General Worker Servitude
- X5 General Worker Concrete
- Gardener
- Junior Creditors Clerk

8.6. Vacancy Rate

The Vacancy rate (Number of unfilled positions (20) vs positions in the establishment (208) is at 9.62%.

8.7. Staff turnover rate

Staff turnover rate is a rate at which employees leave employment with Vaalharts Water for any reason, the current staff turnover rate is at 2.9% (6 staff turnover)

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

- Pensioned: 3
- Dismissed 1
- Ill Health 2

8.8. Employment Equity

VHWUA has submitted its new 5-year employment equity plan and awaiting approval from the department of labour.

The annual Employment Equity report as per the provisions of the Employment Equity Act was submitted during the period under review.

8.9. Injury on Duty Report

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

9. FINANCE DEPARTMENT

9.1. Overview of the Past Financial Year

The Finance Department aims to ensure that spending and revenue collection align with the budget. Policies are reviewed annually and developed as needed to promote sound financial management. Internal controls are continuously introduced and consistently implemented. As a result, the association has seen positive improvements in both revenue and expenditure, while also maintaining an unqualified audit report.

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

Throughout the financial year, the budget vs actual expenditure is monitored. All deviations are explained to ensure compliance to the organisation's mandate.

This has resulted in a cashflow shortage of R2 010 500 of which R1 200 000 was additional diesel purchases during the diesel shortage . In terms of the AFS the provision for debtors has increased due to non-payment in the last financial year while the reserve fund continues to grow and is now standing at 40% of the year's Budgeted Expenditure, the requirement is 50%.

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

The budget for the next financial year 2026/2027 was developed in consultation with all HOD's and their input was considered. Revenue streams are constantly considered while the association strives to keep the water tariff increase affordable to the users. The budget process for the 2027/2028 FY and outer years commences during November 2026.

The audit of the 2025/2026 Financial year went well with only a few matters raised. Preparation for the audit was managed by the finance team and TGA, and the concerns raised by PWC are ones that can be corrected going forward with one reoccurring item that the Finance team missed.

9.2. Revenue

Revenue collection is stable, as our agricultural clients continue to experience better harvests. In terms of the DWS Debt Relief Scheme DWS rolled out for municipalities and water boards, three out of the six in our scheme comply. Legal action is being taken against the remaining three that do not comply. Increases in tariffs were once again kept relevant to inflation.

9.3. Expenditure

Operational expenditure was monitored closely throughout the 2024/2025 financial year by comparing internal live budget reports to TGA's Pastel reports. The focus is on actual revenue and expenditure to ensure that it aligns to the approved budget.

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

9.4. Budget

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

The budget is based on a zero-based budget approach, but with specific saving and revenue goals worked into the initial deficits.

VHWUA Three Year Budget

	2025/2026		2026/2027	2027/2028	2028/2029
	Budget	Actual Budget & AFS Combined Summarised	Budget	Budget	Budget
Capital	6,299,903	5,682,358	9,700,446	10,195,169	10,715,122
Projects	3,677,522	3,852,587	4,275,501	4,493,552	4,722,723
Material, Stock & Fuel	19,311,449	16,147,673	18,669,387	19,621,526	20,622,224
Repairs & Maintenance	4,769,552	4,421,461	5,293,286	5,563,244	5,846,969
Labour Costs	71,272,233	67,634,944	70,161,248	73,739,472	77,500,185
Vehicle Allowance - Capital	2,349,540	2,190,150	2,349,540	2,469,367	2,595,304
Training & Skills Development	519,000	344,416	535,000	562,285	590,962
Travel & Accommodation	261,340	285,803	313,250	329,226	346,016
Other Operational Costs	11,826,169	11,535,726	12,774,323	13,425,813	14,110,530
Consumables	1,694,123	976,360	1,655,614	1,740,050	1,828,793
<i>Total Expenses</i>	121,980,831	113,071,478	125,727,595	132,139,702	138,878,827
Income From Main Activity	104,420,025	102,794,313	110,459,726	117,087,310	124,112,548
Income from Other Sources AP	8,343,530	8,266,665	7,839,793	8,310,181	8,808,791
<i>Total Income</i>	112,763,555	111,060,978	118,299,519	125,397,490	132,921,340
<i>Budget (Deficit/Surplus)</i>	-9,217,276	-2,010,500	-7,428,076	-6,742,212	-5,957,488

