

**Moses Kotane  
Research Institute**

Research · Innovation · Excellence

# ANNUAL REPORT

2024/2025

PR 320/2025

ISBN: 978-1-83491-226-4

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# PART A

General Information



**PART A: GENERAL INFORMATION****1. PUBLIC ENTITY'S GENERAL INFORMATION**

<b>REGISTERED NAME:</b>	Moses Kotane Research Institute
<b>REGISTRATION NUMBER</b>	Established in terms of Act 3 of 2024, Provincial Gazette No. 2690
<b>PHYSICAL ADDRESS:</b>	190 KE Masinga Road Durban 4001
<b>POSTAL ADDRESS:</b>	190 KE Masinga Road Durban 4001
<b>TELEPHONE NUMBER/S:</b>	031 - 266 1777
<b>EMAIL ADDRESS:</b>	<a href="mailto:info@moseskotane.com">info@moseskotane.com</a>
<b>WEBSITE ADDRESS:</b>	<a href="http://www.mkri.institute">www.mkri.institute</a>
<b>EXTERNAL AUDITORS:</b>	Auditor General of South Africa Block B, 460 Townbush Road Cascades Pietermaritzburg 3201
<b>BANKERS:</b>	First National bank
<b>COMPANY/ BOARD SECRETARY</b>	Ms Sanelisiwe Meyiwa Company Secretary

## 2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor General of South Africa
AI	Artificial Intelligence
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIR	Commercialisation of Innovation and Research
CHIT	Culture, Heritage, Investment and Tourism
DALRD	Department of Agriculture, Land Reform and Rural Development
DDM	District Development Model
DOH	Department of Health
DSD	Department of Social Development
DSAC	Department of Sport, Art, and Culture
DUT	Durban University of Technology
EDTEA	Economic Development, Tourism, and Environmental Affairs
EXCO	Executive Committee
EEP	Employment Equity Plan
ESS	Economic and Statistical Services
GDP	Gross Domestic Product
ICT	Information and Communication Technology
INTECH	Innovation and Technology
KZNERA	KwaZulu-Natal Economic Regulatory Authority
KZNTAFA	KwaZulu-Natal Tourism and Film Authority
KZNPT	KwaZulu-Natal Provincial Treasury
MEC	Member of Executive Council
MKRI	Moses Kotane Research Institute
MTDP	Medium Term Development Plan
MUT	Mangosuthu University of Technology
NDP	National Development Plan
PFMA	Public Finance Management Act, Act 1 of 1999
OTP	Office of the Premier
TR	Treasury Regulations
SCM	Supply Chain Management
SMME	Small Micro and Medium Enterprise
STEM	Science, Technology, Engineering and Mathematics
R&D	Research and Development
UKZN	University of KwaZulu-Natal
UNIZULU	University of Zululand

### 3. EXECUTIVE AUTHORITY STATEMENT



The Moses Kotane Research Institute (MKRI) continues to stand as a beacon of strategic foresight, intellectual leadership, and socio-economic relevance, not only for the province of KwaZulu-Natal but for South Africa as a whole and, increasingly, within the global discourse on inclusive development and innovation.

In a world facing complex challenges, ranging from climate change, digital disruption, geopolitical instability, and widening inequality, our collective ability to respond effectively rests on institutions capable of generating evidence-based insights, fostering innovation, and catalysing systemic transformation. The Moses Kotane Research Institute exemplifies such an institution. As the research and innovation arm of the KwaZulu-

Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA), it continues to contribute meaningfully to the national development agenda while positioning KwaZulu-Natal as a thought leader in economic transformation and innovation policy.

Over the past year, MKRI has transitioned from NPC status to a Schedule 3c Public Entity and elevated its impact across several dimensions, advancing knowledge economies, driving youth-centred development, and forging linkages between research, policy, and implementation. Through its expansive research outputs and innovation-focused programmes, the Institute has ensured that KwaZulu-Natal remains aligned with the objectives of the National Development Plan.

Its work on the digital economy, maritime development, and renewable energy has placed KwaZulu-Natal on a trajectory toward a more sustainable and competitive future. Moreover, the Institute's investment in human capital, particularly through digital skills development, entrepreneurship incubation, and targeted support for previously marginalised communities, demonstrates a clear commitment to transformation that is both inclusive and future-facing.

The growing recognition of MKRI's research, reflected in peer-reviewed publications and strategic collaborations, reinforces the Institute's relevance beyond provincial borders. It is a testament to the intellectual capital and integrity that underpin its operations. Furthermore, the attainment of a clean audit outcome speaks volumes about the organisation's commitment to good governance, fiscal responsibility, and public accountability.

As we navigate an increasingly complex and interconnected global economy, the role of institutions like MKRI becomes even more vital. It is through such platforms that we can chart pathways to resilience, foster adaptive economies, and ensure that no one is left behind in the digital and green transitions shaping the 21st century.

I wish to commend the MKRI Board, the Chief Executive Officer, and the entire team for their unwavering dedication to advancing research, innovation, and economic

empowerment in our province. Your work enriches KwaZulu-Natal's development narrative and affirms our commitment to building a more equitable, knowledge-driven society.

To all our partners in government, academia, civil society, and the private sector, thank you for your ongoing collaboration. Let us continue to work together in pursuit of a prosperous, innovative, and inclusive KwaZulu-Natal that stands tall on national and global stages.



Rev. Musa Zondi, MPL  
MEC for Economic Development, Tourism and Environmental Affairs  
Date: \_\_\_\_\_

#### 4. FOREWORD BY THE CHAIRPERSON



beyond.

It is with a profound sense of purpose and responsibility that I present the 2024/25 Annual Report of the Moses Kotane Research Institute (MKRI). This report reflects not only the achievements of the past year but also the Institute's enduring commitment to advancing evidence-based research, innovation, and strategic insight that shape policy and development in KwaZulu-Natal and

Over the reporting period, MKRI has continued to position itself as a catalyst for transformative change, driving knowledge generation, fostering innovation-led growth, and aligning our work with the province's socio-economic development priorities. Guided by our five-year strategy, we have remained focused on delivering impactful research outputs, strengthening data analytics capabilities, and expanding thought leadership in areas critical to economic transformation, digital innovation, and youth empowerment.

The Institute's impact is rooted in strong strategic partnerships. This year, we have deepened collaborations with academic institutions, government, industry, and international stakeholders, relationships that expand our reach, enrich our research, and ensure that our work remains relevant to the evolving development agenda. Our continued engagement with the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA) has been particularly valuable in driving research that is both timely and impactful.

The Board has exercised its oversight in a rapidly shifting environment, characterised by constrained resources and heightened demands for agility. We have navigated the dual challenge of safeguarding long-term strategic priorities while responding to urgent policy and economic needs, always with a steadfast commitment to governance integrity, ethical leadership, and fiscal responsibility.

Looking ahead, MKRI will continue to strengthen its role as a leading provincial research and innovation institution. Our strategic priorities over the medium to long term include deepening our influence on policy formulation, enhancing our data science and digital innovation capabilities, and ensuring the Institute's long-term sustainability. We also aspire to grow our presence on regional, national, and

continental platforms, ensuring that our work contributes to broader knowledge exchange and benchmarking.

I wish to express my deep appreciation to the MEC for Economic Development, Tourism and Environmental Affairs for his consistent guidance and support; to my fellow Board members for their strategic stewardship; and to MKRI's management and staff for their professionalism and dedication. The achievements reflected in this report are the product of a collective commitment to the mission and vision of the Institute.

As we reflect on our journey, we are reminded that research and innovation are not ends in themselves but powerful enablers of a more just, inclusive, and prosperous society. The Moses Kotane Research Institute remains resolute in its pursuit of excellence, impact, and transformation, today and into the future.



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**Mr. Thinta Cibane**  
**Board Chairperson**  
**Moses Kotane Research Institute**

## 5. REPORT OF THE ACCOUNTING OFFICER



I hereby present the Annual Report of the Moses Kotane Research Institute (MKRI) for 2024/2025, a year of purposeful growth, strong partnerships, and impactful service to the people of KwaZulu-Natal and beyond.

As a thought leader, we provided high-quality research services to provincial departments, public entities, and municipalities in the province. We also conducted impact assessments, evaluated strategic projects, guided policy directions, and led strategy development.

We continued to bridge research with practical impact. We established several digital centres across the province, creating spaces for innovation, skills development, and community empowerment. Through these centres and other initiatives, we trained young people in various skills, thereby opening pathways to employment and entrepreneurship. We also funded postgraduate students to pursue critical research, ensuring that the next generation of scholars and thought leaders are equipped to advance knowledge production in our country.

Our organisational performance has been anchored in strong governance, prudent financial management, and accountability to our stakeholders. We are particularly proud to have achieved a clean audit outcome, underscoring our commitment to excellence and integrity in all that we do. This has been an especially meaningful year as we commemorate 120 years since the birth of Mr. Moses Kotane, the great leader and visionary after whom our Institute is named. His legacy of integrity, selfless service, and commitment to justice continues to inspire our work.

MKRI remains steadfast in its mission to provide cutting-edge research, foster human development, and build the knowledge base required to unlock inclusive growth in KwaZulu-Natal.

I extend my sincere appreciation to all who have contributed to this journey. Together, we continue to honour the legacy of Moses Kotane by striving for a just, equitable, and knowledge-driven society.

A handwritten signature in black ink, appearing to read 'T. Ellenson', written over a horizontal line.

**Dr Thandeka Ellenson**  
**Chief Executive Officer**

## 6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General of South Africa (AGSA).
- The annual report is complete, accurate, and is free from any omissions. It has been compiled in accordance with the guidelines issued in terms of the Treasury Regulations, as outlined in the Annual Report Guide for National and Provincial Public Entities issued by the National Treasury.
- The Annual Financial Statements (AFS) (**Part F**) have been prepared in accordance with the Company's Act 2008 under International Financial Reporting Standards ("IFRS") framework for the first half of the year and Public Finance Management Act ("PFMA") in accordance with Generally Recognized Accounting Practices ("GRAP") for the second half of the year, after the entity was gazetted as a Schedule 3C under PFMA.
- The accounting authority is responsible for the preparation of the AFS and for the judgements made in this information. The accounting authority is responsible for establishing and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the AFS.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2025.

Sincerely,



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**Dr Thandeka Ellenson**  
Chief Executive Officer



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**Mr. Thinta Cibane**  
Chairperson of the Board

## 7. STRATEGIC OVERVIEW

### 7.1 Vision

A leading and globally recognised research institute in growing the provincial economy through development and collaboration.

### 7.2 Mission

Developing practical innovative research-based solutions on sectors that contribute to the economy of the province.

### 7.3 Values

We apply the following values in carrying out the mandate:

Collaborations	We believe in working together to achieve common goals.
Integrity	We uphold honesty and transparency in all our actions.
Ubuntu	We are guided by the philosophy of interconnectedness and compassion.
Professionalism	We conduct ourselves with competence, respect, and responsibility.
Quality	We strive for excellence in all that we do.

## 8. LEGISLATIVE AND OTHER MANDATE

The Moses Kotane Research Institute falls under Schedule 3C of the PFMA of 1999 as of 01 October 2024. The Institute adheres to the below legislative mandates.

### 8.1 Constitutional Mandate

Chapter 10 of the South African Constitution (Act 108 of 1996) titled Public Administration refers to basic values and principles governing public administration, requiring that public administration be governed by the democratic values and principles enshrined in the Constitution, including the following principles:

- A high standard of professional ethics must be promoted and maintained.
- Efficient, economic and effective use of resources must be promoted.
- Public administration must be development oriented.
- Services must be provided impartially, fairly, equitably and without bias.
- People's needs must be responded to, and the public must be encouraged to participate in policymaking.
- Public administration must be accountable.
- Transparency must be fostered by providing the public with timely, accessible and accurate information.
- Good human-resource management and career-development practices, to maximise human potential, must be cultivated.
- Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past to achieve broad representation.

### 8.2 KwaZulu-Natal Moses Kotane Research Institute Act (Act 3 of 2024)

The Act further determines the following objectives to be pursued by the institute:

The Institute is established in accordance with the Moses Kotane Research Institute Act 3 of 2024 with the core functions of conducting research and promoting innovation, training and skills development that respond to the needs of the provincial economy, through collaborations and coordination.

- a) Conduct research that responds to the needs of the provincial economy.
- b) Strategically lead innovation and maritime coordination and implementation activities.
- c) Provide economic research geared to ensure that service delivery programmes are designed.
- d) Undertake economic modelling aimed at forecasting future economic trends.

- e) Establish and maintain a knowledge repository portal.
- f) Facilitate the gathering of market intelligence information.
- g) Undertake regular benchmarking studies with comparable economies.
- h) Undertake market analysis research.
- i) Enhance the knowledge economy through relevant sector-based research.
- j) Coordinate and facilitate the mechanisms to strengthen partnerships with academic institutions and the private sector in the province.
- k) Facilitate and promote innovation, training and skills development in all aspects contemplated in paragraphs (a) to (j).

### 8.3 The Public Finance Management Act (PFMA)

The PFMA enables accounting officers to manage the entity's resources in a transparent and sustainable manner. In addition, the Act allows for the accounting officers to be held accountable for the resources they manage. It also establishes clear lines of accountability and broad frameworks of best practices that managers can adopt or, where necessary, adapt. This Act is applicable to national and provincial spheres, and public entities under their ownership control, parliament, provincial legislatures, and independent institutions established by the Constitution are also covered in this Act.

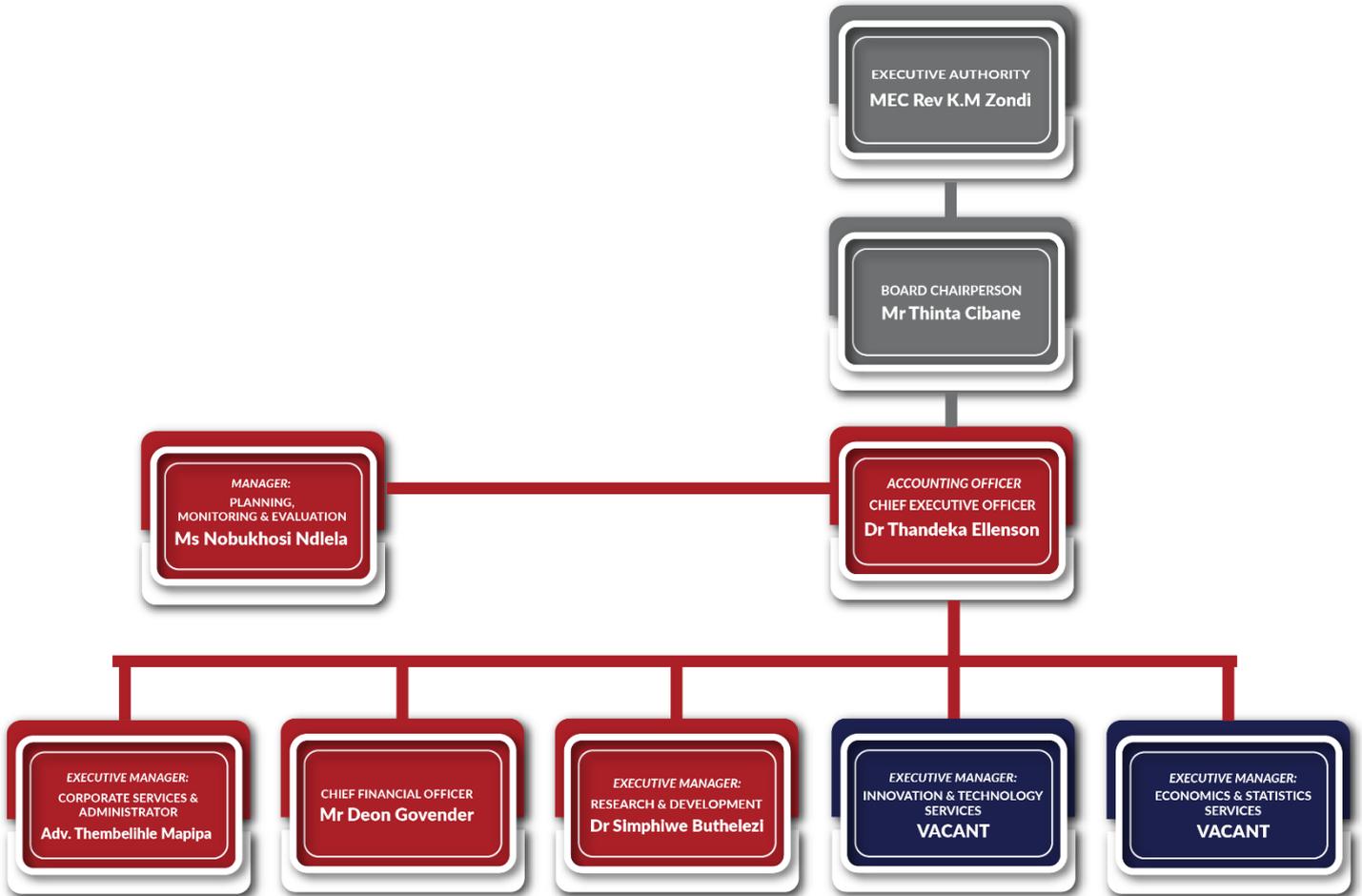
Public finance covers the public expenditure, public revenue and financial administration all aimed at how government can create, maintain, or intervene in the existing economy. The entity receives grants in terms of the PFMA to deliver research services that are aimed at improving public policy and service delivery and thus must maintain the capacity for efficient, effective, and transparent financial management. Moses Kotane Research Institute is a Schedule 3C entity.

### 8.4 Other applicable legislations

Legislation	Purpose of the Act
Basic Conditions of Employment Act, 1997	This Act establishes and makes provision for the regulation of basic conditions of employment in compliance with the obligations of the Republic as a member state of the International Labour Organisation.
Labour Relations Act, 1995	The Act regulates the relationship between the Institute as an employer, and officials as employees, and stipulates their respective rights and obligations. It provides for the collective agreements to be concluded to regulate matters such as the conduct of employees.

Legislation	Purpose of the Act
Employment Equity Act, 1998	This legislation prohibits unfair discrimination in the workplace, provides for affirmative action, the submission of an Employment Equity Plan (EEP) and progress reports on monitoring the implementation of the EEP.
Electronic Communications and Transactions Act, 2002	In terms of section 28 of this Act, the Institute may specify by notice in the Gazette the manner and format wherein data messages must be filed, the type of electronic signatures required, the appropriate control processes and procedures to ensure adequate security and confidentiality of data messages or payments.
Promotion of Administrative Justice Act, 2000	In terms of this Act, all administrative decisions must be taken in accordance with the procedure prescribed in the Act or an equivalent procedure stipulated in another law. It also provides for judicial review of administrative action and remedies if any administrative action is not taken in accordance with the Act.
Promotion of Access to Information Act, 2000	Provides for access to any information held by the state or any information held by another person and that is required for the exercise or protection of any rights. It further provides for the procedure whereby information may be requested.
Promotion of Equality and Prevention of Unfair Discrimination Act, 2000	This Act binds the Institute and prohibits unfair discrimination by it. It also contains a positive obligation on the Institute to promote equality.
Skills Development Act, 1998	This Act enjoins the Institute to develop a skills development strategy for the Institute, to implement the strategy and to utilize at least 1% of its payroll for the training and education of its employees with effect from 1 April 2000.

9. ORGANISATIONAL STRUCTURE



High-level structure

# PART B

Performance Information



## PART B: PERFORMANCE INFORMATION

### 10. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor General of South Africa has performed the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with no material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to **page 70** of the Report of the Auditor's Report, published as Part F: Financial Information.

### 11. OVERVIEW OF PERFORMANCE

#### 11.1 Service Delivery Environment

In 2024/25, the Institute demonstrated resilience and impact despite leadership changes, with the CEO returning to the post midway through the year. The Institute strengthened its footprint through 16 strategic partnerships and ensured that transformation remained central, with 73% of contracts awarded to BBBEE service providers and 100% of payments made within 30 days.

Governance standards remained strong, with the Institute securing a clean audit opinion, reflecting sound financial management. On the knowledge and thought leadership front, the Institute hosted four major summits, conferences, or dialogues, produced 13 research projects, and delivered eight advisory reports to the province. Its research excellence was further cemented by the publication of five articles and the filing of four pieces of intellectual property.

Education and skills development were a major focus, with 53 bursaries awarded, 43 students mentored, and 3,550 individuals trained through various programmes. The Institute also invested in innovation and digital transformation, establishing two digital centres, piloting four innovations, and hosting one hackathon competition to stimulate creativity and problem-solving.

In advancing social and economic development, the Institute played a key role in job creation, with 482 jobs generated during the year. It also maintained visibility and engagement through four public events that promoted its work and enhanced its reputation.

Collectively, these achievements highlight the Moses Kotane Research Institute's role as a catalyst for research-driven development, skills empowerment, innovation, and inclusive growth in the province.

## 11.2 Challenges and corrective measures

Despite success, the entity encountered several challenges in delivering its services:

- Access to timely and granular data remains a constraint, affecting the precision of economic modelling. The entity continues to strengthen partnerships with national statistical agencies and explore alternative data sources, including satellite and administrative data.
- Limited financial and human resources impacted the scope and speed of research activities. A resource optimisation plan has been initiated, including prioritisation of high-impact projects and leveraging external expertise through academic collaborations.
- Outdated analytical tools hindered efficiency in data processing and modelling. The entity is investing in modern software and training staff in advanced econometric and data visualisation techniques.
- Limited access to funding and mentorship for new ventures constrained enterprise growth. The entity strives to expand incubation programs, facilitate access to finance, and build strategic partnerships with innovation hubs.

## 11.3 Organisational environment

The organisational structure of MKRI was reviewed and revised in terms of the 2020-2025 Strategic Plan. As per the revised organogram and mandate, the Institute envisaged that it would undertake job evaluation and restructure itself to align with the research mandate.

The Institute uses in-house experts capacity, independent contractors and experiential learners in the form of master's degree and doctoral degree students to conduct research. The statutory support service, including internal audit and board secretariat, is outsourced.

During the 2024/25 reporting period, the public entity experienced several internal developments that shaped its operational environment and influenced its ability to deliver on its Strategic Plan and Annual Performance Plan.

## 11.4 Institutional Development

**PFMA Listing:** The entity was formally listed under Schedule 3C of the Public Finance Management Act (PFMA) 1999, marking a significant milestone in its institutional evolution. This listing enhanced the entity's governance framework and clarified its financial accountability within the broader public sector. The transition to Schedule 3C necessitated adjustments to financial reporting and compliance systems, including entity-initiated capacity-building sessions and system upgrades to align with PFMA requirements and ensure smooth integration.

**Leadership Transition:** The Chief Executive Officer (CEO) returned to the entity following a secondment as Acting Head of the Department of Economic Development. This transition restored executive continuity and strategic oversight, contributing to improved alignment between the entity's operations and provincial economic priorities. The CEO's temporary absence created a leadership vacuum that impacted strategic decision-making. However, the Interim leadership structures were put in place, and senior management teams were empowered to maintain momentum on key projects.

**Relocation Offices:** The entity relocated from its headquarters at Dube Trade Port (next to the King Shaka Airport) to KE Masinga in Durban (CBD), a move aimed at improving accessibility, operational efficiency, and stakeholder engagement. The relocation processes were executed with minimal disruption to service delivery, supported by a phased transition plan and internal coordination.

While these developments were positive, they also presented transitional challenges. The relocation process temporarily affected internal workflows and stakeholder access. A dedicated relocation task team was established to manage logistics, ensure business continuity, and communicate changes to stakeholders.

## 12 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

MKRI experienced a significant legislative development that directly impacted its operational framework. The entity was formally listed under Schedule 3C of the Public Finance Management Act (PFMA), 1999. This reclassification represents a pivotal shift in the entity's governance and accountability structure, aligning it more closely with national standards for public entities. The listing necessitated stricter compliance with PFMA provisions, including improved financial reporting, procurement practices, and audit requirements.

The most significant development was the adoption of the MKRI Act 3 of 2024, which introduced a revised regulatory framework governing the entity's mandate, operations, and strategic priorities. The Act broadened the scope of responsibilities, particularly in areas related to provincial research, development, and intergovernmental coordination. It further introduced new governance provisions, including updated board composition requirements, enhanced transparency obligations, and strengthened oversight mechanisms. MKRI was required to align its strategic plan and annual performance targets with the objectives outlined in the MKRI Act, prompting a review of existing programmes and resource allocations. The Act replaces previous legal arrangements and affirms MKRI's role as a provincial research, development and innovation agency.

To support its expanded mandate, the Institute received grants from its shareholders to deliver research services that inform and strengthen provincial policy and service delivery mechanisms.

The entity continues to align its operations with the following frameworks:

- PFMA (1999) – for financial governance and accountability.
- Provincial Growth and Development Strategy (PGDS) – for strategic alignment with provincial priorities.
- Medium-Term Development Plan (MTDP) – for programme planning and performance monitoring.
- Other relevant frameworks applicable to Schedule 3C entities.

### 13 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Institute made notable progress toward achieving the five-year targets outlined in its Strategic Plan. Performance against outcome indicators demonstrates measurable impact in the following areas.

OUTCOME	OUTCOME INDICATOR	FIVE-YEAR TARGET	PROGRESS TOWARDS ACHIEVEMENT
<b>Relevant evidence-based action research</b>	Undertake research and analysis that address priority areas such as inclusive economic development.	<b>50</b> high-level commissioned quality research reports in the next 5 years.	The Institute successfully achieved its 5-year target. To date, the entity has produced <b>51</b> quality strategic-sector research reports, which have contributed to addressing the priorities of the KwaZulu-Natal province, policy development, and economic growth. <b>102%</b> to target.
<b>Institutional excellence</b>	Promote stakeholder collaboration and participation of stakeholders in research activities	<b>20</b> Strategic based forums hosted.	The Institute hosted <b>17</b> strategic dialogues, projecting <b>85%</b> for the period of 5 years. Amongst these dialogues, the entity hosted an SMME dialogue with the key stakeholders to develop an SMME masterplan. Furthermore, numerous strategic fora were hosted, and these yielded numerous government interventions from different stakeholders.
<b>Expanded innovation support through digital technologies</b>	Strategic integration of emerging technologies in driving industry.	<b>15</b> Digital centres established.	The Institute established <b>15</b> over <b>10</b> planned digital centres over a 5-year period. These centres promote efficient and competitive economy enabled by innovative and easily accessible digital technologies. This <b>150%</b> achievement has enabled rural communities to access the ICT infrastructure which would not have been available to them without this programmes.

## **14 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION**

### **14.1 Programme 1: Corporate Services and Administration**

#### **14.1.1 Purpose**

The purpose of Programme 1 is to support core programmes through institutional excellence. Firstly, the office of the Chief Executive provides leadership and strategic direction for the Institute, ensuring alignment with MKRI's mandate and objectives. This office ensures overall governance, performance management, and effective execution of the Institute's strategy.

Secondly, the office of the Chief Financial Officer is responsible for financial stewardship, ensuring the Institute's financial health and sustainability. This function provides strategic financial oversight, including budgeting, financial planning, supply chain management, information systems and technology, and ensuring compliance with applicable financial regulations.

Thirdly, the corporate office oversees the efficient management of internal services, ensuring that human resources, legal compliance, communication, branding, facilities management, and public relations support the operational needs of the Institute, creating a conducive work environment and enhancing its public image.

#### **MKRI Strategic outcomes**

- Institutional excellence
- Sustainable economic policy environment supported
- Capacity developed for economic growth

The organisation further responds to strategic focus areas which are economic research, enhance innovation, maritime coordination, capacity building and skills development, stakeholder coordination, as encapsulated in the MKRI Act.

## OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT FOR 2024/25

PROGRAMME 1: CORPORATE SERVICES AND ADMINISTRATION								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Target 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviation
Institutional Excellence	Strategic partnerships	Number of strategic partnerships established	4	4	4	16	12	The entity has surpassed its target. Significant support was required from various stakeholders to partner with the Institute for research and development collaborations.
	Clean audit opinion	Number of clean audit opinion achieved	Clean Audit	Clean Audit	Clean Audit	Clean Audit	None	None
	Age Analysis Report	Percentage of valid suppliers' invoices paid within 30 days	100%	100%	100%	100%	None	None
	Procurement Report	Percentage procurement spending on BBBEE service providers	70%	70%	70%	73%	3%	The entity has surpassed its target. Deliberate effort by the Institute to procure from designated groups.
	Job creation	Number of unemployed graduates provided with temporary employment	New	1000	500	482	18	Non submission of prerequisite documents, such as proof of qualifications or proof of residence by applicants, causing delays in finalising the recruitment process.
	Promotion of MKRI	Number of events held to promote MKRI initiatives	4	4	4	4	None	None

## **14.2 Programme 2: Research and Development**

### **14.2.1 Purpose**

The Research Services function at the Moses Kotane Research Institute (MKRI) is critical in generating evidence and insights to inform decision-making, shape policies, and drive socio-economic development within the province. At the institutional level, it ensures the delivery of high-quality, ethical, and timely research that supports MKRI's mandate to influence provincial and national policy, offering practical recommendations for development initiatives.

In the broader context of KwaZulu-Natal, MKRI's research directly contributes to the Provincial Growth and Development Strategy (PGDS), Medium-Term Development Plan (MTDP), and other provincial frameworks. Through evidence-based research, MKRI helps shape policies that promote inclusive growth, job creation, and poverty alleviation, while addressing provincial challenges. Additionally, MKRI's research capacity-building initiatives support skills development, particularly in areas like digital skills and innovation, helping to create a more skilled workforce for the province's sustainable development.

The Institute successfully conducted and completed six strategic sector research projects, fully meeting the annual target. These projects provided valuable insights into key developmental areas and informed policy and programmatic decisions. In addition, three research articles were published in peer-reviewed journals, aligning with the publication target for the year and contributing to the broader academic and policy discourse.

A notable highlight was the socio-economic impact assessment of the Dundee July 2024 Traditional Horseracing event. The study offered evidence-based recommendations that have proven instrumental in guiding the Department of Sport, Arts and Culture (DSAC) in its transformative initiatives aimed at enhancing cultural tourism, local economic development, and community participation.

**OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT FOR 2024/25**

<b>PROGRAMME 2: RESEARCH AND DEVELOPMENT</b>								
<b>Outcome</b>	<b>Output</b>	<b>Output Indicator</b>	<b>Audited Actual Performance 2022/2023</b>	<b>Audited Actual Target 2023/24</b>	<b>Planned Annual Target 2024/25</b>	<b>Actual Achievement 2024/25</b>	<b>Deviation from planned target to Actual Achievement 2024/25</b>	<b>Reasons for deviation</b>
Relevant evidence - based action research.	Conduct strategic sector research	Number of strategic sector research conducted	10	10	6	6	None	None
	Published research articles on journals	Number of research articles submitted for publication	4	0	2	3	1	The entity has surpassed its target. Positive deviation contributing to the broader academic and policy discourse
	Funded research students	Number of postgraduate students funded for research and innovation	158	100	40	49	9	The entity has surpassed its target. The deviation was due to the high demand for honours students who are not funded by the NSFAS programme.
	Mentored postgraduate students	Number of postgraduate students mentored	30	0	40	43	3	A partnership was formed with Standard Bank to provide mentorship and highlight employment opportunities for the beneficiaries. Furthermore, mentorship for the 4th quarter included the new recruits/ new students.
	Host strategic sector dialogues	Number of strategic sector dialogues hosted	New	4	3	3	None	None

## **14.3 Programme 3: Innovation and Technology**

### **14.3.1 Purpose**

The purpose of the development services at the Moses Kotane Research Institute (MKRI) is to enhance human capital, foster innovation, and support entrepreneurship in KwaZulu-Natal. Through key initiatives such as the Graduate Development Programme, Skills Development Programme, and Innovation Incubation Programme, MKRI aims to equip individuals with essential skills, provide practical work experience, and nurture innovative businesses.

The Graduate Development Programme helps recent graduates transition into the workforce by providing valuable hands-on experience. The Skills Development Programme focuses on upskilling individuals to meet the demands of the labour market, enhancing employability and entrepreneurship. The Innovation Incubation Programme supports start-ups by offering mentorship and resources to help entrepreneurs turn ideas into successful businesses.

These initiatives contribute to the province's economic growth, job creation, and long-term sustainable development by building a skilled workforce and fostering innovation. During the 2024/25 financial year, four innovation-driven projects received support under the (CIR) initiative. These projects were selected for their potential to address pressing societal and environmental challenges through technology and sustainable practices. Support included prototype development, intellectual property (IP) protection, and market readiness assistance.

#### **Nuztek – ThunaPoint Cemetery Manager**

A digital platform designed to modernise cemetery administration by enabling accurate record-keeping, GIS-based mapping, and efficient management tools. The project aims to streamline operations for municipalities and funeral service providers.

#### **Kuluhlaza Holdings – Green Paving Solutions**

This initiative focuses on producing innovative paving bricks made from recycled plastic. The solution offers a sustainable, durable, and environmentally friendly alternative to traditional paving materials, contributing to circular economy goals.

#### **K Chelsey – Eco-Friendly Sustainable Cosmetics**

A unique approach to waste-to-value innovation, this project transforms used cooking oil into eco-conscious cosmetic products such as soaps, lotions, and lip balms. It promotes sustainability in the beauty industry while reducing environmental waste.

#### **The Makers Club – Smart Agriculture (IoT) Farm Systems**

This project develops Internet of Things (IoT)-enabled smart farming technologies to improve agricultural productivity and resource efficiency. The system integrates

sensors, data analytics, and automation to support precision farming and sustainable food production.

Furthermore, the Institute successfully established two Digital Centres in underserved rural areas—Mkuze and eDumbe, as part of efforts to bridge the digital divide and promote inclusive access to information and communication technologies. These centres are now serving as vital hubs for digital literacy, community engagement, and socio-economic empowerment.

**OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT FOR 2024/25**

<b>PROGRAMME 3: INNOVATION AND TECHNOLOGY</b>								
<b>Outcome</b>	<b>Output</b>	<b>Output Indicator</b>	<b>Audited Actual Performance 2022/2023</b>	<b>Audited Actual Target 2023/24</b>	<b>Planned Annual Target 2024/25</b>	<b>Actual Achievement 2024/25</b>	<b>Deviation from planned target to Actual Achievement 2024/25</b>	<b>Reasons for deviation</b>
Expanded innovation support through digital technologies.	Conduct research on innovation and technology	Number of research conducted on innovation and technology	15	15	4	4	None	None
	Published research articles on journals.	Number of Innovation and technology research articles submitted for publication	New	7	1	1	None	None
	Filed innovation and technology projects for intellectual property processing	Number of filed intellectual property	2	4	4	4	None	None
	Support Research and Innovation projects for commercialisation	Number of research and innovation projects supported for commercialisation	6	4	4	4	None	None
	Established Digital Centres	Number of digital centres established	4	4	2	2	None	None

## 14.4 Programme 4: Economics and Statistical Services

### 14.4.1 Purpose

The purpose of Programme 4 is to produce economics and statistical data and to contribute to the growth and development of the KZN oceans economy. The result of this data is distributed in the form of research reports, advisory reports, and statistical infographics for the province.

### OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT FOR 2024/25

PROGRAMME 4: ECONOMICS AND STATISTICAL SERVICES								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Target 2022/2023	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviation
Relevant evidence-based action research.	Conduct research on economic development	Number of economic development research conducted	12	12	5	5	None	None
	Produced socio-economic statistical reports	Number of statistical reports produced	8	8	4	4	None	None
	Economic development advisory reports	Number of advisory reports	4	4	4	4	None	None

**Linking performance with budgets (Financial Management)**

In assessing the achievement of the outputs in comparison to the planned targets, the public entity must consider the linkages and the relation to the resources available to the public entity, particularly the financial resources. Therefore, the following financial information should be presented. The financial information must agree with the information in the annual financial statements.

Programme/activity/objective	2023/2024			2024/2025		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Corporate Services and Administration	72,980	70,632	2,348	104,312	104,302	10
Programme 2: Research and Development	13,707	8,205	5,502	4,565	314	4,251
Programme 3: Innovation and Technology	7,134	3,296	3,838	10,640	4,002	6,638
Programme 4: Econometrics and Statistical Services	-	-	-	3,163	2,612	550
<b>Total</b>	<b>93,821</b>	<b>82,133</b>	<b>11,688</b>	<b>122,680</b>	<b>111,230</b>	<b>11,449</b>

# PART

# C



## **PART C: GOVERNANCE**

### **15. GOVERNANCE**

The Moses Kotane Institute was established on 31 October 2007 as a non-profit company, in terms of the Companies Act, Act No. 71 of 2008 as amended. Moses Kotane Institute operated in a manner that was in line with governance best practices. The Board of Directors (“the Board”) conducted the affairs of the Institute with the necessary integrity, skill and diligence that was compliant with the requirements of the Companies Act and King Code of Corporate Governance Principles (King IV). Management was accountable to the Board for their responsibility of designing, implementing, and monitoring policies and systems approved by the Board.