Figure 3: VHWUA Three Year Budget

10. SOCIAL RESPONSIBILITY

10.1. Projects

- Water Awareness Campaign

For Water Day and for general Water Resource Awareness we reach out to schools in our area of operation to emphasise water knowledge and the importance of water conservation, this year along with the Department of Water and Sanitation.



Figure 4: Water Awareness

- Water Safety Campaign

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



Figure 5: Water Safety Campaign

- HDI Farmer Workshop

We hosted a very successful HDI Capacity Building Workshop bringing together experts from the field and some exciting key note speakers in order to help train our HDI farmers more in terms of Agricultural Health, this year with a focus on FMD as well.



Figure 6: HDI Farmer Workshop

- Reggie Pienaar Community Garden



Figure 7: Reggie Pienaar Community Garden

The Reggie Pienaar Community Garden continues to grow in impact and beauty as the produce diversity and the contribution towards the community in terms of vegetables and training keeps increasing and we are immensely proud of it.

- Heritage Day

The VHWUA celebrated Heritage Day during 2025 once again in great spirits focussing on expressing our cultures through acting out our heritage.



Figure 8: Heritage Day

10.2. General Community Assistance

Table 8: Community Institution Assistance

INSTITUTION	WORK DONE
Reaipela Intermediate School	10 Loads of soil
United Apostolic Church	Cleaning of church yard
Greater Taung Local Municipality	Removal of huge tree (Magogong - Diplankeng)
Greater Taung Local Municipality	Water Provisioning: Tshwaraganang Village and Thomeng Village
Majeng Stock farmers	Water Provisioning for cows
Independent Full Gospel Church of God	Removal of waste
Tlhwahalang School	Grass cutting
Hartswater Primary School	Loads of soil
93 Ammunition Depot	TLB to assist with digging at their drainage system
Jan Kempdorp Primary School	Revamping of sports playground
DWS: Gloria Shuping	Loads of soil
Farm Weltevrede	Fire breaks
Edwin Mabotsae	Fire breaks
Phokwane Municipality	Excavator / grader to redirect water to Drain P4
93 Ammunition Depot	Fire breaks
93 Ammunition Depot	Removal of canes (vegetation)
Vaalharts Research Station	Fire breaks
Vaalharts Research Station (Dept. Agri)	Assistance to clear small canal

Revival Ministries	Cleaning of church yard and level ground
Independent Ethiopian Catholic Church of S.A.	Cleaning of new church site
South African Police Service	Levelling of sports ground: E.R. Mocwaledi School
Phokwane Municipality	Clean-up Campaign - Pampierstad
United Brothers FCC	Grading of soccer grounds: Valspan
Late Mr S Moepadira	Funeral assistance (Temporary Worker)
Baga Mothibi Taxi Association F.C	Cleaning of community sportsground: Kgomotso Village
DWS (Tlhwahalang High School)	Grass cutting
Vaalharts Combined School	Cleaning of School yard
Vaalharts Research Station	Assistance to dig a big pit for carcasses
Jan Kemp Golfklub	Tipper Truck to collect wood
Tlhwahalang School	Assistance with school playgrounds
General Church of the New Jerusalem	Grass cutting
Tlhwahalang School	School ground maintenance
Vaalharts High School	Cleaning of veld next to school and hostel
Hartsvaal Primary School, Ganspan	Grass cutting
Valspan Primary School	Cleaning of School yard
Warrenton Primary School	Grass cutting
NG Kerk Jan Kempdorp	Machinery to lay cable
Boitumelo Lobelo (Employee)	Request for concrete
Jan Kemp Golfklub	Repair of entry road
Valspan High School	Grass cutting
Batlaping Ba Ga Mothibi Traditional Council	Cleaning of area & request for woods
Motswedi-Thuto Intermediate School	Grass cutting
Department Agriculture	Machinery: TLB for soil tests
Bogosing High School	Cleaning of School grounds
NG Kerk Jan Kempdorp (Valspan)	Cleaning of church yard
DAERDLR: Research Station	Removal of trees
Vaalharts District Agricultural Union	Moving of gravel to J6 & J7 road
Maphoitsile Primary School	Grading of school area and removal of trash
Champion Tladi	Cleaning of Bonita Park Stadium
NG Kerk Jan Kempdorp	1 load of red soil
St. Anthony Roman Catholic Church	Cleaning of church yard
Andalusia Primary School	Tree cutting
The Uniting Presbyterian Church in S.A.	Grass cutting

10.3. **Emerging Farmer Support & Water Allocation Reform**

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

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

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

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

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

11. FINANCIAL STATEMENTS

Vaalharts Water User Association
Financial statements
for the year ended 31 March 2026

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2026

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Water User Association
Registered office	Van Riebeeck Road Jan Kempdorp 8550
Bankers	Standard Bank
Tax reference number	9084264168
Level of assurance	The annual financial statements were audited in terms of the requirements of the Association's Constitution
Preparer	The financial statements were independently compiled under the supervision of: JM du Toit CA(SA)
Issued	
Management Committee Members	
Irrigation	W de Klerk A Howarth P Burger J Beytell P van Niekerk M Bond J Liebenberg B Liebenberg M Tau M Senokwane
Emerging farmers	TD Staoert
Small Scale Users	C Stoman K Mothibi F Lobelo T Letele K Mankuroane
Local Authorities	M Rapudungoane (Vaal Central) K Mogamisi (Magalies Water)
State Departments	P Kanyasa R Mothekhe G Mocwiri

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2026

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

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

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

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

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

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

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

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

The management committee of the Association confirms that as at 31 March 2026, the assets of the Association exceeded its liabilities.

The annual financial statements and additional schedules set out on pages 7 to 21, were approved by the management committee on 16/09/2026 and have been signed by them or on their behalf by:



Chairman



Independent auditor's report

To the Management committee of Vaalharts Water User Association

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Vaalharts Water User Association (the Association) as at 31 March 2026, and its financial performance and its cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard.

What we have audited

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

- the statement of financial position as at 31 March 2026;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Association in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements

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Chief Executive Officer: M A Tshesane
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Other information

The Management committee is responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document(s) titled "Vaalharts Water User Association financial statements for the year ended 31 March 2026", and the document(s) titled "Vaalharts Water User Association Annual Report 2025-2026". The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management committee for the financial statements

The Management committee is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs Accounting Standard and for such internal control as the Management committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

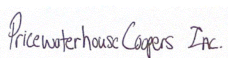
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

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

Report on other legal and regulatory requirements

Member of the firm was responsible for keeping the books, records or accounts

In accordance with our responsibilities in terms of section 44(4) of the Auditing Profession Act, we report that JM du Toit, an associate director of PricewaterhouseCoopers Inc., was responsible for keeping the books, records or accounts of the Association.

The logo for PricewaterhouseCoopers Inc. is displayed in a stylized, handwritten font.

PricewaterhouseCoopers Inc.

Director: JP Allen

Registered Auditor

Kimberley, South Africa

17 September 2026

Management Committee Report

The management committee has pleasure in submitting the report on the annual financial statements of Vaalharts Water User Association report for the year ended 31 March 2026.

1. Review of activities

Main business and operations

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

There have been no material changes to the Association's business from the prior year.

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

Net comprehensive income of the Association was R9 297 648 (2025: R9 903 036).