Moses Kotane Institute was de-registered on the Companies and Intellectual Property Commission as it ceased to exist as an operational entity on 24 May 2024 when the KwaZulu-Natal Moses Kotane Research Institute Act 3 of 2024 (MKRI Act) was passed into law. The Moses Kotane Research Institute (the Institute) was established as the successor in law to Moses Kotane Institute. The Institute is a juristic person governed by the MKRI Act, and a provincial public entity under the Public Finance Management Act. The institute continues to observe and take guidance on good corporate governance principles enlisted in King IV.

Despite this transition however, the Board remains committed to integrity, ethical values, and professionalism in all its activities that will ensure that the Institute’s mandate is adequately implemented, and the business of the Institute remains sustainable in the long term. An essential part of this commitment is the Board’s support for the highest standards of corporate governance.

#### **15.1 Shareholder’s compact**

The Department of Economic Development, Tourism and Environmental Affairs (EDTEA) is the Shareholder and has authority over the Institute in terms of the Public Amendment Act 30 (2007), which has an objective to introduce government components as a service within the public delivery, through a focused, ring-fenced, separate entity, under the direct control of the Minister or other executive authority.

Each year, Moses Kotane Research Institute enters into an annual funding agreement with The KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA) and agrees on its performance objectives, measures, and indicators in line with government treasury regulations principles under the Public Finance Management Act, 1999 (PFMA). The annual targets are annexed to a list of principles agreed to between Moses Kotane Research Institute and the shareholder. Quarterly reports are provided to the shareholder to advise on performance, key risk areas and key performance targets. The shareholder may however request additional reports on matters of concern.

## 15.2 Executive Authority

In line with statutory obligations and governance protocols, the Institute submitted the following reports to the Executive Authority during the reporting period:

### 06 June 2024 (MEC Mr. S. Duma)

- Appointment of the Chief Executive Officer to MKRI
- Appointment of an Interim Chief Executive Officer (MKRI) following the secondment of the CEO to EDTEA.
- Appointment of an Interim Board of Directors
- Appointment of a Company Secretary

### 05 September 2025 (MEC Rev. M. Zondi)

- Enquiry about the date of return of the seconded CEO back to MKRI

### 24 January 2025 (MEC Rev M. Zondi)

- Enquiry about the shareholder representative to the Audit and Risk Committee.

## 15.3 Accounting Authority (Board)

The Board is the accounting authority of the Institute as provided for in section 49(2)(a) of the Public Finance Management Act. It comprises of non-executive Directors that are appointed by the shareholder. Moses Kotane Institute comprised of eight (8) non-executive Directors and the Moses Kotane Research Institute comprises of five (5) non-executive Directors.

The Board schedules and meets four times a year (once per quarter) and special meetings are convened as and when it is necessary to address specific critical issues that cannot wait for scheduled meetings.

The Board has the power to make decisions in respect of the institute that are not specifically reserved for decision-making by the Shareholder. It exercises its powers responsibly in the best interests of the Institute with due regard to the interest of stakeholders of the Institute and in compliance with applicable laws, principles of sound corporate governance and the Board's policies and procedures.

The Board directs the Institute's risk assessment, resource management, strategic planning, financial and operational management to ensure that obligations to shareholders and other stakeholders are understood and met. Major responsibilities of the Board also include the review of business plans, budgets, monitoring of performance, approval of major policy decisions, and the appointment of the Chief Executive Officer. Certain other functions are delegated to elected Board committees but without abdicating the Board's responsibility.

Good corporate governance requires that the composition of the Board be reviewed on a regular basis to ensure that the Board remains dynamic and does not become stagnant in terms of thinking and abilities. Board membership has been managed in a way that it does not lead to a disruption in the operations of the business and that the Board is well-balanced in terms of skills, expertise, and demographics.

The Board aims to ensure that the Institute remains sustainable and viable. The Board's responsibilities are facilitated by a well-developed governance structure and a comprehensive delegation of authority framework.

### **Board evaluation and performance**

A performance evaluation of the Board and individual Directors is conducted at the end of a financial year. Any shortcomings are addressed, and areas of strength consolidated. The performance of Board committees is evaluated against their terms of reference.

### **Board Charter**

The Board charter is in place to regulate the role, functions, power and responsibilities of the Board. The Board charter is reviewed and approved annually by the Board to ensure that it is still relevant and complies with relevant legislation.

## 15.4 Board Composition

### Moses Kotane Institute

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Contract termination date	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Ms S. Khomu, CA (SA)	Chairperson	21 August 2021	24 May 2024 (Extended 25 May – 30 September 2024)	BCom (Wits) BAcc (Wits) SAICA registered Chartered Accountant member M.ED (Research Methodology) (UNIZULU) University of Zululand Leadership Programme (USB) Senior Management Development Programme (USB)	Finance, accounting, auditing expertise	Moses Kotane Institute	Social and Ethics Committee  Finance Committee	3
Mr T.J.T. Cibane	Deputy Chairperson	21 August 2021	24 May 2024	BSocSc IOL & Sociology	Policy development, Administration, Planning	Moses Kotane Institute	Social and Ethics Committee Human Resources Committee	3
Mr M.C. Clark	Board Member	21 August 2021	24 May 2024	BA PGDip in Industrial Relations	Economics, Corporate Governance, Development	Moses Kotane Institute Black Balance Projects Pty Ltd Imvusa 230 CC Vuka Plan Africa Inc. Ubuntu Botho Investments	Social and Ethics Committee  Human Resources Committee	3
Dr T.D. Khoza	Board Member	21 August 2021	24 May 2024	PhD in Geophysics	Geoscience Research, Executive	Moses Kotane Institute	Audit and Risk Committee	3

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Contract termination date	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
					Management, Project Management	Integrated Geoscience Solutions PTY Ltd Lesung Mining Pty Ltd	Research and Development Committee	
Dr I.Z. Machi	Board Member	21 August 2021	24 May 2024	PhD in Philosophy	Mathematics Science	Moses Kotane Institute	Human Resources Committee  Research and Development Committee	3
Ms S.K.N. Masango	Board Member	21 August 2021	24 May 2024	MSc in Nuclear Physics PGDip in Energy Leadership Dip (Proj. Man)	Research, Engineering and Education	Moses Kotane Institute NECSA UWC Senamile Masango Foundation UWC Innovation Center	Finance Committee  Research and Development Committee	3
Ms M.P. Myeni	Board Member	21 August 2021	24 May 2024	BA (Hons) MBA MComm Dip (Proj. Man)	Public relation, commerce, and business expertise	Moses Kotane Institute KwaZulu-Natal Gaming and Betting Board KwaZulu-Natal Liquor Authority Municipal Demarcation Board	Finance Committee  Audit and Risk Committee	3
Dr C.B. Zulu	Board Member	21 August 2021	24 May 2024	PhD in Maritime Entrepreneurship & Leadership	Maritime and Research	Moses Kotane Institute SAMSA	Audit and Risk Committee Research and Development Committee	3

**Moses Kotane Research Institute**

<b>Name</b>	<b>Designation (in terms of the Public Entity Board structure)</b>	<b>Date appointed</b>	<b>Date resigned</b>	<b>Qualifications</b>	<b>Area of Expertise</b>	<b>Board Directorships (List the entities)</b>	<b>Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)</b>	<b>No. of Meetings attended</b>
Mr T.J.T. Cibane	Chairperson	28 May 2024	-	BSocSci IOL & Sociology	Policy development, Administration, Planning	Moses Kotane Institute	Social and Ethics Committee	16
Dr I.Z. Machi	Deputy Chairperson	28 May 2024	-	PhD in Physics	Scientist and mathematics	Moses Kotane Institute	Social and Ethics Committee Research and Development Committee Audit and Risk Committee Interview Panel (2 meetings)	24
Ms S. Khomo, CA (SA)	Board Member	28 May 2024	-	BCom (Wits) BAcc (Wits) SAICA registered Chartered Accountant member Med (Research Methodology) (UNIZULU) University of Zululand Leadership Programme (USB) Senior Management Development Programme (USB)	Finance, accounting, auditing expertise	Moses Kotane Institute	Social and Ethics Committee  Research and Development Committee  Audit and Risk Committee	22
Dr T.D. Khoza	Board Member	28 May 2024	-	PhD in Geophysics	Geoscience Research, Executive Management, Project Management	Moses Kotane Institute Integrated Geoscience Solutions PTY Ltd	Social and Ethics Committee  Research and Development Committee	19

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
						Lesung Mining Pty Ltd		
Ms M.P. Myeni	Board Member	28 May 2024	-	BA Honours Degree  MBA  Master of Commerce Diploma in Project Management	Public relation, commerce, and business expertise	Moses Kotane Institute KwaZulu-Natal Gaming and Betting Board KwaZulu-Natal Liquor Authority Municipal Demarcation Board	Social and Ethics Committee ( <i>Removed from the Committee as from 15 November 2024</i> ) Research and Development Committee Audit and Risk Committee Interview Panel (2 meetings)	23

## Committees

Board committees assist the Board in carrying out its responsibilities. Committees' recommendations and reports to the Board ensure transparency and full disclosure of committee activities. Each committee operates as per the approved terms of reference that defines the composition, role, responsibilities, and delegated authority of the committee. The Board, from time to time, sets up committees for specific (ad hoc) purposes. Committee meeting attendance is reflected as per below. Below is the table of standing committees during the period under review. In addition to the terms of reference, a Board committee exercises its delegated authority in accordance with specific policies approved by the Board from time to time.

### Moses Kotane Institute

Committee	No. of meetings held	No. of members	Name of members
Audit and Risk Committee	1	4	Ms M.P. Myeni (Chairperson) Ms S. Khomo, CA (SA) Dr I.Z. Machi Ms M. Ndlovu Ms S. Mzizi*
Finance Committee	1	3	Ms S.K.N. Masango Ms S. Khomo, CA (SA) Ms M.P. Myeni
Human Resources Committee	1	3	Mr M.C. Clark Mr T.J.T. Cibane Dr I.Z. Machi
Social and Ethics Committee	1	3	Mr T.J.T. Cibane Ms S. Khomo, CA (SA) Mr M.C. Clark
Research and Development Committee	1	4	Dr I.Z. Machi Dr T.D. Khoza Dr C.B. Zulu Ms S.K.N. Masango

\*External Independent Audit and Risk Committee Member

### Moses Kotane Research Institute

Committee	No. of meetings held	No. of members	Name of members
Audit and Risk Committee	3	5	Ms M.P. Myeni (Chairperson) Ms S. Khomo, CA (SA) Dr I.Z. Machi Ms S. Mzizi*(Contract ended 30 June 2024) Ms M. Ndlovu*(Appointed 01 May 2024) Mr S. Hlophe* (Appointed 01 September 2024)
Social and Ethics Committee	3	5	Dr I.Z. Machi Ms S. Khomo, CA (SA) Mr T.J.T. Cibane Ms M.P. Myeni Dr T.D. Khoza
Research and Development Committee	3	4	Dr T.D. Khoza Dr I.Z. Machi Ms S. Khomo, CA (SA) Ms M.P. Myeni

\*External Independent Audit and Risk Committee Member

### Remuneration of Board members

Board members are remunerated according to the Treasury prescribed rates. All travelling and related expenses are claimable in line with the entity's subsistence and travel policy. The members were remunerated as follows during this period:

#### Moses Kotane Institute

Name	Remuneration	Other allowance: Travel and accommodation	Other re-imbursment: Retainer	Total
Ms S. Khomo, CA (SA)	277 648.44	0.00	72 344.68	349 993.12
Mr T.J.T. Cibane	242 254.87	0.00	52 206.77	294 461.64
Mr M.C. Clark	50 803.66	0.00	14 528.29	65 331.95
Dr T.D. Khoza	93 522.93	0.00	8 888.89	102 438.82
Dr I.Z. Machi	164 826.86	0.00	36 548.83	201 375.69
Ms S.K.N. Masango	89 230.11	0.00	18 370.38	107 600.49
Ms M.P. Myeni	124 711.44	0.00	27 259.27	151 970.71
Dr C.B. Zulu**	0.00	0.00	0.00	0.00
Ms S. Mzizi*	9 841.04	0.00	0.00	9 841.04

\*External Independent Audit and Risk Committee Member

\*\*Member ceased to receive remuneration as he was employed by the State

**Moses Kotane Research Institute**

<b>Name</b>	<b>Remuneration</b>	<b>Other allowance: Travel</b>	<b>Other re-imbursments: Retainer</b>	<b>Total</b>
Mr T.J.T. Cibane	102 890.52	319.40	129 863.01	233 072.93
Dr I.Z. Machi	130 384.66		45 216.50	175 601.20
Ms S. Khomo, CA (SA)	84 781.92	1 596.11	18 370.38	104 748.41
Dr T.D. Khoza	93 289.86	977.00	0.00	94 266.86
Ms M.P. Myeni	127 952.76	3 055.94	18 370.38	146 679.08
Ms M. Ndlovu*	0.00	0.00	0.00	0.00
Mr S.Z Hlophe*	9 841.04	0.00	0.00	9 841.04
Ms S. Mzizi*	0.00	0.00	0.00	0.00

\*External Independent Audit and Risk Committee Member

**16.RISK MANAGEMENT (FINANCIAL MANAGEMENT)**

Effective risk management is fundamental to achieving the Institute's vision. By identifying and managing risks, we can enhance certainty and security for our employees, customers, and stakeholders. The Institute's Board, through the Audit and Risk Committee, takes full responsibility for ensuring a results-driven and effective internal risk management process. The Management Committee is dedicated to implementing a risk monitoring system that allows for prompt and appropriate responses to any significant risks that could affect our business objectives. The responsibility for managing risk lies with the Institute's line management.

Those responsible for managing risks also ensure that all necessary controls are in place and consistently effective. The focus on control effectiveness is aimed at improving our ability to manage risks efficiently, enabling us to swiftly and confidently seize opportunities to enhance and sustain quality, continuity of supply, create value, and achieve sustainable growth. The Institute is committed to conducting risk management at all levels, ensuring that risks are communicated upward. Once these integrated risk reports are consolidated, the Audit and Risk Committee reviews and assesses the risk profile to identify major operational, strategic, and business continuity risks.

**Risk Management Policy and Strategy:** The public entity has established a comprehensive risk management policy and strategy designed to identify, assess, and mitigate risks effectively across all levels of the organization.

**Regular Risk Assessments:** The public entity conducts regular risk assessments to evaluate the effectiveness of its risk management strategy and to identify new and emerging risks. These assessments ensure that the entity remains proactive in addressing potential challenges.

**Audit and Risk Committee's Role:** The Audit and Risk Committee provides the public entity with advice on risk management and independently monitors the effectiveness of the overall system. The committee ensures that the risk management framework is robust and functioning as intended.

**Progress and Performance Improvement:** The public entity has observed progress in its risk management efforts, leading to improvements in overall performance. If such improvements are not evident, the entity is committed to identifying gaps and implementing corrective actions to address the challenges.

## **17. INTERNAL CONTROL UNIT (FINANCIAL MANAGEMENT)**

The Internal Control comprises of Internal Auditors, Audit and Risk Committee and management. They play a crucial role in ensuring that a public entity operates efficiently, effectively, and in compliance with relevant laws and regulations. During the year, the Internal Control typically performs several key activities:

### **Review and Evaluation of Internal Controls**

The Internal Control conducts ongoing reviews and assessments of the entity's internal control systems. This includes evaluating the effectiveness and efficiency of controls related to financial reporting, operational processes, and compliance with policies and procedures.

They identify any weaknesses or gaps in the existing control framework and recommend improvements to mitigate risks and enhance overall control effectiveness.

### **Monitoring Compliance:**

They ensure that all departments within the organization comply with established policies, procedures, and regulations. This includes regular audits and inspections to verify adherence to internal guidelines.

It also tracks the implementation of corrective actions where non-compliance issues were identified, ensuring that these issues are resolved in a timely manner.

### **Risk Management Support:**

The Internal Control works closely with the Risk Management Committee to support the identification, assessment, and management of risks across the entity. This includes

monitoring the effectiveness of risk mitigation strategies and ensuring that controls are in place to manage identified risks.

They assist in conducting risk assessments and help in updating the risk register to reflect current risks and the status of risk management efforts.

**Internal Audits:**

They perform internal audits focused on key areas of the organization, such as financial reporting, asset management, procurement, and information technology. These audits assess whether internal controls are operating as intended and provide assurance on the integrity of financial and operational processes. The findings from these audits are reported to management and the Audit Committee, with recommendations for improving control weaknesses and enhancing overall organizational performance.

**Fraud Prevention and Detection:**

Internal Control plays a vital role in preventing and detecting fraud within the entity. This involves implementing controls that deter fraudulent activities and conducting investigations when suspicious activities are identified. They also raise awareness among staff about the importance of internal controls and the role they play in preventing fraud.

**Reporting and Follow-up:**

Throughout the year, Internal Control regularly reports to senior management and the Audit Committee on the status of internal controls, risk management efforts, and compliance activities. They follow up on the implementation of audit recommendations and corrective actions, ensuring that improvements are made and sustained over time. Overall, the work performed by the Internal Control during the year is instrumental in safeguarding the entity's assets, ensuring accurate financial reporting, promoting operational efficiency, and maintaining compliance with applicable laws and regulations.

**18. INTERNAL AUDIT AND AUDIT COMMITTEES****Audit and Risk Committee**

The Audit and Risk Committee monitors the internal control systems to protect the Institute's interests and assets. This committee also reviews any accounting and auditing concerns raised by internal and external audit, the Annual Financial Statements, and interim reports.

The Audit and Risk Committee ensures that an effective internal audit function is in place and that the roles and functions of external audit and internal audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the Institute's system of internal control, risk management, governance, and reporting. This includes overseeing and reporting to the Board on the effectiveness of the IT risks and fraud risks as they relate to financial reporting and internal financial controls.

The Audit and Risk Committee considers and makes recommendations on the appointment and retention of the internal auditors and ensures that such appointments comply with relevant legislation. The Committee assess the performance of the internal audit function, and the adequacy of available internal audit resources. O.M.A Chartered Accountants was the appointed internal auditors during the year under review.

The auditors are provided with unrestricted access to the chairperson of the Audit and Risk committee and the chairperson of the Board. The Committee considers and appropriately deals with any complaints received relating to the Annual Financial Statements, accounting practices or internal audit, whether from within or outside of the Institute. The Committee further oversees the following:

- a) Fees paid to auditors;
- b) The terms of engagement;
- c) The approval of the nature and extent of any non-audit services;
- d) Independence, objectivity, and effectiveness of the auditors.
- e) The accuracy, reliability, and creditability of statutory financial reporting.