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

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

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

2. Going concern

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

3. Events after the reporting period

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

4. Auditor

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

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2026

Statement of Financial Position as at 31 March 2026

	Notes	2026 R	2025 R
Assets			
Current Assets			
Trade and other receivables	2	24 481 152	19 683 209
Other financial assets	3	49 517 140	32 637 885
Cash and cash equivalents	4	36 875 290	43 486 284
		110 873 582	95 807 378
Non-Current Assets			
Property, plant and equipment	5	46 852 675	47 249 202
Total Assets		157 726 257	143 056 580
Equity and Liabilities			
Liabilities			
Current Liabilities			
Trade and other payables	6	65 553 961	59 621 434
Equity and reserves			
Contingency reserve		50 542 919	50 558 852
Risk reserves		546 204	1 090 769
Retained income		41 083 173	31 785 525
		92 172 296	83 435 146
Total Equity and Liabilities		157 726 257	143 056 580

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

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2026

Statement of Comprehensive Income

	Notes	2026 R	2025 R
Revenue	7	110 715 492	105 540 327
Other income	8	14 273 545	6 753 399
Operating expenses	9	(124 111 078)	(111 240 866)
Operating surplus		877 959	1 052 860
Investment revenue	11	8 633 731	8 852 490
Finance cost paid	12	(214 042)	(2 314)
Total comprehensive income for the year		9 297 648	9 903 036

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

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2026

Statement of Changes in Equity

	Contingency reserve R	Risk reserve Spitskop R	Accumulated funds R	Total equity R
Balance at 01 April 2024	42 158 852	989 586	30 282 489	73 430 927
Total comprehensive income	-	-	9 903 036	9 903 036
Allocation to reserve	-	101 183	-	101 183
Total comprehensive income for the year	-	101 183	9 903 036	10 004 219
Allocation to contingency reserve	8 400 000	-	(8 400 000)	-
Total changes	8 400 000	-	(8 400 000)	-
Balance at 01 April 2025	50 558 852	1 090 769	31 785 525	83 435 146
Total comprehensive income	-	-	9 297 648	9 297 648
Allocation to risk reserve	-	(544 565)	-	(544 565)
Total comprehensive income for the year	-	(544 565)	9 297 648	8 753 083
Allocation to contingency reserve	(15 933)	-	-	(15 933)
Balance at 31 March 2026	50 542 919	546 204	41 083 173	92 172 296

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

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2026

Statement of Cash Flows

	Notes	2026 R	2025 R
Cash flows from operating activities			
Cash receipts from customers		120 191 094	104 670 734
Cash paid to suppliers and employees		(113 865 061)	(97 076 037)
Cash generated from operations	13	6 326 033	7 594 697
Interest received	11	5 756 500	8 852 490
Finance cost paid	12	(214 042)	(2 314)
Net cash from / (used in) operating activities		11 868 491	16 444 873
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(4 611 941)	(9 036 676)
Proceeds from sale of property, plant and equipment	5	703 083	208 398
Funds utilised on contingency and risk reserve		(560 498)	-
Cash transferred to investments		(14 010 129)	(1 714 410)
Net cash used in investing activities		(18 479 485)	(10 542 688)
Cash flows from financing activities			
Total cash and cash equivalents movement for the year		(6 610 994)	5 902 185
Cash and cash equivalents at the beginning of the year		43 486 284	37 584 099
Cash and cash equivalents at the end of the year	4	36 875 290	43 486 284

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

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

These accounting policies are consistent with the previous period, except where indicated otherwise.

1.1 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.2 Financial instruments

Initial recognition and measurement

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

Financial instruments at amortised cost

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

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

Financial instruments at fair value

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

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

Trade receivables

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

Cash and cash equivalents

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

Trade Payables

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

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

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

1.3 Impairment of assets

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

Accounting Policies

1.3 Impairment of assets (continued)

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

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

1.4 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.5 Provisions and contingencies

Provisions are recognised when:

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

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

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.6 Operating expenses

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

1.7 Contingency Reserves

The Association has the policy of providing for the maintenance of normal activities of the Association in times when restrictions on the ability of the Association exists to generate sufficient revenue through water charges, such as in times of drought and when water restrictions are in place .