The table below discloses relevant information on the Audit and Risk Committee Members:

#### Moses Kotane Institute

Name	Qualifications	Internal / external	Member of the Board	Date appointed	Contract termination date	No. of Meetings attended
Ms M.P. Myeni	BA (Hons) MBA MComm Dip (Proj Man)	External	Yes	21 August 2021	24 May 2024	1
Dr T.D. Khoza	PhD: Philosophy in Geophysics	External	Yes	21 August 2021	24 May 2024	1
Dr C.B. Zulu	PhD: Maritime Entrepreneurship and Leadership	External	Yes	21 August 2021	24 May 2024	1
Ms S. Mzizi	BCom Hons: Financial Management, CIMA, ACGISA	External	No	01 July 2022	30 June 2024	1

#### Moses Kotane Research Institute

Name	Qualifications	Internal / external	Member of the Board	Date appointed	Contract termination date	No. of Meetings attended
Ms M.P. Myeni	BA (Hons) MBA MComm Dip (Proj Man)	External	Yes	28 May 2024	n/a	3

Name	Qualifications	Internal / external	Member of the Board	Date appointed	Contract termination date	No. of Meetings attended
Dr I.Z. Machi	PhD: Philosophy	External	Yes	28 May 2024	n/a	3
Ms S. Khomo, CA (SA)	BCom (Wits) BAcc (Wits) SAICA member M.ED Leadership Programme Senior Management Development Programme	External	Yes	28 May 2024	n/a	3
Ms S. Mzizi	BCom Hons: Financial Management, CIMA, ACGISA	External	No	01 July 2022	30 June 2024	0
Mr S.Z Hlophe	BCom (Hons) Acc MBL	External	No	01 September 2024	n/a	1
Ms M. Ndlovu	MBA BCompt (Hons) BCompt	External	No	01 May 2024	n/a	2

## 19. COMPLIANCE WITH LAWS AND REGULATIONS

The Board is the accounting authority in terms of the Companies Act 71 of 2008 as amended. The Institute has adhered to the statutory duties and responsibilities imposed by the Companies Act 71 of 2008 as amended, International Financial Reporting Standard, and King Code IV. The Institute's system and processes are regularly reviewed to ensure that compliance is monitored in this regard. In addition, the Institute is also guided by best practices of the King Code on Corporate Governance for South Africa and the Protocol on Corporate Governance in the Public Sector-2002. The PFMA, in principle, regulates financial management and governance. The Institute is funded mainly by the government and therefore borrows from the Public Finance Management Act as good practice.

## 20. FRAUD AND CORRUPTION (FINANCIAL MANAGEMENT)

The Board is committed to minimizing exposure to fraud and criminal activities. To this end, the Board has implemented robust whistle-blowing policies, procedures, and a fraud and corruption prevention policy. Board Committees actively address these threats by focusing on crime prevention, detection, response, and investigation. In cases where serious fraud, corruption, or irregularities are suspected, a forensic audit is conducted as necessary to

determine the facts, allowing management to take appropriate action and prevent future occurrences. These efforts are carried out within the framework of the whistle-blowing policy.

## **21. MINIMISING CONFLICT OF INTEREST (FINANCIAL MANAGEMENT)**

In terms of the Company Act, a member of the Board who has a personal financial interest in respect of a matter to be considered at a Board meeting, or knows that a related person has a personal financial interest in the matter:

- a) Must disclose the general nature of the interest before the matter is considered.
- b) Must disclose all material information known to the member of the Board to the meeting.
- c) May disclose observations and insights relating to the matter if requested by the other member of the Board to do so; and
- d) May not be present at the meeting where the matter is discussed and may not participate in the consideration of the matter.

Disclosure of any personal financial interest must be delivered to the Company Secretary in advance on an annual basis.

The Company Secretary will submit all disclosures of interest to the Board at the first subsequent meeting. The Board is required to:

- a) Consider all declarations of interest.
- b) Report to the Board any conflicts of interest that require specific action by the Board.
- c) Recommend to the Board which member of the Board should be categorised for governance purposes as an executive member of the Board, non-executive member of the Board, and independent non-executive member of the Board.

Enduring material conflicts of interest are regarded by the Board as incompatible with the fiduciary duties of members of the Board. All board members are required to declare their financial interests on an annual basis.

## **22. CODE OF CONDUCT (CHIEF EXECUTIVE OFFICE)**

Good corporate governance hinges on strong ethical leadership, which involves making decisions guided by ethical principles, leading by example, and overseeing the management of ethics within the Institute. The Institute's Board holds overall responsibility for the ethics management program, while operational duties are delegated to the Executive Committee (EXCO). The Executive Committee supports the Chief Executive Officer in establishing the framework, rules, standards, and boundaries for ethical conduct. Additionally, EXCO provides ethics training and advisory services to employees, helping them navigate ethical dilemmas in the workplace effectively.

### 23. HEALTH SAFETY AND ENVIRONMENTAL ISSUES (CHIEF EXECUTIVE OFFICE)

The Board adheres to the Health and Safety Act and promotes the following for the Institute and its employees.

**A clean environment:** The entity has a responsibility to ensure that the workplace is clean and hygienic, so that it does not become a health risk to employees. Employees also have a responsibility to ensure that they take care of their work environment.

**Occupational health and safety:** The law protects all workers against hazards associated with the workplace. The entity has ensured that employees know their rights through regular training and policy updates.

### 24. COMPANY / BOARD SECRETARY

Ms Sanelisiwe Hildegard Meyiwa has served as the Company Secretary during the year under review. The following responsibilities were undertaken by her:

- Providing Board members with guidance as to their duties, responsibilities, and powers.
- Making the Board aware of any law relevant to the company.
- Reporting any failures on the part of the entity or the Board to comply with the Memorandum of Incorporation, Companies Act and the PFMA.
- Certifying the company's audited financial statements, whether the company has filed required returns and notices in terms of the Act, and whether all such returns and notices appear to be true, correct and up to date. Ensuring that a copy of the company's financial statements is sent to every person who is entitled to them in terms of Company's Act.
- Filing annual returns and updating company information on CIPC, including director changes and company related information.
- Providing ongoing training for Board members.
- Ensuring that the Board Charter and all Committee terms of reference kept up to date.
- Drafted yearly plan in consultation with the Chairperson of the Board.
- Ensured proceedings of the Board and committee meetings are properly recorded, and that minutes are circulated after approval of the chairperson of the Board or relevant Board committee.
- Obtained appropriate responses and feedback to specific agenda items and matters arising from committee deliberations.
- Assisted with yearly evaluation of the Board, its individual Board Members and the Chief Executive Officer.
- Provided information to internal and external auditors as may be requested from time to time.
- Performed any other tasks or attend any other meeting arising from Board deliberations.
- Performed any other task for the Office of the Chief Executive Office and the Executive Manager Corporate Services.

## **25. SOCIAL RESPONSIBILITY (CHIEF EXECUTIVE OFFICER)**

The Institute has excelled in social responsibility by conducting evidence-based research that has empowered government administrative strategies to make informed decisions. Collaborating with various KZN departments and public entities, including OTP, EDTEA, DARD, KZNERA, the entity has consistently operated with honesty, ethical integrity, and sensitivity to social, cultural, economic, and environmental issues during its research activities.

Through its research and development efforts, the entity has significantly contributed to the transformation of the economy by funding research studies and playing a vital role in coordinating innovation activities within the province. By creating an enabling platform for innovators and entrepreneurs, the entity has helped drive job creation, addressing unemployment and poverty.

## **26. AUDIT COMMITTEE REPORT (FINANCIAL MANAGEMENT)**

We are pleased to present our report for the financial year ended 31 March 2025.

### **Audit Committee Responsibility**

The Audit Committee hereby reports that it has complied with its responsibilities arising from Section 9 para 77 of the Public Finance Management Act and Treasury Regulation 3.1.13. It also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

### **The Effectiveness of Internal Control**

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

The following internal audits were completed during the year under review:

- Financial controls Audit
- Performance Audit
- IT audit
- Human Resources Audit
- Follow up Audit

### **In-Year Management and Monthly/Quarterly Report**

The public entity has submitted monthly and quarterly reports to the Executive Authority.

## **Evaluation of Financial Statements**

We have reviewed the annual financial statements prepared by the public entity.

## ***Auditor's Report***

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.



---

**Ms Mbali Pearl Myeni**  
**Chairperson of the Audit & Risk Committee**  
**Moses Kotane Research Institute**  
**Date: 28 August 2025**

## 27. B-BBEE COMPLIANCE PERFORMANCE INFORMATION (FINANCIAL MANAGEMENT)

The following table has been completed in accordance with the compliance to the BBEE requirements of the BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes, No / N/A	Discussion <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	N/A
Developing and implementing a preferential procurement policy?	Yes	MKRI is aligned with the Preferential Procurement Policy Framework Act (PPPFA) (Act 5 of 2000). MKRI created a policy that provides preference for Historically Disadvantaged Individuals (HDIs), Small, Medium, and Micro Enterprises (SMMEs), and women-owned businesses, black owned enterprises, and youth-owned enterprises while also adhering to constitutional principles of fairness, transparency, and cost-effectiveness.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	MKRI developed a criterion based on the Broad-Based Black Economic Empowerment (BBBEE) Act and its Codes of Good Practice. This involves incorporating B-BBEE elements like ownership, management control skills development, and enterprise development into the criteria for awarding incentives, grants and investment schemes.

# PART

# D



## **PART D: HUMAN RESOURCE MANAGEMENT**

### **28. INTRODUCTION**

#### **Overview of HR matters at the public entity**

- Human Resources forms part of the entity's corporate administration sub-programme. Its main function is to provide corporate support services which are to:
- Provide human resource management support.
- Facilitate performance management, human capital development, and
- Provide facilities support services.

Despite the limited resources, the Moses Kotane Research Institute continues to conduct multi-sector research across the province. To mitigate the impact of limited resources to the mandate experiential learners were engaged to support research efforts. This also contributed to employment efforts in the province.

#### **Employee performance management framework**

The entity aligns its performance management framework to that of the public sector. Plans are in place to include the training of all employees on the framework over and above the workshops that were conducted during the period under review.

#### **Employee wellness programme**

In 2024/25 financial year, the ICAS group, an experienced wellness service provider was appointed to provide independent Employee Wellness services to all Moses Kotane Institute employees. It is believed that a service provider with networks of different specialists is better positioned to fulfil this obligation with the best possible efficiency than an internal resource. Some of the key benefits to our employees are access to:

- Specialist advice and counselling services in different areas not limited to, psychological, social, legal and health issues.
- Resources to all employees always when required thus offering equal access to every MKI employee regardless of location and levels.
- Advice in own language for immediate family members. and
- Manager and supervisor training on how to handle employees with problems and if unable to, refer them to people who can.

This is aimed at improving employee relations, employee morale and productivity and in turn reduce absenteeism that results from issues that can be attended before they become problems. The services are provided telephonically, 365 days a year and 24hrs a day. Where necessary, depending on the problems reported, face to face interventions is arranged closest to the employee's location using the provider affiliates.

### Policy development

A total of ten (10) policies were reviewed and six of which were submitted and approved by the Board. The rest of the policies will be reviewed gradually in the next two financial periods. The Human Resources unit is dedicated to continuously find innovative and cost-effective ways in which they can provide people support to all units within the entity.

### Highlight achievements.

The entity managed to fill all approved strategic positions approved. For the first time in years the entity had a full complement of executives assisting the accounting officer in fulfilling the mandate and driving a successful and meaningful service delivery. However, that fell away in the latter part of the year.

The Institute also invested in its human capital through staff training on various key strategic areas to enhance their skills and ability to thrive towards excellence.

### Future HR plans /goals

Supported by the Board, the entity seeks to continuously add value to the lives of its employees and the citizens of KwaZulu-Natal and South Africa as a whole.

## 29. HUMAN RESOURCE OVERSIGHT STATISTICS

MKRI monitors the implementation of a range of people management compliance indicators.

### 29.1 Personnel-related expenditure

#### Personnel Cost by programme/ activity/ objective

Programme / activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Office of the CEO	37 252	5 960	16	5	1 192
Corporate Services	37 252	5 215	14	7	745
Finance	37 252	4 470	12	5	894
Economics and Statistical Services	37 252	8 196	22	9	911
Research and Development	37 252	4 098	11	5	820
Innovation and Technology	37 252	9 313	25	9	1 035

### Personnel cost by salary band

Level	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	% of personnel exp. To total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	37 252	8 224	22.08	06	1 371
Senior Management	37 252	14 408	38.68	11	1 310
Professional qualified	37 252	12 580	33.77	25	503
Skilled	37 252	0	0	0	0
Semi-skilled	37 252	1 874	5.03	11	170
Unskilled	37 252	166	0.45	01	166
<b>TOTAL</b>	<b>37 252</b>	<b>37 252</b>	<b>100%</b>	<b>54</b>	<b>690</b>

### Training Costs

Programme//activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee (R'000)
Office of the CEO	4 886	00	00	00	00
Corporate Services	4 397	43	0,97	02	21
Finance	3 831	16	0,44	01	16
Economics and Statistical Services	7 022	110	1,58	02	55
Research and Development	3 380	00	00	00	00
Innovation and Technology	7 925	00	00	00	00

### Employment and vacancies

Programme/activity/objective	2024/2025 No. of Employees	2024/2025 Approved Posts	2024/2025 No. of Employees	2024/2025 Vacancies	% of vacancies
Office of the CEO	05	05	05	00	00
Corporate Services	07	09	07	02	22
Finance	5	5	05	00	00
Economics and Statistical Services	7	11	07	04	36
Research and Development	04	05	04	01	20
Innovation and Technology	08	09	08	01	11

<b>Programme/activity/objective</b>	<b>2024/2025 No. of Employees</b>	<b>2024/2025 Approved Posts</b>	<b>2024/2025 No. of Employees</b>	<b>2024/2025 Vacancies</b>	<b>% of vacancies</b>
Top Management	04	06	04	02	33
Senior Management	09	11	09	02	18
Professional qualified	11	15	11	04	26
Skilled	10	10	10	00	0
Semi-skilled	01	01	01	00	0
Unskilled	00	01	0	01	100
<b>TOTAL</b>	<b>35</b>	<b>44</b>	<b>35</b>	<b>09</b>	<b>20</b>

### Employment changes

<b>Salary Band</b>	<b>Employment at beginning of period</b>	<b>Appointments</b>	<b>Terminations</b>	<b>Employment at end of the period</b>
Top Management	06	00	02	04
Senior Management	09	01	02	08
Professional qualified	09	04	02	11
Skilled	09	01	00	10
Semi-skilled	01	00	00	01
Unskilled	01	00	01	00
<b>Total</b>	<b>35</b>	<b>06</b>	<b>07</b>	<b>34</b>

### Reasons for staff leaving

<b>Reason</b>	<b>Number</b>	<b>% of total no. of staff leaving</b>
Death	01	14
Resignation	05	72
Dismissal	01	14
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	-	-
<b>Total</b>	<b>07</b>	<b>100%</b>

**Labour Relations: Misconduct and disciplinary action**

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	1
Final Written warning	0
Dismissal	1

**Equity Target and Employment Equity Status**

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	01	-	-	-
Senior Management	03	-	-	-	-	-	-	-
Professional qualified	04	-	-	-	-	-	-	-
Skilled	01	-	-	-	-	-	-	-
Semi-skilled	01	-	-	-	-	-	-	-
Unskilled		-	-	-	-	-	-	-
<b>TOTAL</b>	<b>09</b>	-	-	-	<b>01</b>	-	-	-
Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	03	-	-	-	-	-	-	-
Senior Management	05	-	-	-	-	-	-	-
Professional qualified	06	-	-	-	01	-	-	-
Skilled	08	-	01	-	-	-	-	-
Semi-skilled	-	-	-	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>22</b>	-	<b>01</b>	-	<b>01</b>	-	-	-

# PART

# E



## PART E: PFMA COMPLIANCE REPORT

### 30. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

#### 30.1 Irregular expenditure

*The entity did not incur any irregular expenditure this year.*

#### 30.2 Fruitless and wasteful expenditure

##### a) Reconciliation of fruitless and wasteful expenditure

Description	2023/2024	2024/2025
	R'000	R'000
Opening balance	-	-
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	<b>69</b>	-
Less: Fruitless and wasteful expenditure recoverable <sup>1</sup>	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	<b>(69)</b>	-
<b>Closing balance</b>	-	-

*There were no fruitless and wasteful expenditure for this year.*

##### Reconciling notes

Description	2023/2024	2024/2025
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	<b>69</b>	-
<b>Total</b>	<b>69</b>	-

##### b) Details of fruitless and wasteful expenditure not recoverable and written off

Description	2023/2024	2024/2025
	R'000	R'000
Fruitless and wasteful expenditure written off	<b>69</b>	-
<b>Total</b>	<b>69</b>	-

*There were no fruitless and wasteful expenditures written off for this year.*

**31 Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))<sup>3</sup>**

**a) Details of material losses through criminal conduct**

*There are no material losses that require additional disclosure for the period under review.*

**32 LATE AND/OR NON-PAYMENT OF SUPPLIERS**

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	820	76.676
Invoices paid <b>within</b> 30 days or agreed period	820	76,676
Invoices paid <b>after</b> 30 days or agreed period	-	-
Invoices older than 30 days or agreed period ( <b>unpaid and without dispute</b> )	-	-
Invoices older than 30 days or agreed period ( <b>unpaid and in dispute</b> )	-	-

**33 SUPPLY CHAIN MANAGEMENT**

**33.1 Procurement by other means**

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Lease of office space	Prominent Properties	Deviation	SCM0027	14 723
<b>Total</b>				<b>14 723</b>

**33.2 Contract variations and expansions**

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Cleaning services	Imbali Trading	Expansion	SCM0017	150		500
<b>Total</b>				150		<b>500</b>

# PART

# F





AUDITOR-GENERAL  
SOUTH AFRICA



# AUDIT REPORT

Moses Kotane Institute NPC

2024-25

31 July 2025

# Report of the auditor-general to KwaZulu-Natal Provincial Legislature on Moses Kotane Institute NPC

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Moses Kotane Institute NPC set out on pages 80 to 148, which comprise the statement of financial position as at 30 September 2024, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 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 Moses Kotane Institute NPC as at 30 September 2024 and its financial performance and cash flows for the period then ended in accordance with the International Financial Reporting Standards (IFRS Accounting Standards) and the requirements of the Companies Act 71 of 2008 (Companies Act of South Africa).

### 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 company 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.

## **Emphasis of matters**

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

### **Contingent Liabilities-Uncertainty relating to the future outcome of litigation cases**

7. With reference to note 25 to the financial statements, the company is a defendant in various legal claims. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

### **Subsequent events**

8. With reference to note 26 to the financial statements, the entity listed as a schedule 3C entity as of 1<sup>st</sup> October 2024. The company will now apply the Public Finance Management Act 1 of 1999 (PFMA) as opposed to the Companies Act of South Africa. There will be no change in operations as the mandate has not changed. The company has changed its name to The Moses Kotane Research Institute (MKRI) to align with the gazetted Moses Kotane Research Institute Act of South Africa, 2024 (Act No 3 of 2024). The financial statements will thereafter be prepared under the South African Standards of Generally Recognised Accounting Practice (SA GRAP) standards as opposed to IFRS Accounting Standards.