According to the contents of paragraph 13.2 of the Memorandum of Agreement in respect of the operation and maintenance of the Vaalharts Water Scheme, between DWS and the Board, the Association has an additional policy to provide for the responsibilities pertained in that agreement by way of contingency reserve.

The Association calculates on an annual basis the required increase or decrease of the capital reserve, this is captured in the income of the Association and reclassified to Contingency Reserves within the statement of changes in equity.

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

Accounting Policies

1.8 Revenue

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

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

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

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

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

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

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

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

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

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

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

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

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

1.9 Interest expense

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

1.10 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Accounting Policies

1.10 Significant judgements and sources of estimation uncertainty (continued)

Trade and other payables

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

Key sources of estimation uncertainty

Residual values of property, plant and equipment

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

Trade and other receivables

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

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

Notes to the Financial Statements

	2026 R	2025 R
2. Trade and other receivables		
Trade receivables	142 711 586	124 287 408
Total trade receivables outstanding	714 151 364	673 677 219
Levies on Department of Water and Sanitation accounts not collected	(571 439 778)	(549 389 811)
Debtor impairment provision	(126 085 672)	(110 580 000)
	16 625 914	13 707 408
Eskom Deposit	204 021	195 917
VAT	7 624 925	5 753 592
Prepaid expense	26 292	26 292
	24 481 152	19 683 209

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

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

3. Other financial assets

Investments at amortised cost

Stanlib Income fund - 000402184	49 517 140	32 637 885
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Current assets

Investments at amortised cost	49 517 140	32 637 885
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4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2 883	1 478
Current account - Standard Bank	7 245 782	474 039
Other cash and cash equivalents	29 626 625	43 010 767
	36 875 290	43 486 284

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2026

Notes to the Financial Statements

2026
R

2025
R

5. Property, plant and equipment

	2026			2025		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	39 573 068	(23 082 053)	16 491 015	37 401 279	(21 184 399)	16 216 880
Furniture and fixtures	1 774 420	(672 055)	1 102 365	1 300 147	(675 494)	624 653
Vehicles and equipment	39 046 865	(15 818 611)	23 228 254	39 448 261	(15 155 020)	24 293 241
Water Flow meters	1 470 542	(493 675)	976 867	1 470 542	(423 824)	1 046 718
Buildings and Solar	5 674 433	(620 259)	5 054 174	5 428 893	(361 183)	5 067 710
Total	87 539 328	(40 686 653)	46 852 675	85 049 122	(37 799 920)	47 249 202

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Plant and machinery	16 216 880	2 171 789	-	(1 897 654)	16 491 015
Furniture and fixtures	624 653	754 373	-	(276 661)	1 102 365
Vehicles and equipment	24 293 241	1 440 239	(659 608)	(1 845 618)	23 228 254
Water Flow meters	1 046 718	-	-	(69 851)	976 867
Buildings and Solar	5 067 710	245 540	-	(259 076)	5 054 174
	47 249 202	4 611 941	(659 608)	(4 348 860)	46 852 675

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Plant and machinery	16 796 886	1 155 955	-	(1 735 961)	16 216 880
Furniture and fixtures	832 564	77 007	(174 183)	(110 735)	624 653
Vehicles and equipment	22 255 411	3 610 826	-	(1 572 996)	24 293 241
Water flow meters	1 010 124	101 617	-	(65 023)	1 046 718
Buildings	1 108 258	4 091 271	(3 515)	(128 304)	5 067 710
	42 003 243	9 036 676	(177 698)	(3 613 019)	47 249 202