## **Responsibilities of the accounting authority for the financial statements**

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS Accounting Standards and the requirements of the Companies Act of South Africa; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the company'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 company 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**

11. 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.

12. 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 pages 6 - 7, forms part of my auditor's report.

### **Report on the annual performance report**

13. The company is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the PFMA and such reporting is not required by the Companies Act of South Africa.

### **Report on compliance with legislation**

14. 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 authority is responsible for the company's compliance with legislation.

15. I did not identify any material non-compliance with the selected legislative requirements.

### **Other information in the annual report**

16. The accounting authority is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act of South Africa. The other information referred to does not include the financial statements and the auditor's report.

17. My opinion on the financial statements and my report on the audit of 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.

18. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

19. I did not receive the other information prior to the date of this 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

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

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

*Auditor-General*

Pietermaritzburg

31 July 2025



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the company's compliance with selected requirements in key legislation.

#### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report.

However, future events or conditions may cause a company to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

### Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Companies Act 71 of 2008	Co Act 46(1)(a)
	Co Act 46(1)(b)
	Co Act 46(1)(c)
	Co Act 45(2)
	Co Act 45(3)(a)(ii)
	Co Act 45(3)(b)(i)
	Co Act 45(3)(b)(ii)
	Co Act 45(4)
	Co Act 127 (7)



# AUDIT REPORT

Moses Kotane Research Institute

2024-25

31 July 2025

# Report of the auditor-general to KwaZulu-Natal Provincial Legislature on Moses Kotane Research Institute

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Moses Kotane Research Institute set out on pages 149 to 192, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets and cash flow statement 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 Moses Kotane Research Institute as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

### 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 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.

### Emphasis of matters

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

### Contingent liabilities-Uncertainty relating to the future outcome of litigation cases

7. With reference to note 27 to the financial statements, the entity is a defendant in various disputed legal claims. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

## Comparative figures

8. With reference to note 28 to the financial statements, the entity listed as a schedule 3C entity as at 1<sup>st</sup> October 2024. No comparative figures have been presented as these are the first annual financial statements of the entity since its transition.

## Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the 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 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

11. 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.
12. 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 pages 7 - 8, forms part of my auditor's report.

## Report on the annual performance report

13. 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 authority is responsible for the preparation of the annual performance report.
14. I selected the following material performance indicators related to Programme 2 - Research and Development Services presented in the annual performance report for

the year ended 31 March 2025. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Number of strategic sector research conducted
- Number of research articles submitted for publication
- Number of postgraduate students funded for research and innovation
- Number of postgraduate students mentored
- Number of strategic sector dialogues hosted

15. 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 entity's planning and delivery on its mandate and objectives.

16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the 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 is 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 any measures taken to improve performance.

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

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

### **Other matter**

19. I draw attention to the matter below.

### **Material misstatements**

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for research and development services programme. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

### **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 authority is responsible for the 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 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 authority is responsible for the other information included in the annual 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 programme presented in the annual performance report that have been specifically reported on in this auditor's report.

26. My opinion on the financial statements and my reports on the audit of the annual performance report and 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 programme 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 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

31 July 2025



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the entity's compliance with selected requirements in key legislation.

#### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I 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 my 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 entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report.

However, future events or conditions may cause the entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

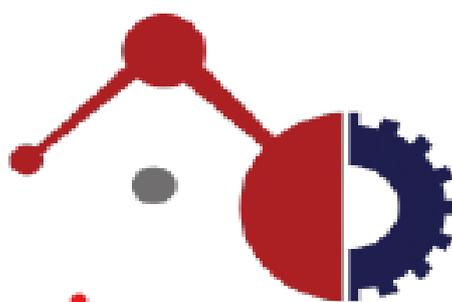
I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56 Section 57(b); Section 66(4)
Treasury Regulations for Public Entities (TR)	Treasury Regulation 16A3.2(a) Treasury Regulation 16A6.1; 16A6.2(a) & (b); 16A6.3 (a) and (b); 16A6.3(c); 16A6.4; 16A6.5; 16A6.6 Treasury Regulation 16A8.3; 16A8.4 Treasury Regulation 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2(a)(ii) Treasury Regulation 30.1.3 (a); 30.1.3 (b); 30.1.3 (d) Treasury Regulation 30.2.1 Treasury Regulation 30.11 Treasury Regulation 31.1.2(c) Treasury Regulation 31.2.5; 31.2.7 Treasury Regulation 33.1.1; 33.1.3
The Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.8 Paragraph 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; Paragraph 10.1; 10.2 Paragraph 11.1
The Preferential Procurement Regulations, 2022	Paragraph 4.4
Preferential Procurement Policy Framework Act 5 of 2000	Section 2.1(a); 2.1(b); 2.1(f)
NT SCM Instruction Note 02 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.3.1
PFMA SCM Instruction 03 of 2021/22	Paragraph 4.1; 4.2(b); 7.2
Instruction Note No. 4 of 2022/2023: PFMA Compliance and Reporting Framework	Paragraph 4.12
NT Instruction Note 4 of 2015/16	Paragraph 3.4
NT Instruction 4A of 2016/17	Paragraph 6

<b>Legislation</b>	<b>Sections or regulations</b>
NT Instruction 09 of 2017/18	Paragraph 4.3
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4(b); 3.9
NT Instruction Note 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second amendment of NTI 05 of 2020/21	Paragraph 1
Erratum NTI 5 of 2020/21	Paragraph 2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)



# **Moses Kotane Institute**

**Research · Innovation · Excellence**

Moses Kotane Institute  
Annual financial statements for the period ended  
30 SEPTEMBER 2024/25  
These annual financial statements were prepared by:  
Mr Deon Govender  
Chief Financial Officer

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**MOSES KOTANE INSTITUTE NPC  
DIRECTORS' AND ADMINISTRATION REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

**Date of incorporation**

The Institute was incorporated on 31 October 2007; however, it commenced trading on 1 January 2009.

**Nature of activities**

The Moses Kotane Institute is involved in the conduct of world class research to meet the needs of the provincial economy and to strategically lead on innovation and maritime related issues.

**Functional and reporting currency**

The functional and reporting currency of the Institute is the South African Rand (R).

**Directors**

The Directors of the Institute during the period 1 April 2024 to 30 September 2024 and to the date of this report were:

<b>Name</b>	<b>Appointment date</b>	<b>Re-appointment date</b>
Mr T Cibane (Chair)*	01 August 2021 – 24 May 2024	28 May 2024
Dr I.Z Machi (Deputy Chair) *	01 August 2021 – 24 May 2024	28 May 2024
Ms S Khomo CA(SA)*	01 August 2021 – 24 May 2024	28 May 2024
Ms M.P Myeni*	01 August 2021 – 24 May 2024	28 May 2024
Dr T.D Khoza	01 August 2021 – 24 May 2024	28 May 2024
Mrs S.K.N Masango	01 August 2021 – 24 May 2024	n/a
Mr M Clarke	01 August 2021 – 24 May 2024	n/a
Dr C.B Zulu	01 August 2021 – 24 May 2024	n/a

*\*Reappointed 28 May 2024*

**Annual Financial Statements**

The company's Directors are responsible for the preparation and fair presentation of these Annual Financial Statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act No.71 of 2008 of South Africa. The Annual Financial Statements were prepared by the office of the Chief Financial Officer.

**Company Secretary**

Ms Sanelisiwe Meyiwa served as the Company Secretary from the 1<sup>st</sup> of April 2024 to 30<sup>th</sup> of September 2024.

**Bankers**

First National Bank  
2 Kikembe Drive  
Umhlanga Rocks, 4320

**Auditors**

Auditor-General of South Africa  
Block B, 460 Townbush Road  
Cascades, Pietermaritzburg, 3201

**MOSES KOTANE INSTITUTE NPC**  
**STATEMENT OF DIRECTORS` RESPONSIBILITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

The Directors are responsible for the preparation, integrity and fair presentation of the Annual Financial Statements of Moses Kotane Institute ("the Institute"), in accordance with the International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act No. 71 of 2008 of South Africa. The financial statements presented have been prepared in accordance with IFRS, and include amounts based on judgements and estimates made by management. The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

It is the responsibility of the Directors to ensure that the Institute maintains a system of internal control designed to provide reasonable assurance that the Institute's assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded. The internal control system includes written accounting and internal control policies and procedures with clearly drawn lines of accountability and delegation of authority.

All employees are required to maintain the highest ethical and integrity standards in ensuring that the Institute's business practices are conducted in a manner which, in all reasonable circumstances, is above reproach. The concept of reasonable assurance recognises that the internal control procedures should not exceed expected benefits. The Institute maintains its internal control system through management review. Nothing has come to the attention of the Directors to indicate any breakdown in the functions of these controls during the period under review, which resulted in any material loss to the Institute.

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. The Board of Directors have adopted this basis of accounting after having made enquiries from management and given due consideration to information presented to the Board, including budgets and cash flow projections for the period ahead and key assumptions and accounting policies relating thereto. Accordingly, the Directors have no reason to believe that the Institute will not continue as a going concern in the foreseeable future.

The external auditors were given unrestricted access to all financial records and related data. The Directors believe that all representations made to the external auditors during the audit were valid and appropriate.

The external auditors' responsibility is to audit and report on these Annual Financial Statements. The external auditors have audited the Annual Financial Statements for the period 1<sup>st</sup> of April 2024 to 30<sup>th</sup> of September 2024.

The Annual Financial Statements for the period ended 30 September 2024 set on pages 12 – 71 were reviewed by the Audit and Risk Committee on 12 February 2025 and subsequently approved by the Board on 16 February 2025.

**Directors' Approval of the audited Annual Financial Statements for the period 1<sup>st</sup> of April 2024 to 30<sup>th</sup> of September 2024.**

The Annual Financial Statements for the period 1st of April 2024 to 30th of September 2024, as set out on pages 12 – 49 were approved by the Board on 16 February 2025 and are signed on their behalf.



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Mr T Cibane  
Board chairperson



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Dr T.P. Ellenson  
Chief Executive Officer

**MOSES KOTANE INSTITUTE NPC  
DECLARATION BY THE COMPANY SECRETARY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

**DECLARATION BY COMPANY SECRETARY**

In terms of the requirements of the Companies Act No. 71 of 2008 of South Africa, I certify, to the best of my knowledge, that the Moses Kotane Institute has lodged with the Companies and Intellectual Properties Commission (CIPC) all such returns and notices as are required of a public company in terms of this Act, and that all such returns are true, correct and up to date.



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Ms S Meyiwa  
Company Secretary  
16 February 2025

# **MOSES KOTANE INSTITUTE NPC**

## **CORPORATE GOVERNANCE STATEMENT**

### **FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

The Moses Kotane Institute ("the Institute") continues to operate in a manner that is in line with governance best practices and with regards to accountability, transparency, fairness and responsibility.

The Board of Directors ("the Board") is responsible for conducting the affairs of the Institute with integrity and in accordance with the Companies Act No. 71 of 2008 of South Africa and King Code of Corporate Governance Principles (King IV). Management is responsible and accountable to the Board for designing, implementing and monitoring the policies and systems approved by the Board and for integrating them into the day-to-day operational activities.

We are committed to integrity, ethical values and professionalism in all our structural activities which ensures that the Institute's business remains sustainable in the long term. An essential part of this commitment is our Board's support for the highest standards of corporate governance.

#### **Shareholder compact**

The Moses Kotane Institute was established as a Non-Profit company in terms of the Companies Act, Act No. 71 of 2008 of South Africa as amended. The KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA) is the Shareholder and has authority over the Institute in terms of the Public Amendment Act 30 (2007), which has an objective to introduce government components as a service within the public delivery, through a focused, ring-fenced, separate entity under the direct control of the Minister or other executive authority.

Each year, the Moses Kotane Institute enters into an annual funding agreement with The KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA) and agrees on its performance objectives, measures and indicators in line with government treasury regulations under the Public Finance Management Act, 1999 (PFMA). The annual targets are annexed to a list of principles agreed between the Moses Kotane Institute and its shareholder and regular reports are provided. The performance of the Institute against the performance objectives is indicated in the annual funding agreement.

#### **Board of Directors**

The Board is the accounting authority of the Institute as outlined in the Memorandum of Incorporation. It is required to meet at least quarterly. The Board meetings are scheduled annually in advance. Special meetings are convened as necessary to address specific issues.

The Board directs the Institute's risk assessment, resource management, strategic planning, financial and operational management to ensure that obligations to the shareholder and other stakeholders are understood and met. Major responsibilities of the Board include the review of business plans, budgets, monitoring of performance, approval of major policy decisions and the appointment of the Chief Executive Officer and the Chief Financial Officer. Certain functions are delegated to committees consisting of non-executive Directors as detailed within this section.

Good corporate governance requires that the composition of the Board be reviewed on a regular basis. The rotation of Directors at regular intervals is accepted as standard practice since it ensures that the Board remains dynamic and does not become stagnant in terms of thinking and abilities. However, it is important that the process is managed in such a way that the rotation of Directors does not lead to a disruption in the operations of the business and that the Board is well-balanced in terms of skills, expertise and demographics (race, gender and people with disabilities).

#### **Delegation of authority**

The political authority of the Institute is the MEC for the KwaZulu-Natal Economic Development, Tourism and Environmental Affairs, Honorable Rev Musa Zondi. The Board has the authority to assist with leadership on the strategic business of the Institute, including the authority to delegate its powers. The Board aims to ensure that the Institute remains sustainable and viable. The Board's responsibilities are facilitated by a well-developed governance structure through its sub-committees and a comprehensive delegation of authority framework.

**MOSES KOTANE INSTITUTE NPC  
CORPORATE GOVERNANCE STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

**Board evaluation and performance**

A performance evaluation of the Board and individual Directors is conducted at the end of the financial year. Any shortcomings are addressed and areas of strength consolidated. The performance of the Board committee is evaluated against their terms of reference.

**Board and committee meeting attendance**

The tenure of the Board, as per their appointment letters, was to terminate on the publishing of the Moses Kotane Research Act 03 of 2024 (MKRI Act). The MKRI Act came into existence effectively as of 24 May 2024, and there was a new appointment of the Members. With this change, new Committees were also established. The tables below will be separated to reflect such split.

The number of meetings held during the financial year ending 30 September were as follows:

From 01 March 2024 to 24 May 2024:

Description	Board	Audit & Risk Committee	Finance Committee	Research and Development Committee	Human Resources Committee	Social & Ethics Committee
No of meetings held	1	1	1	1	1	1
Special Meetings	0	0	0	0	0	0
Total Meetings	1	1	1	1	1	1

The table below reflects the attendance of the members of the Board and Independent members at the meetings.

Members	Board	Audit & Risk Committee	Finance Committee	Research and Development Committee	Human Resources Committee	Social & Ethics Committee
Ms S Khomo, CA (SA)	1	0	1	0	0	1
Mr T Cibane	1	0	0	0	1	1
Dr T.D Khoza	1	1	0	1	0	0
Dr I.Z Machi	1	0	0	1	1	0
Dr B.C Zulu	1	1	0	1	0	0
Mr M Clark	1	0	0	0	1	1
Ms S.K.N Masango	1	0	1	1	0	0
Ms M.P Myeni	1	1	1	0	0	0
Ms S Mzizi*	0	1	0	0	0	0
Adv T Mapipa (Acted as CEO during the CEO's secondment)	1	1	1	1	1	1
Dr T.P Ellenson, CEO (Seconded to EDTEA)	0	0	0	0	0	0

\* Not a Board Member of the Board but was appointed as an External Independent Audit and Risk Committee Member.

**MOSES KOTANE INSTITUTE NPC  
CORPORATE GOVERNANCE STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

From 24 May 2024 to 30 September 2024:

Description	Board	Audit & Risk Committee	Research and Development Committee	Human Resources Committee, Social & Ethics Committee**
No of meetings held	1	1	1	1
Special Meetings	5	0	0	0
Total Meetings	6	1	1	1

\*\* Committee name was later changed to Social and Ethics Committee.

The table below reflects the attendance of the members of the Board and Independent members at the meetings.

Members	Board	Audit & Risk Committee	Research and Development Committee	Human Resources Committee, Social & Ethics Committee**
Mr T Cibane	6	0	0	1
Dr I.Z Machi	6	1	1	1
Ms S Khomo, CA (SA)	6	1	1	1
Dr T.D Khoza	6	0	1	1
Ms M.P Myeni	6	1	1	1
Ms M Ndlovu*	0	0	0	0
Adv T Mapipa (Acted as CEO during the CEO's secondment)	6	1	1	1
Dr T.P Ellenson, CEO (Seconded to EDTEA)	0	0	0	0

\* Not a Board Member of the Board but was appointed as an External Independent Audit and Risk Committee Member.

\*\* Committee name was later changed to Social and Ethics Committee.

### Board committees

Board committees assist the Board in carrying out its responsibilities. Committees' recommendations and reports to the Board ensure transparency and full disclosure of committee activities. Each committee operates within a term of reference that defines the composition, role, responsibilities and delegated authority of the committee. The Board, from time to time, sets up committees for specific (ad hoc) purposes. Committee meeting attendance is reflected above. These are the standing committees during the period under review. In addition to the terms of reference, a Board committee exercises its delegated authority in accordance with specific policies approved by the Board from time to time.

### Audit and Risk Committee

The Audit and Risk Committee comprises of two independent members external to the Institute and three non-executive Directors of the Board of the Institute. The committee monitors the internal control systems to protect the Institute's interests and assets. This committee also reviews any accounting and auditing concerns raised by internal and external audit, the Annual Financial Statements and the Annual reports.

The Audit and Risk Committee ensures that an effective internal audit function is in place and that the roles and functions of external audit and internal audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the Institute's system of internal control, risk management, governance and reporting. This includes overseeing the IT risks and fraud risks as they relate to financial reporting and the internal financial controls and reporting to the board on the effectiveness thereof.

## **MOSES KOTANE INSTITUTE NPC CORPORATE GOVERNANCE STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

The Committee assesses the performance of the internal audit function and the adequacy of available internal audit resources. During the year under review, OMA Chartered Accountants Inc were the internal auditors. In addition, the Audit and Risk Committee considers and appropriately deals with any complaints received relating to the Annual Financial Statements, accounting practices or internal audit, whether from within or outside of the Institute.