6. Trade and other payables

Department of Water & Sanitation	54 292 690	53 824 083
Total outstanding invoices issued	625 732 468	603 213 894
Less: Levies on Department of Water and Sanitation accounts not collected	(571 439 778)	(549 389 811)
Employee loans	21 500	15 500
Leave accrual	4 102 627	4 082 628
Trade payables	1 050 880	599 053
Payroll accruals	916 786	1 047 518
Other reserves	52 652	52 652
Project funds received in advance	4 347 826	-
Accrued expenses	769 000	-
	65 553 961	59 621 434

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2026

Notes to the Financial Statements

	2026 R	2025 R
7. Revenue		
Irrigation - operations and maintenance	105 103 361	99 879 594
Industrial - operations and maintenance	5 612 131	5 660 733
	110 715 492	105 540 327
8. Other income		
Commissions received	4 306 504	4 085 522
Contractor services	6 817 393	-
Fuel recoveries	1 334 630	1 353 505
Gate and camping fees	21 200	13 740
Insurance claim received	65 584	92 328
Profit on sale of assets	43 475	30 700
Recoveries	901 055	434 987
Rental income	783 704	742 617
	14 273 545	6 753 399
9. Operating expenses		
Operating expenses include the following expenses:		
Depreciation and amortisation	4 348 860	3 613 019
Employee costs	67 425 316	64 043 956
Contractors	2 846 498	2 297 470
Fuel and oil	9 531 415	9 618 348
Repairs and maintenance	8 564 379	9 351 941
Motor vehicle subsidy	3 278 337	2 885 127
Other expenses	14 633 078	14 726 369
Debtor impairment provision	13 483 195	4 704 636
	124 111 078	111 240 866
10. Employee cost		
Employee costs		
Basic	52 635 064	50 476 393
Other allowances	9 012 640	8 294 390
Overtime, bonus, honorarium and merit allowance	4 789 584	4 321 078
Skills Development Levy	603 931	572 092
Unemployment Insurance Fund	384 097	380 003
	67 425 316	64 043 956
11. Investment revenue		
Finance income		
Bank	2 080 704	2 788 073
Eskom	8 105	12 457
Interest from debtors	3 675 796	3 355 104
Stanlib Collective Invest	2 869 126	2 696 856
	8 633 731	8 852 490

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2026

Notes to the Financial Statements

	2026 R	2025 R
12. Finance cost paid		
Trade and other payables	-	979
SARS	214 042	1 335
	214 042	2 314
13. Cash generated from / (used in) operations		
Net comprehensive income	9 297 648	9 903 036
Adjustments for:		
Depreciation	4 348 860	3 613 019
Profit on sale of assets	(43 475)	(30 700)
Movement in risk reserves	-	101 183
Investment income	(8 633 731)	(8 852 490)
Finance costs	214 042	2 314
Changes in working capital:		
Trade and other receivables	(4 789 838)	12 060 780
Trade and other payables	5 932 527	(9 202 445)
	6 326 033	7 594 697

14. Taxation

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

15. Events after the reporting period

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

16. Contingent liability

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

Notes to the Financial Statements

	2026 R	2025 R
17. Related parties		
Relationships		
Current Executive Committee	Pieter Burger (Chairperson) Fabian Lobelo (Vice-Chairperson) Niel van Eeden (CEO) Phia Lombard (Financial Manager) Vincent Mokoena (HRM) Fabian Lobelo (HR Chair) Johan Beytell (Audit Chair) Daniel Staoert (Social Chair)	
Management Committee members	Willem de Klerk Anton Howarth Pieter Burger Johan Beytell Piet van Niekerk Louis Maritz Charles Fischer Daniel Johannes Swan (Jnr) Daniel Staoert Enoch Molebiemang Fabian Lobelo Christelle Stoman Tumelo Letele Kgosi Mothibi Kgosi Mankuroane Maruping Rapudungoane (Vaal Central) Kelebogile Mogamisi (Magalies Water) GC Halter Angie Seleke Pondai Kanyasa (NC) G Mocwiri (NW) Ruth Mothekhe	