The Audit and Risk Committee considers and makes recommendations on the appointment and retention of the auditors and ensures that such appointments comply with legislation, the fees paid and the terms of engagement, pre-approves the nature and extent of any non-audit services and evaluates their independence, objectivity and effectiveness. Auditors have unrestricted access to the chairperson of the Audit and Risk committee and the chairperson of the Board. The committee reviews the accuracy, reliability and creditability of statutory financial reporting.

It also reviews the Annual Financial Statements of the Institute, as presented by management prior to Board approval. The Audit and Risk Committee meetings were held during the period under review. The Committee had the following members:

- Ms. M.P Myeni (Board member and chairperson)
- Ms S Khomo CA(SA) (Board member)
- Dr I.Z Machi (Board member)
- Ms M Ndlovu (Independent)- Appointed 01 May 2024
- Ms S Mzizi (Independent)- Contract ended 30 June 2024

### **Permanent invitees**

- Chief Executive Officer
- Chief Financial Officer
- Internal Auditors
- External Auditors

### **Compliance with the International Financial Reporting Standards, Companies Act and King IV Report**

The Board is the accounting authority in terms of the Companies Act No. 71 of 2008 of South Africa as amended. The Institute has adhered to the statutory duties and responsibilities imposed by the Companies Act No. 71 of 2008 of South Africa as amended, International Financial Reporting Standards and King Code IV. The Institute's systems and processes are regularly reviewed to ensure that compliance is monitored in this regard. In addition, the Institute is also guided on best practices by the King reports on Corporate Governance for South Africa and the Protocol on Corporate Governance in the Public Sector-2002.

The PFMA in principle regulates financial management and governance. The Institute is funded mainly by government and therefore borrows from Public Finance Management Act as good practice.

### **Integrated risk management**

The effective management of risk is central to the achievement of the Institute's vision. By understanding and managing risk, we can provide greater certainty and security for our employees, our customers and stakeholders.

The Institute's Board, through the Audit and Risk committee, acknowledges its overall accountability for ensuring an effective results-driven internal risk management process. Management strives to implement a risk monitoring system that enables management to respond appropriately to all significant risks that could impact on business objectives.

Responsibility for the management of risk resides with the line management of the Institute. Those accountable for the management of risks also ensure that the necessary controls remain in place and are always effective. Control effectiveness focuses on improving our ability to manage risk effectively, so that we can quickly and confidently act on opportunities to improve and sustain the quality and continuity of supply, create value and achieve sustainable growth.

# MOSES KOTANE INSTITUTE NPC

## CORPORATE GOVERNANCE STATEMENT

### FOR THE PERIOD ENDED 30 SEPTEMBER 2024

The Institute strives to perform risk management at all levels to ensure that risk is reported upwards. After consolidation of these integrated risk reports, management and the Audit and Risk committee review and evaluate the risk profile to determine the major operational, strategic and business continuity risks.

#### **Ethical business conduct**

Good corporate governance is about effective ethical leadership, which requires leadership that demonstrates ethics in decision making, leads by example and oversees the management of ethics within the Institute. The Institute's Board is accountable for the Institute's ethics management program and the operational responsibilities lie with the Executive Committee ("EXCO"). The Executive Committee assists the Chief Executive Officer in setting the framework, rules, standards and boundaries for ethical behaviour and provides ethics training and an advisory service to employees assisting them in dealing effectively with ethical dilemmas in the workplace.

#### **Internal control**

Management is responsible for establishing an effective internal control environment, which is developed and maintained on an ongoing basis to provide reasonable assurance to the Board regarding:

- The integrity and reliability of the Annual Financial Statements
- The safeguarding of the Moses Kotane Institute's assets
- Economic and efficient use of resources
- Compliance with applicable legislation and regulations
- Verification of the accomplishment of established goals and objectives, and
- Detection and minimisation of fraud, potential liability, loss and material misstatement

These controls are contained in the Institute's policies and procedures, structures and approval frameworks, and they provide direction, establish accountability and ensure adequate segregation of duties. They each contain self-monitoring mechanisms.

The Board ensures that an effective internal control framework is established and maintained. The internal audit function monitors the operation of the internal control system and report's findings and recommendations for improvement to management and the audit committee.

The audit committee monitors and evaluates the duties and responsibilities of management and of internal and external auditors to ensure that all major issues reported have been satisfactorily resolved. Finally, the audit committee reports all important matters considered necessary to the Board.

#### **Governance and compliance**

The Board takes fraud seriously and ensures that there is minimum exposure to fraud and criminal acts. One of the measures has been to implement the whistle-blowing policies, procedures and the fraud and corruption prevention policy. The Board Committees address these threats. Its work covers crime prevention, detection, response and investigation. Where serious fraud, corruption and irregularities are suspected, a forensic audit is instituted where necessary to establish the facts to enable management to deal appropriately with the matter and prevent a recurrence. This is done within the whistle blowing framework.

#### **Employment equity**

The Institute applies employment policies that are considered appropriate to the business and the market in which it operates. They are designed to attract, motivate and retain quality staff at all levels. Equal employment opportunities are offered without discrimination to all employees and specific affirmative processes are available to historically disadvantaged individuals.

#### **Code of ethics**

The Institute subscribes to a code of ethics and endeavours to act with honesty, responsibility and integrity towards its stakeholders.

#### **Corporate citizenship and sustainability**

**MOSES KOTANE INSTITUTE NPC  
CORPORATE GOVERNANCE STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

The Institute's business must be run in an ethical manner, considering its impact on all stakeholders. In addition, it means that the Institute needs to contribute to the realisation of the hopes and aspirations of people in KwaZulu-Natal and South Africa. This includes contributing to a safe working environment, environmental responsibility, promoting the shared growth initiative for the province and corporate social responsibility and improving the lives of all in the province of KwaZulu- Natal.

**General Review**

The operations and the results thereof of the Moses Kotane Institute ("the Institute") are clearly reflected in the attached Annual Financial Statements.

**MOSES KOTANE INSTITUTE NPC**  
**REPORT OF THE AUDIT AND RISK COMMITTEE**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

The role of the Audit and Risk Committee is to provide oversight responsibilities in the financial reporting process, the system of internal control, the audit process and the entity's monitoring of compliance with laws and regulations, the code of conduct, the appointment and evaluation of qualifications and independence of the Institute's independent auditors. This includes overseeing the IT risks and fraud risks as they relate to financial reporting and the internal financial controls and reporting to the Board on the effectiveness thereof. The Board in turn must report on the effectiveness of the system of internal controls.

The Audit and Risk Committee:

- Reviewed the Annual Financial Statements of the Moses Kotane Institute for the period 1 April 2024 to 30 September 2024. Based on the information provided, the Audit and Risk Committee considers that the Annual Financial Statements comply, in all material respects, with the requirements of the Companies Act, No. 71 of 2008 of South Africa, International Financial Reporting Standards ("IFRS") and King Code of Corporate Governance Principles (King IV);
- Reviewed the appropriateness of the accounting policies and procedures; and
- Concurred that the adoption of the going concern premises in the preparation of the Annual Financial Statements is appropriate. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments that will occur is dependent on several factors. The most significant of these is that the Board continues to procure funding from the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs and has secured funding for the 2024/25 financial year and projected funding for the next 3 years. The entity will continue to pursue other streams of income. The entity was also listed as a Schedule 3C entity as of the 1st of October 2024. Nothing has come to the attention of the committee to indicate that the Institute will not remain a going concern for the foreseeable future.

The Audit and Risk Committee recommended the approval of the enclosed Annual Financial Statements for the period 1 April 2024 to 30 September 2024 by the Board.



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Ms M.P Myeni  
**Chairperson of Audit and Risk Committee**

# MOSES KOTANE INSTITUTE NPC

## REPORT OF THE DIRECTORS

### FOR THE PERIOD ENDED 30 SEPTEMBER 2024

The directors have the pleasure in presenting their report for the financial period ended 30 September 2024 in terms of the Companies Act, No. 71 of 2008 of South Africa and International Financial Reporting Standards ("IFRS").

#### General Review

The operations and the results of the Moses Kotane Institute are reflected in the attached Annual Financial Statements.

#### Nature of Business Activities

The Moses Kotane Institute, which is registered as a Non-Profit company in terms of the Companies Act, No. 71 of 2008 of South Africa, is mandated to conduct:

- World class research to respond to the needs of the provincial economy.
- To strategically lead on innovation and maritime related issues and implementation of activities to respond to the needs of provincial economy.

#### With these strategic goals as the framework, the Institute focuses on:

Contributing to economic development in the Province of KwaZulu-Natal through:

- Relevant evidence-based action research;
- Expanded innovation support through digital technology; and
- Enhancing the KZN Provincial economy through maritime initiatives.

#### Application of the International Financial Reporting Standards (IFRS)

The Annual Financial Statements for the period ended 30 September 2024 have been prepared in accordance with Companies Act, No. 71 of 2008 of South Africa and International Financial Reporting Standards.

#### Review of financial position and results

The results of the Institute's operations during the period under review and the state of its affairs under review are set out in the attached Annual Financial Statements.

#### Subsequent events

The entity was gazetted as a Schedule 3C entity on the 24 May 2024 and was listed on the 01 October 2024. The entity will apply the Public Finance Management Act of South Africa, 1999 (Act no 1 of 1999) as opposed to the Companies Act. There will be no change in operations as the mandate has not changed. The entity has changed its name to The Moses Kotane Research Institute (MKRI) to align with the gazetted Moses Kotane Research Institute Act of South Africa, 2024 (Act No 3 of 2024).

#### Going concern

We draw attention to the fact that for the financial period 1 April 2024 to 30 September 2024 the Institute has a surplus of R2,744 million (2024 Surplus of R8,017 million) and the Institute's assets exceeded its liabilities by R7,027 million (2024 assets exceeded the liabilities by R4,067 million). During the 2024/25 year of assessment the entity improved its solvency.

The Institute will be a going concern in the years ahead and as such, it adopts the going concern basis in preparing the Annual Financial Statements. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments that will occur is dependent on several factors. The most significant of these is that the Board continues to procure funding from the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs. The entity has secured funding for the 2024/25 financial year and projected funding for the next 3 years.

**MOSES KOTANE INSTITUTE NPC  
REPORT OF THE DIRECTORS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

The entity will continue to pursue other streams of income. The entity was also listed as a Schedule 3C entity as of the 1<sup>st</sup> of October 2024. Nothing has come to the attention of the Directors to indicate that the Institute will not remain a going concern for the foreseeable future.

**MOSES KOTANE INSTITUTE NPC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2024**

	Note	1 April 2024 to 30 September 2024		Restated 2024
		R'000		R'000
<b>ASSETS</b>				
<b>Current assets</b>		<b>12,844</b>		<b>6,431</b>
Cash and Cash Equivalents	2	8,077		3,106
Trade and Other Receivables	3	3,483		1,455
VAT Receivable	4	1,285		1,870
<b>Non-current assets</b>		<b>10,026</b>		<b>10,452</b>
Property, Plant and Equipment	5	9,577		10,383
Right-of-use assets	5	442		59
Intangible Assets	6	7		10
<b>TOTAL ASSETS</b>		<b>22,871</b>		<b>16,883</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>		<b>7,359</b>		<b>7,246</b>
Trade and Other Payables	7	2,708		5,647
Provisions	8	4,199		1,538
Lease liabilities	9	451		62
<b>Non-current liabilities</b>		<b>8,485</b>		<b>5,569</b>
Deferred Income	10	8,249		5,569
Trade and Other Payables	7	237		-
<b>TOTAL LIABILITIES</b>		<b>15,844</b>		<b>12,816</b>
<b>Net assets</b>		<b>7,027</b>		<b>4,067</b>
Accumulated Surplus		7,027		4,067
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>22,871</b>		<b>16,883</b>

**MOSES KOTANE INSTITUTE NPC**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

	Note	1 April 2024 to 30 September 2024	Restated 2024
		R'000	R'000
<b>REVENUE</b>			
<b>Revenue from Government Grants</b>		<b>50,834</b>	<b>85,152</b>
Government Grants and Subsidies	11	50,834	85,152
<b>Other income</b>		<b>2,900</b>	<b>5,118</b>
Other income	12	2,900	5,118
<b>TOTAL REVENUE</b>		<b>53,734</b>	<b>90,270</b>
<b>EXPENSES</b>			
Employee Related Costs	13	(14,761)	(23,061)
Directors' and Key Management Remuneration	14	(4,887)	(12,446)
Depreciation and Amortization Expense	15	(1,494)	(2,932)
Auditors' Remuneration	16	(920)	(956)
Administration Expenses	17	(1,348)	(2,423)
Operating Expenses	18	(27,731)	(40,661)
<b>TOTAL EXPENSES</b>		<b>(51,141)</b>	<b>(82,479)</b>
<b>OPERATING SURPLUS</b>		<b>2,593</b>	<b>7,791</b>
Finance Income	20	174	257
Finance cost		(23)	(31)
<b>SURPLUS BEFORE TAX</b>		<b>2,744</b>	<b>8,017</b>
Income Tax		-	-
<b>TOTAL SURPLUS FOR THE PERIOD NET OF TAX</b>		<b>2,744</b>	<b>8,017</b>
Other comprehensive income/loss for the year		-	-
<b>TOTAL COMPREHENSIVE SURPLUS</b>		<b>2,744</b>	<b>8,017</b>

**MOSES KOTANE INSTITUTE NPC  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

	Other Comprehensive income R '000	Accumulated Surplus R '000	Total Equity R '000
<b>BALANCE AT 1 APRIL 2023</b>	35	(3,209)	<b>(3,174)</b>
Total surplus for the period	-	8,017	8,017
Prior period Adjustment	-	(776)	(776)
<b>REVISED OPENING BALANCE AT 31 MARCH 2024 (as restated)</b>	<b>35</b>	<b>4,032</b>	<b>4,067</b>
Total surplus for the period	-	2,744	2,745
Prior period error	-	216	216
<b>BALANCE AT 30 September 2024</b>	<b>35</b>	<b>6,992</b>	<b>7,027</b>

**MOSES KOTANE INSTITUTE NPC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

	Note	1 April 2024 to 30 September 2024 R '000	Restated 2024 R '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	21	5,530	5,163
Interest Income	20	174	257
Interest paid		(23)	(31)
<b>Net cash flows from operating activities</b>		<b>5,680</b>	<b>5,389</b>
<b>Cash flows from investing activities</b>			
		<b>(311)</b>	<b>(1,602)</b>
(Purchase)/Disposal of Assets	5	(311)	(1,601)
(Purchase)/Disposal of Other Intangible Assets	6	-	(1)
<b>Net cash flows from investing activities</b>		<b>(311)</b>	<b>(1,602)</b>
<b>Cash flows from financing activities</b>			
Payment of principal portion of operating lease liabilities		(398)	(744)
<b>Net cash flows from financing activities</b>		<b>(398)</b>	<b>(744)</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,971</b>	<b>3,043</b>
Cash and cash equivalents at the beginning of the year	2	3,106	63
<b>Cash and cash equivalents at the end of the year</b>	2	<b>8,077</b>	<b>3,106</b>

**MOSES KOTANE INSTITUTE NPC  
ACCOUNTING POLICIES  
FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

**1 Accounting Policies**

**1.1 Changes in significant accounting policies**

**1.1.1 Principal accounting policies**

**Consideration of potential impact**

Key areas considered are reflected in the table below, including whether they were deemed to have a significant impact on the entity:

	<b>Assessment</b>	<b>Potential impact</b>	<b>Note reference</b>
Events after the reporting period	Recognised assets and liabilities at reporting date are to be presented, measured and disclosed after considering the effect/impact of material or non-material adjusting subsequent events.	Low	N/A
Going concern	Limited disruption to procurement operations. Revenue generation model adopted and continuing funding from the shareholder.	Low	N/A
Expected credit loss assessment	Government grant business with limited receivables, which are not cash backed or require insurance cover.	Low	N/A
Impairment assessment	Limited disruption to operations has resulted in non-financial assets being recovered through use in the normal course. Future cash projections still support the carrying value of non-financial assets.	Low	N/A
IFRS 15 revenue from contracts with customers	The entity does not have contracts with customers as its main revenue is grant income from government.	Low	N/A
Net realisable value of inventories IAS 12 Inventories	No inventories held by the entity	Low	N/A
Recoverability of deferred tax assets under IAS 12 Income Taxes	The entity is income tax exempt and does not recognise deferred tax.	Low	N/A
Remaining useful life and residual value of property, plant and equipment, intangible assets and right-of-use assets under IAS 16 Property, Plant and Equipment, and IAS 38 Intangible Assets and IFRS 16 Leases,	The estimation of the useful lives is based on historic performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management's current best estimate of the useful lives of the assets. All properties are accounted for as own use assets and are thus held at cost less depreciation. Limited disruption to operations has resulted in non-financial assets remaining useful recovered through use in the normal course of business.	Low	N/A

**MOSES KOTANE INSTITUTE NPC**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

Provision for liabilities such as onerous contracts under IAS 37 Provisions, Contingent Liabilities and Contingent Assets	The nature of the entity's services does not lead to any likely significant onerous contract provisions.	Low	N/A
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**1.2 Basis of Preparation**

The Annual Financial Statements have been prepared on a going concern and historical basis stated in accordance with the effective International Financial Reporting Standard including any interpretations, guidelines and directives issued by the Accounting Standards Board.

**New standards and interpretations not yet effective**

At the date of authorisation of the financial statements of MKRI, for the period 1 April 2024 to 30 September 2024, there were no Standards, and interpretations applicable to MKI which were in issue but not effective.

**New standards and interpretations effective for the current financial year**

At the date of authorisation of the financial statements of MKRI, for the period 1 April 2024 to 30 September 2024, there were no Standards, and interpretations applicable to MKI which were in issue but not effective.

**The below standards are applicable to MKRI.**

**Standard of IAS**

IFRS 1: First-time Adoption of IFRSs  
 IFRS 7: Financial Instruments – Disclosure  
 IFRS 9: Financial Instruments  
 IFRS 16: Leases  
 IFRS 13: Fair value Measurement  
 IAS 1: Presentation of Financial Statements  
 IAS 7: Statement of Cash Flows  
 IAS 8: Accounting Policies, Changes in Accounting Estimate and Errors  
 IAS 10: Events After the Reporting Period  
 IAS 16: Property, Plant and Equipment  
 IAS 19: Employee Benefit  
 IAS 20: Accounting for Government Grants and Disclosure of Government Assistance  
 IAS 24: Related party Disclosure  
 IAS 37: Provision, Contingent Liabilities and Contingent Assets  
 IAS 38: Intangible Assets  
 SIC 10: Government Assistance

**1.2 Currency**

The Annual Financial Statements are presented in South African Rands since that is the currency in which most of the entity's transactions are denominated.

**1.3 Going Concern Assumption**

The Institute will be a going concern in the years ahead and as such, it adopts the going concern basis in preparing the Annual Financial Statements. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments that will occur is dependent on several factors. The most significant of these is that the Board continues to procure funding from the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs. The entity has secured funding for the 2024/25 financial year and projected funding for the next 3 years. The shareholder confirms that it will cover

**MOSES KOTANE INSTITUTE NPC**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

any shortfall that might be incurred from not realising the interest and VAT refunds. The Institute will also be listed as a schedule 3c entity in the 2024/25 year.

Nothing has come to the attention of the Directors to indicate that the Institute will not remain a going concern for the foreseeable future.

**1.4 Significant Areas of Judgement**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values.

**1.4.1 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when all of the following conditions are met:

- The entity has a present legal or constructive obligation as a result of a past event;
- It is probable that an outflow of economic benefits will be required to settle the obligation; and
- A reliable estimate can be measured.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at reporting date. Future events that may affect the amount required to settle the obligation are reflected in the amount of the provision where there is sufficient objective evidence that they will occur.

A contingent liability is recognised when all of the following conditions are met:

- A possible obligation that arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- A present obligation that arises from past events is not recognised because it is not probable that an outflow of economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is recognised when all of the following conditions are met:

- A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

**1.4.2 Depreciation and Amortisation**

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying assets. The useful lives and residual values of assets are based on management's estimation of the asset's condition and expected future use.

In evaluating the condition and use of the asset, it informs the useful life and residual value.

Management also considers the impact of technology and minimum service requirements of the assets.

**1.4.3 Estimates**

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of review and applied prospectively.

**1.4.4 Impairments of Non-Financial Assets**

**MOSES KOTANE INSTITUTE NPC**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

In testing for and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows. For non-cash generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

**1.5 Revenue Recognition**

**1.5.1 General**

Government grants

An unconditional government grant or subsidy is recognised in net surplus or deficit for the year when the grant becomes receivable.

Government grants, including non-monetary grants at fair value, are recognised initially as deferred income when there is reasonable assurance that they will be received, and the entity will comply with the conditions associated with the grant.

Grants that compensate the entity for expenses incurred are recognised in net surplus or deficit as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the entity for the cost of an asset are recognised in net surplus or deficit on a systematic basis over the useful life of the asset.

**1.5.2 Interest Income**

Interest refers to revenue is accrued to the Institute directly from interest earned on investments and is recognised in the Statement of Comprehensive Income on the time proportionate basis that considers the effective yield on the investment.

**1.5.3 Government Grants**

Revenue received from government grants and funding are recognised as revenue when there is reasonable assurance the entity will comply with the conditions attached to the grant.

A grant relating to assets may be presented in two ways:

- as deferred income; and
- by deducting the grant from the assets carrying amount.

**1.5.4 Deferred Income**

When the inflow of cash and assets are deferred and the arrangement constitutes in effect a financing transaction, the fair value of the consideration is the present value of all future receipts determined using the useful life of the assets. The utilised income is recorded as revenue in the income statement.

**15.3 Other Income**

Other income consists of recoveries from unutilised funds from student bursaries and recoveries from staff members. Other income is recognised in the profit and loss in the period where there is high probability of receiving the income.

**1.6 Employee Benefits**

**1.6.1 Short-term Employee Benefits**

Short-term employee benefits encompass all those benefits that become payable in the short-term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short-term employee benefits are recognised in the Statement of Comprehensive Income as services are rendered, except for **non**-accumulating benefits, which are recognised when the specific event occurs. These short-term employee benefits are measured at their undiscounted costs in the period the employee renders the related service, or the specific event occurs.

**MOSES KOTANE INSTITUTE NPC**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as an accrual in the Statement of Financial Position. The Institute recognises the expected cost of performance and guaranteed (13<sup>th</sup> cheque) bonuses only when the Institute has a present legal or constructive obligation to make such payment, and a reliable estimate can be made.

**1.6.2 Defined Contribution Plan**

The Institute contributes to the Momentum Pension Fund for all full-time staff eligible and whose membership is also compulsory. The fund is a defined contribution plan. The Institute contributes 7.5% of the pensionable remuneration and the expenses are recognised as expenses. The employees also contribute 7.5% of their pensionable remuneration. The pension fund obligations are paid when due and are terminated when the employee's employment with the Institute is terminated.

**1.7 Property, Plant and Equipment**

**Initial Recognition and measurement**

Property, plant and equipment are tangible non-current assets that are held for use in the supply of services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period. Property, plant and equipment consist of land and buildings, computer equipment, furniture and fittings, office equipment and motor vehicles.

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

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Property, plant, and equipment are initially measured at cost.

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.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost were acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non-exchange transactions, those items are initially measured at their fair values as at the date of acquisition.

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. These major components are depreciated separately over their useful lives.

**Subsequent measurement**

Items of property, plant and equipment are accounted for at historical cost less accumulated depreciation and accumulated impairment losses. The Institute depreciates its property, plant, and equipment over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

Subsequent costs are capitalised to the extent that future economic benefits associated with usage will flow to the Institute.

**Depreciation**

The depreciation charge for each period is recognised in the Statement of Comprehensive Income.

**MOSES KOTANE INSTITUTE NPC**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

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

Building	40 years
Computer equipment	3 - 7 years
Furniture and fittings	10 - 11 years
Office equipment	5 - 7 years
Motor Vehicle	5 - 8 years
Boat Motors	5 years
Diving Equipment	19 years
Trailers	10 - 14 years
Workshop Equipment	9 years
Right-of-use Dube Trade port	3 years and 3 months
Leasehold improvement	2 years

**Impairments**

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Comprehensive Income.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Comprehensive Income in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Comprehensive Income.

The carrying amount of an item of property, plant and equipment is 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 is included in profit or loss 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.

**Inherited Assets**

The fair value of an asset is initially measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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The gains and losses on the of day one on initial recognition at fair value are recognised in profit and loss but for the inherited assets falling under IAS 20 on initial measurement at fair value, the gains and losses will be measured on a systematic basis using the useful life of the asset.

The inherited assets will first be measured at single approach, market value (unadjusted quoted prices), on similar assets.

**1.8 Intangible Assets**

**Initial Recognition and measurement**

An intangible asset is an identifiable non-monetary asset without physical substance. Intangibles are non-tangible non-current assets that are held for use for administrative purposes and are expected to be used during more than one period and consist of computer software. The entity recognizes an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

**Subsequent measurement**

Intangible assets are accounted for at historical cost less accumulated amortisation and impairment losses.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income in the expense category consistent with the function of the intangible asset.

**Amortisation and impairment**

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method.

Computer software	3 - 6 years
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The amortisation period, the amortisation method and residual value for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Comprehensive Income.

**Impairments**

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Comprehensive Income.

**Derecognition**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Comprehensive Income.

## **1.9 Leasing**

The entity recognises the right-of-use assets and a lease liability at the lease commencement date. The right-to-use assets are initially measured at amortised cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before commencement date, plus initial direct cost incurred less the incentives received.

The right-to-use assets are subsequently depreciated using a straight-line method from the commencement date to the earlier of the end of useful life or end of lease term. Right-to-use assets are periodically reduced by impairment losses and adjusted for remeasurement of the lease liability if any.

As a practical expedient, the entity elects not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

For a lease modification that is not accounted for as a separate lease, the lease is remeasured by:

- (a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.
- (b) making a corresponding adjustment to the right-of-use asset for all other lease modifications.

Lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments due to termination options or extension options that are planned to be exercised.

The entity has opted not to recognise right-to-use assets and lease liability for lease having a lease term of 12 months or less and the lease of low value assets. The entity recognises the lease payments associated with the lease as an expense on a straight-line basis of the lease term.

The entity recognises a lease liability at the date of initial application for leases previously classified as an operating lease applying IAS 17. The lessee measures the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

The entity recognises a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17. The lessee chooses, on a lease-by-lease basis, to measure that right-of-use asset as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The entity elects to apply for leases of which the lease term ends within 12 months of the date of initial application. In this case, a lessee shall:

- (i) account for those leases in the same way as short-term leases.

## **1.10 Cash and Cash Equivalents**

Cash and cash equivalents comprise balances with local banks and cash on hand. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

## **1.11 Financial Instruments**

A financial asset is defined as any asset that is:

- i. Cash.
- ii. A contractual right.

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- iii. To receive cash or another financial asset from another entity and/or
- iv. To exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is defined as any liability that is:

- i. A contractual obligation.
- ii. To deliver cash or another financial asset to another entity and/ or
- iii. To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

**Classification and measurement**

**Measurement at initial recognition**

The financial assets and liabilities are initially measured at fair value, adjusted to transaction costs.

**Financial assets: subsequent measurement**

Financial assets are classified and measured at amortised cost when the business model is to hold assets to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding on a specific date.

**Financial liabilities: subsequent measurement**

Financial liabilities are classified at amortised cost and are also measured at amortised cost.

**Derecognition of financial assets and liabilities**

An entity shall derecognise a financial asset when, and only when:

- (a) the contractual rights to the cash flows from the financial asset expire, or
- (b) it transfers the financial asset, and the transfer qualifies for derecognition.

An entity transfers a financial asset if, and only if, it either:

- (a) transfers the contractual rights to receive the cash flows of the financial asset, or
- (b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions as follows:

When an entity retains the contractual right to receive the cash flows of a financial asset (the 'original asset') but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), the entity treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met.

(a) The entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset.

(b) The entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.

(c) The entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

When an entity transfers a financial asset, it shall evaluate the extent to which it retains the risks and rewards of ownership of the financial asset. In this case:

(a) if the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

(b) if the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognise the financial asset.

(c) if the entity neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the entity shall determine whether it has retained control of the financial asset.

In this case:

(i) if the entity has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

(ii) if the entity has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

An entity shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

#### **Reclassification of financial assets and liabilities**

Reclassification of financial assets is required when an entity changes its business model for managing the financial assets. In such cases, the entity is required to reclassify all affected financial assets. Reclassifications of financial assets are accounted for prospectively.

MKRI has not changed this business model of managing the assets.

Financial liabilities are prohibited from reclassification.

#### **Modification of contractual cashflows**

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, an entity shall recalculate the gross carrying amount of the financial asset and shall recognise a *modification gain or loss* in profit or loss. The gross carrying amount of

the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) or, when applicable, the revised effective interest rate calculated.

In some circumstances, the renegotiation or modification of the contractual cash flows of a financial asset can lead to the derecognition of the existing financial asset in accordance with this Standard. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset for the purposes of IFRS 9. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. This typically means measuring the loss allowance at an amount equal to 12-month expected credit losses until the requirements for the recognition of the lifetime expected credit losses are met.

#### **Write-off**

An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

#### **Gains and losses**

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

### **Impact to Moses Kotane Institute**

IFRS 9 was adopted effective 1 April 2018 and introduced the expected credit loss model for recognising a loss allowance on the trade and other receivables. MKI applies the IFRS 9 simplified approach in measuring expected credit losses for its trade receivables, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due from the date of invoice to the date of payment. Government grants are perceived to have similar low credit risk profiles and are therefore assessed as a collective when calculating the expected loss rate. A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. MKI recognises a loss allowance for expected credit losses on financial assets, most notably, trade and other receivables. The amount of expected credit losses is updated at each reporting date. The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from possible default events over the expected life of the receivable.

### **Impairment**

#### **Expected credit losses**

Expected credit losses are calculated by: (a) identifying scenarios in which a loan or receivable defaults; (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen; (c) multiplying that loss by the probability of the default happening; and (d) summing the results of all such possible default events. Because every loan and receivable has at least some probability of defaulting in the future, every loan or receivable has an expected credit loss associated with it from the moment of its origination or acquisition.

#### **Recognition and measurement of expected credit losses**

MKI makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current and forecast direction of conditions at the reporting date. The customer (Government entities) base is not widespread, with a shared credit risk characteristic. The loss allowance is therefore calculated on a collective basis for all trade and other receivables. An impairment gains or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through the use of a loss allowance. The impairment loss is included in operating expenses in profit or loss as a movement in the loss allowance.

### **Transition**

An entity applies the Standard retrospectively, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, except for:

Financial instruments that were derecognised before the date of initial application.

### **Trade and other receivables**

Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method. Loss allowances are estimated using the expected credit loss model and are reassessed at each reporting date with changes being recognised in profit or loss.

Trade and other receivables are classified as financial assets at amortised cost.

### **Trade payables**

Trade payables are initially measured at fair value and are subsequently measured at amortised cost.

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**Offsetting**

Financial assets and financial liabilities are only offset if there is a legal right to either settle on a net basis or to realize the asset and settle the liability simultaneously.

**Financial Risk Management**

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.

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.

**1.12 Taxation**

The Institute is a public benefit organization as described by section 30 of the Income Tax Act No. 58 of 1962 which was formed and incorporated under section 21 of the Companies Act, 1973 (Act No.71 of 2008). The Institute operates on funds derived from government grants. The Institute's receipts and accruals are therefore exempt from income tax in terms of section 10(1) (cN) of the Income Tax Act No. 58 of 1962.

The Institute is also a registered vat vendor in accordance with the Value Added Tax Act (VAT Act).

**1.13 Related Parties**

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the provincial sphere of government are considered to be related parties.

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

Related parties are disclosed in terms of IAS 24.

**1.14 Prior Year Comparative**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated only if material. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

**1.15 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:

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

The 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 Annual Financial Statements.

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**2 Cash and Cash Equivalents**

**1 April 2024 to  
30 September  
2024**  
R'000

**Restated  
2024**  
R'000

**Cash and cash equivalents consist of the following:**

Cash at bank	4,939	739
Call deposits	3,138	2,367
<b>Total Cash and cash Equivalents</b>	<b>8,077</b>	<b>3,106</b>

The changes in cash and cash equivalents were due to operational requirements and are documented below. The Institute has the following bank accounts:

**Current account:**

First national Bank, Hillcrest, Account Number 6220 790 1176

Cash book balance at beginning of the year	401	(23)
Cash book balance as at 30 September 2024	4,936	401

Bank statement balance at beginning of the year	401	(23)
Bank statement balance as at 30 September 2024	4,936	401

**Deposits on call (Money Market):**

First national Bank, Hillcrest, Account Number 6220 790 5194

Cash book balance at beginning of the year	2,276	1
Cash book balance as at 30 September 2024	3,043	2,276

Bank statement balance at beginning of the year	2,276	1
Bank statement balance as at 30 September 2024	3,043	2,276

**Investment account (7-day interest plus):**

First national Bank, Hillcrest, Account Number 7432 271 5374

Cash book balance at beginning of the year	91	84
Cash book balance as at 30 September 2024	95	91

Bank statement balance at beginning of the year	91	84
Bank statement balance as at 30 September 2024	95	91

**FNB Corporate Cheque Acc:**

First national Bank, Hillcrest, Account Number 6260 663 7447

Cash book balance at beginning of the year	5	1
Cash book balance as at 30 September 2024	1	5
Bank statement balance at beginning of the year	5	1

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Bank statement balance as at 30 September 2024

1	5
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**FNB TETA Corporate Cheque Acc:**

First national Bank, Hillcrest, Account Number 6245 477 8435

Cash book balance at beginning of the year  
Cash book balance as at 30 September 2024

333	-
1	333

Bank statement balance at beginning of the year  
Bank statement balance as at 30 September 2024

333	-
1	333

**FNB Gold Corporate Cheque Acc:**

First national Bank, Hillcrest, Account Number 6309 636 6399

Cash book balance at beginning of the year  
Cash book balance as at 30 September 2024

-	-
1	-

Bank statement balance at beginning of the year  
Bank statement balance as at 30 September 2024

-	-
1	-

**Cash on hand**

Total cash and cash equivalents

<b>8,077</b>	<b>3,106</b>
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**3. Trade and Other Receivables**

1 April 2024 to 30 September 2024 R`000	Restated 2024 R`000
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Deposits:	250	235
Other receivable	2,557	1,220
Prepayment	675	-
<b>Trade and other receivables</b>	<b>3,483</b>	<b>1,445</b>

Based on the historical data, the Institute`s definition of default is longer than 1 year from the date of invoicing/transaction to the date of payment.

At 31 March 2024 and 30 September 2024, the Institute did not consider there to be any significant concentration of credit risk, as the entity has received all payments for the services rendered historically. The Institute had a zero-default rate and there was no loss allowance raised for the financial year ending 31 March 2024 and 30 September 2024.

**4 VAT Receivable**

R`000	R`000
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VAT Receivable	<b>1,285</b>	<b>1,870</b>
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This balance relates to Vat claims still receivable as at 30 September 2024.

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**5 Property, Plant and Equipment**

The entity reassesses the useful lives and residual values of items of plant and equipment at the end of each reporting period, in line with the accounting policy and IAS 16 Property, plant and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information. The depreciation methods and average useful lives of the plant and equipment have been assessed and based on this analysis; the useful lives have been revised. The impact of the change is a decrease in the Annual depreciation charge for the current year. Assets that would have been depreciated by 31 March 2024 were identified and these assets were adjusted to ensure that these assets will depreciate until 31 March 2026. The underlying assumption was that these assets will be used for one more year after year end. The revised lifetimes were applied on the remaining useful life as at 30 September 2024 and therefore affected the depreciation charges for the 1 April 2024 to 30 September 2024 period.