Compensation paid to key management

Travel and accommodation costs paid for management committee members	3 983	49 346
Remuneration of management committee for attendance of meetings	106 985	132 574
	110 968	181 920

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

18. Going concern

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

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2026

Detailed Income Statement

		2026 R	2025 R
Revenue			
Irrigation - operations and maintenance		105 103 361	99 879 594
Industrial - operations and maintenance		5 612 131	5 660 733
	7	110 715 492	105 540 327
Other income			
Commissions received		4 306 504	4 085 522
Contractor services		6 817 393	-
Fuel recoveries		1 334 630	1 353 505
Gains on disposal of assets		43 475	30 700
Gate and camping fees		21 200	13 740
Insurance claim received		65 584	92 328
Recoveries		901 055	434 987
Rental income		783 704	742 617
		14 273 545	6 753 399
Expenses (Refer to page 23)		(124 111 078)	(111 240 866)
Operating surplus		877 959	1 052 860
Investment income	11	8 633 731	8 852 490
Finance cost paid	12	(214 042)	(2 314)
		8 419 689	8 850 176
Total comprehensive income for the year		9 297 648	9 903 036

Vaalharts Water User Association
Financial Statements for the year ended 31 March 2026

Detailed Income Statement

	2026 R	2025 R
Operating expenses		
Advertising	52 025	-
Auditing and compilation fees	426 033	429 855
Bank charges	182 996	161 036
Chemicals	319 531	400 040
Cleaning	92 390	83 676
Communication	920 481	915 337
Compensation commissioner	416 654	422 939
Computer expenses	51 430	83 140
Consulting fees	742 646	712 506
Contractors	2 846 498	2 297 470
Debtor impairment provision	13 483 193	4 704 636
Depreciation, amortisation and impairments	4 348 860	3 613 019
Employee costs	67 425 316	64 043 956
Entertainment, refreshments and canteen	160 591	165 825
Fuel and oil	9 531 415	9 618 348
HR and Payroll Services	426 011	421 947
Insurance	2 203 445	1 915 381
Internal audit fees	468 000	442 625
Legal expenses	367 995	199 011
Loss on scrapping of assets	-	177 697
MANCO fees	137 659	132 574
Management committee election costs	6 762	-
Membership fees	330 079	325 413
Motor vehicle expenses	1 750 238	2 011 413
Motor vehicle subsidy	3 278 337	2 885 127
Pest control	30 590	16 984
Printing and stationery	341 736	365 482
Professional cost	382 947	-
Protective clothing	483 005	594 504
Provision for leave accrual	19 998	717 500
Rates, electricity and water	1 917 977	1 938 149
Repairs and maintenance	8 564 379	9 351 941
Security	1 262 418	1 198 917
Skills development	448 533	327 745
Social responsibility	391 618	377 868
Traveling expenses	299 292	188 805
	124 111 078	111 240 866

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

Supplementary Information

1. Department of Water and Sanitation

	2026 R	2025 R
Total outstanding invoices issued by the Department of Water and Sanitation	625 732 468	603 213 894
Less: levies on Department of Water and Sanitation accounts included in trade receivables not collected	(571 439 778)	(549 389 811)
	54 292 690	53 824 083

2. Accounts receivable

	2026 R	2025 R
Irrigation - Overheads and maintenance - Commercial Farmers	16 877 260	21 224 498
Irrigation - Overheads and maintenance - Emerging Farmers	89 976 709	106 575 455
Irrigation - Water levies (NWRI, CMA, WRF)	30 010 863	21 287 039
Other services - construction contracts and agent commission	9 768 451	3 118 193
Rental income	-	-
Industrial - overheads and maintenance	26 616 238	54 344 915
Industrial - water levies (NWRI, CMA, water research fund)	541 431 919	467 645 470
Less: Department of Water and Sanitation - water levies (NWRI, CMA, water research fund) only payable once collected	(571 439 778)	(549 389 811)
Unallocated deposits	(530 076)	(518 350)
	142 711 586	124 287 409