**Reconciliation of Carrying Value**

	1 April 2024 to 30 September 2024			Restated 2024		
	Cost	Accumulated Depreciation & Impairment	Carrying Value	Cost	Accumulated Depreciation & Impairment	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Office buildings	4,350	(1,550)	2,800	4,350	(1,495)	2,855
Vehicles	497	(447)	50	497	(431)	66
Furniture & Fittings	3,567	(1,789)	1,778	3,567	(1,641)	1,926
Office Equipment	1,020	(704)	316	948	(662)	286
Computer Equipment	7,316	(5,191)	2,125	7079	(4,567)	2,512
Right-of-use (Dube Trade port lease)	7,347	(6,905)	442	6,589	(6,529)	59
Boats Motors	1,172	(1,030)	142	1,172	(969)	202
Diving Equipment	2,821	(821)	2,000	2,821	(742)	2,079
Trailers	50	(19)	31	50	(18)	32
Workshop Equipment	344	(196)	148	343	(177)	165
Leasehold improvements	282	(94)	188	506	(248)	259
<b>Total</b>	<b>28,766</b>	<b>(18,747)</b>	<b>10,019</b>	<b>27,922</b>	<b>(17,480)</b>	<b>10,442</b>

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**5.1 Reconciliation of Property, Plant and Equipment – 1 April 2024 to 30 September 2024**

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment/Modification	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Office buildings	2,855			-	(55)	-	2,800
Vehicles	66		-	-	(17)	-	50
Furniture & Fittings	1,926	-	-	-	(148)	-	1,778
Office Equipment	286	72	-	-	(42)	-	316
Computer Equipment	2,512	237	-	-	(624)	-	2,125
Right-of-use (Dube Trade port lease)	59	-	-	-	(375)	758	442
Boats Motors	202	-	-	-	(61)	-	142
Diving Equipment	2,078	-	-	-	(79)	-	2,000
Trailers	32	-	-	-	(2)	-	31
Workshop Equipment	165	2	-	-	(19)	-	148
Leasehold improvements	259	-	-	-	(71)	-	188
<b>Total</b>	<b>10,442</b>	<b>311</b>	<b>-</b>	<b>-</b>	<b>(1,491)</b>	<b>758</b>	<b>10,019</b>

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**5.2 Reconciliation of Property, Plant and Equipment – Restated 2024**

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment/ Modification	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Office buildings	2,964	-	-	-	(109)	-	2,855
Vehicles	99	-	-	-	(33)	-	66
Furniture & Fittings	2,662	66	(411)	-	(392)	-	1,926
Office Equipment	297	177	(10)	-	(178)	-	286
Computer Equipment	2,586	1,057	(253)	-	(878)	-	2,512
Right-of-use (Dube Trade port lease)	164	-	-	-	(916)	812	59
Boats Motors	345	-	-	-	(143)	-	202
Diving Equipment	2,236	-	-	-	(158)	-	2,078
Trailers	36	-	-	-	(4)	-	32
Workshop Equipment	184	19	-	-	(38)	-	165
Leasehold improvements	30	282	-	-	(53)	-	259
<b>Total</b>	<b>11,602</b>	<b>1,601</b>	<b>(674)</b>	<b>-</b>	<b>(2,901)</b>	<b>812</b>	<b>10,442</b>

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**6 Intangible Assets**

**Reconciliation of Carrying Value**

	1 April to 30 September 2024			Restated 2024		
	Cost	Accumulated Amortization & Impairment	Carrying Value	Cost	Accumulated Amortization & Impairment	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	17	(10)	7	17	(7)	10
<b>Total</b>	<b>17</b>	<b>(10)</b>	<b>7</b>	<b>17</b>	<b>(7)</b>	<b>10</b>

**6.1 Reconciliation of Intangible Assets – 1 April 2024 to 30 September 2024**

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortization	Impairment	Revaluation	Prior Year Errors	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	10	-	-	-	(3)	-	-	-	7
<b>Total</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>

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**6.2 Reconciliation of Intangible Assets – restated 2024**

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortization	Impairment	Revaluation	Prior Year Errors	Carrying Value Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	40	1	-	-	(31)	-	-	-	10
<b>Total</b>	<b>40</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(31)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>

**7 Trade and Other Payables**

**1 April 2024 to 30  
September 2024**

**Restated  
2024  
R'000**

**7.1 Current liabilities**

Trade creditors	922	2,319
Other payables and accruals	580	2,022
Leave pay accrual	1,205	1,306
<b>Total Trade and Other Payables</b>	<b>2,708</b>	<b>5,647</b>

Other payables and accruals are made up of outstanding expenses at year end and paid after year end.

Leave pay accrual is made up of employees unutilised leave at year end.

**7.2 Non-current liabilities**

Trade creditors	237	-
<b>Total Trade and Other Payables</b>	<b>237</b>	<b>-</b>

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**8 Current Provisions**

**8.1 Reconciliation of Movement in Current Provisions – 1 April 2024 to 30 September 2024**

	<b>Bonus provision</b>	<b>Bursary &amp; Research provisions</b>	<b>Audit fee provisions</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Opening balance	631	-	907	1,538
Amounts utilised for the year	(743)	-	(887)	(1,630)
Amount raised for the year	1,370	2,000	921	4,291
<b>Closing balance</b>	<b>1,258</b>	<b>2,000</b>	<b>941</b>	<b>4,199</b>

**8.2 Reconciliation of Movement in Current Provisions – Restated 2024**

	<b>Bonus provisions</b>	<b>Bursary &amp; Research provisions</b>	<b>Audit fee provisions</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Opening balance	627	4,000	791	5,418
Amounts utilised for the year	(1,823)	(1,759)	(840)	(4,422)
Amount raised for the year	1,827	(2,241)	956	542
<b>Closing balance</b>	<b>631</b>	<b>-</b>	<b>907</b>	<b>1,538</b>

**Bonus provision**

The bonus provision relates to bonus payable to employees on their birthday month or another month as they deem appropriate. Due to

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the different payment dates a provision is raised.

**Audit fee provision**

The audit fee provision relates to an estimation of audit fees for the 2024/2025 financial year, payable upon completion of the audit. Due to the uncertainty of the payment date a provision has been created.

**Bursary & Research provision**

The bursary provision related to constructed obligations due to the mandate of MKI to fund students until completion of their studies. Due to the uncertainty of the payment date a provision has been created.

9 Lease liability	1 April 2024 to 30 September 2024 R`000	Restated 2024 R`000
Long term portion	-	-
Current portion	451	62
Total operating lease	<u>451</u>	<u>62</u>
<b>Total of future minimum lease payments</b>		
Not later than one year	451	62
Later than one year and not later than five years	-	-
	<u>451</u>	<u>62</u>
<b>Reconciliation of lease liabilities:</b>		
Opening balance	<u>62</u>	<u>163</u>
Recognition of lease liabilities	758	713
Lease liabilities payments	(369)	(814)
Closing balance	<u>451</u>	<u>62</u>

The operating lease relates to premises that the entity leases at 7 Umsinsi Junction, La Mercy, KwaZulu-Natal.

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10	Deferred Income	1 April 2024 to 30 September 2024 R`000	Restated 2024 R`000
	Arising from inherited government assets	2,351	2,556
	Grants received in advance	5,898	3,013
	<b>Total deferred income</b>	<b>8,249</b>	<b>5,569</b>

The deferred income arises because of assets and funds received from government and funders to the Institute. The deferred revenue is released to the statement of comprehensive income as an amortisation of the liability.

**Sharks Board Maritime Assets**

The entity inherited assets from the Sharks board Maritime division during the 2019/20 financial year. The assets are accounted for at fair value as per IAS 20.

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	1 April 2024 to 30 September 2024 R'000	Restated 2024 R'000
<b>11 Government Grants and Subsidies</b>		
<b>Revenue</b>		
<b>Other government grants and subsidies</b>		
EDTEA	31,934	56,042
<b>External funding</b>		
MERSETA	18,900	29,110
<b>Total Government Grants and Subsidies</b>	<b>50,834</b>	<b>85,152</b>
<b>12 Other Income</b>		
<b>Other income</b>		
Deferred income realised	205	515
Bursary refunds – UKZN and UNIZULU	-	1,579
Insurance claim	-	98
Sundry income	2,695	2,926
<b>Total Other Income</b>	<b>2,900</b>	<b>5,118</b>
<b>13 Employee Related Costs</b>		
Employee related costs - Salaries and Wages	11,617	17,854
Employee related costs - contribution for UIF, Pensions and Medical Aid	425	777
Travel, motor car, accommodation, subsistence and other allowances	193	431
Training	106	54
Guaranteed bonuses	2,384	3,944
Other employee related costs	36	1
<b>Total Employee Related Costs</b>	<b>14,761</b>	<b>23,061</b>
<b>14 Directors' and Key Management Remuneration</b>		
<b>Remuneration of the Chief Executive Officer</b>		
Annual Remuneration	907	1,749
Performance and other bonuses	-	129
Travel, motor car, accommodation, subsistence and other allowances	117	252
Contribution for UIF, Pensions and Medical Aid	70	127
	<b>1,094</b>	<b>2,257</b>

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**Remuneration of the Executive Manager: Corporate Services**

	1 April 2024 to 30 September 2024	2024
	R'000	R'000
Annual Remuneration	677	1,427
Performance and other bonuses	-	119
Travel, motor car, accommodation, subsistence and other allowances	133	67
Contribution for UIF, Pensions and Medical Aid	63	162
	<b>873</b>	<b>1,775</b>

**Remuneration of the Executive Manager: Research and Development**

Annual Remuneration	688	1,314
Travel, motor car, accommodation, subsistence and other allowances	13	67
Contribution for UIF, Pensions and Medical Aid	64	132
	<b>765</b>	<b>1,513</b>

**Remuneration of the Executive Manager: Innovation**

Annual Remuneration	643	1,219
Performance and other bonuses	-	101
Travel, motor car, accommodation, subsistence and other allowances	15	78
Contribution for UIF, Pensions and Medical Aid	55	94
	<b>713</b>	<b>1,492</b>

**Remuneration of the Chief Financial officer**

Annual Remuneration	693	1,307
Travel, motor car, accommodation, subsistence and other allowances	12	60
Contribution for UIF, Pensions and Medical Aid	60	103
	<b>765</b>	<b>1,470</b>

**Remuneration of the Executive Manager: Maritime and Econometrics**

Annual Remuneration	638	1,167
Performance and other bonuses	-	110
Travel, motor car, accommodation, subsistence and other allowances	15	193
Contribution for UIF, Pensions and Medical Aid	63	197
	<b>716</b>	<b>1,667</b>

**Salaries and other related costs**

Salaries	<b>3,832</b>	<b>10,174</b>
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**Non-executive Directors**

Directors' emoluments	894	2,069
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External independent Directors	31	61
	<b>925</b>	<b>2,130</b>
Directors' other expenses	130	143
<b>Directors Emoluments and Other Expenses</b>	<b>1,055</b>	<b>2,273</b>
<b>Total Emoluments</b>	<b>4,887</b>	<b>12,446</b>

**15 Depreciation and Amortisation Expense**

Property, plant, and equipment	1,491	2,901
Intangible assets	3	31
<b>Total Depreciation and Amortisation</b>	<b>1,494</b>	<b>2,932</b>

**16 Auditors' Remuneration**

External auditors	920	956
<b>Total Auditors' Remuneration</b>	<b>920</b>	<b>956</b>

**17 Administration Expenses**

Bank charges	14	38
Electricity	62	120
Insurance	134	426
Interest and penalties	223	76
Rental	6	20
Printing and stationery	241	130
Office expenses and consumables	40	390
Telephone and internet data	629	1,224
Moving expense	-	-
<b>Total Administration Expenses</b>	<b>1,348</b>	<b>2,423</b>

**18 Operating Expenses**

Cleaning	108	81
Advertising	543	233
Repairs and maintenance	-	179
Loss on disposal	-	616
Event expenses	183	647
Staff workshop	19	38
Computer set up costs	18	85
Consulting and professional services	1,045	4,625
Learner Support expenses	3	230
Municipal rates and levies	111	273
Meals and refreshments	43	27
Travel and subsistence	409	1,164
Motor vehicle expenses	63	98
Bursary expenses	19	2,000
Skills development	21,650	29,110

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Research and development expenses	1,539	3,254
<b>Total Operating Expenses</b>	<b>27,731</b>	<b>40,661</b>

**19 Bursary expenses**

**Postgraduate Bursaries**

Learner tuition	2,000	-
<b>Total bursary expenses</b>	<b>2,000</b>	<b>-</b>

**20. Interest income**

Bank and deposit Interest	174	257
<b>Total</b>	<b>174</b>	<b>257</b>

**21. Cash Flows from Operating Activities**

	<b>1 April 2024 to 30 September 2024</b>	<b>Restated 2024</b>
	<b>R`000</b>	<b>R`000</b>
<b>Cash flows from operating activities</b>		
Surplus/ (deficit)	2,744	8,017
Depreciation	1,491	2,901
Amortisation of Intangible assets	3	31
Non-cash computer expense	29	-
Interest Income	(174)	(257)
Finance cost	23	31
Loss on disposal		614
<b>Changes in cash from generated activities</b>	<b>4,117</b>	<b>10,225</b>
<b>Operating surplus before working capital</b>		
(Increase)/decrease in trade and other receivables	(2,027)	45
(Increase)/decrease in Vat receivable	586	(523)
Increase in Deferred income	2679	2,497
Increase/(decrease) in Provisions	2,661	(3,880)
(Decrease) in trade and other payables	(2,486)	(4,313)
<b>Cash generated from operations</b>	<b>5,530</b>	<b>5,163</b>

**22. Retirement Benefit Information**

**Defined contribution plan**

The Institute contributes to the Momentum Pension Fund for all full-time staff eligible and whose membership is also compulsory. The fund is a defined contribution plan. The Institute contributes 7.5% of the pensionable remuneration. The employees also contribute 7.5% of their pensionable remuneration. The pension fund obligations are paid when due and are terminated when the employee's employment with the Institute is terminated.

Defined Contribution Liability	R 346,965
Defined Contribution Expense	R 1,932,601

MKI committed to ensure that the liability was paid within the next 12 months, and the liability was subsequently paid after the period,

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**23. Risk Management**

**Maximum credit risk exposure**

The Institute's financial instruments consist primarily of deposits with banks, trade accounts receivable and payable. To manage the credit risk that the Institute is exposed to as a result of holding these classes of financial assets, the following steps are generally taken:

- The entity only deposits cash with major banks with high quality credit standing; and
- The entity limits exposure to any one counterparty.

**Allowance for impairment**

MKI establishes a loss allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables taking into account historic data, current impairment indicators, history of non-payment and an estimate of applicable forward-looking information.

IFRS 9 was adopted effective 1 April 2018 and introduced the expected credit loss model for recognising a loss allowance on the MKRI trade and other receivables. MKRI applies the IFRS 9 simplified approach in measuring expected credit losses for its trade receivables, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Government grants have a similar low credit risk. The historical loss rate is calculated on the payment profile of services rendered over the past year whilst looking at the credit losses experienced over the previous 2 years where MKRI have provided such services for reasonability.

Based on the historical data, MKRI's definition of default is longer than 1 year from the date of invoicing or transaction to the date of payment. Trade and other receivables are impaired when there is no reasonable expectation of recovery. Indicators that there are no reasonable expectation of recovery includes, uneconomical to collect and the debtor is untraceable.

At 30 September 2024 and 31 March 2023/24, MKRI did not consider there to be any significant concentration of credit risk, as MKRI have received all payments for the services rendered historically. MKRI had a zero-default rate and there is no loss allowance raised for the period 1 April 2024 to 30 September 2024 and the financial year 31 March 2023/24. There is no loss allowance raised from receivables already derecognised before date of initial application.

Financial instruments are carried at amortised cost.

**23.1 Financial Assets carried at Amortized Cost**

The financial assets carried at amortized cost expose the entity to credit risk. The value of the maximum exposure to credit risk are as follows for each class of financial assets at amortized cost:

	<b>1 April 2024 to 30 September 2024 R'000</b>	<b>Restated 2024 R'000</b>
Cash and cash equivalents	8,077	3,106
Trade and other receivables	3,483	1,455

**23.2 Financial liabilities at Amortized Cost**

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The financial liabilities carried at amortized cost expose the entity to credit risk. The value of the maximum exposure to credit risk are as follows for each class of financial liability at amortized cost:

Trade and other payables	2,945	5,647
Lease Liabilities	451	62

**23.3 Foreign currency risk management**

Although the entity's funds that are placed with financial institutions may be subject to currency risk, it does not affect cash flows of the entity as majority of our liabilities are Rand denominated.

There is no foreign currency denominated monetary assets and liabilities as at the reporting date.

**23.4 Liquidity risk**

The entity's exposure to liquidity risk is very minimal as it is funded by the Department of Economic Development, Tourism and Environmental Affairs (EDTEA). The Annual budgets are approved at the beginning of each fiscal year and drawdowns are requested at the beginning of each quarter. Cash flows are monitored monthly against budgets and adjustments are made where necessary. Risk management assessments are conducted bi-Annually to assist with identifying any possible cash flows, liquidity or other risks. It should be noted that the prior year has been adjusted to exclude the leave pay provision.

R`000

**1 April 2024 to 30 September 2024**

	<b>Not later than one month</b>	<b>Later than one month and not later than three months</b>	<b>Later than three months and not later than one year</b>	<b>Later than one year and not later than five years</b>
Trade and other payables	2,945	-	-	-
Lease liabilities	451	-	-	-

**Restated 2024**

	<b>Not later than one month</b>	<b>Later than one month and not later than three months</b>	<b>Later than three months and not later than one year</b>	<b>Later than one year and not later than five years</b>
Trade and other payables	5,647	-	-	-
Lease liabilities	62	-	-	-

**23.5 Interest rate risk**

Although the entity's funds are subject to interest rate risk, these funds are placed with reputable financial institutions. The entity does not hedge any of its funds but monitors the fluctuations in interest rates and obtains advice from bank officials on a regular basis. Although the Rand has fluctuated in the recent months, the risks arising out of the decline in the Rand have not been passed onto entity.

**23.6 Credit risk management**

The entity does not have a huge debtors' book, as a result, its exposure to credit risk is minimal. The items indicated under trade and other receivables refer to external funding, prior years and sponsorship donations in the current year. The cash and cash equivalent are deposits which

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are placed with highly reputable financial institutions. The deposits comprise of grants received from the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) and these grants are deposited as draw downs. The entity limits its exposure by dealing with well-established financial institutions.

**24 Related Party Transactions**

The following related party transactions and balances were incurred during the period under review:

- The Department of Economic Development, Tourism and Environmental Affairs
- Dube Trade Port
- The Sharks Board
- Richards Bay Development Zone
- KZN Trade and Investment
- KZN Gambling and Betting Board

The Department of Economic Development, Tourism and Environmental Affairs is the oversight authority and provides the grants to The Moses Kotane Institute

Dube Trade Port is a sister entity that falls under the Department of Economic Development, Tourism and Environmental Affairs. The Moses Kotane Institute rents office space from Dube Trade Port.

The Sharks Board is a sister entity that falls under the Department of Economic Development, Tourism and Environmental Affairs. The Moses Kotane Institute had no transactions with them during the period 1 April 2024 to 30 September 2024.

Richards Bay Development Zone is a sister entity that falls under the Department of Economic Development, Tourism and Environmental Affairs. The Moses Kotane received funds in relation to the sponsorship to skills program activation event.

KZN Trade and Investment is a sister entity that falls under the Department of Economic Development, Tourism and Environmental Affairs. The Moses Kotane received funds in relation to the sponsorship to skills program activation event.

KZN Gambling and Betting Board is a sister entity that falls under the Department of Economic Development, Tourism and Environmental Affairs. The Moses Kotane received funds in relation to the sponsorship to skills program activation event.

Transactions with related parties are conducted on an arm's length basis and on the same payment terms as those transacted with third parties. None of the balances are secured. The Institute therefore has a related party relationship with its sole shareholder.

The transactions with Directors are included in note 14.

<b>24.1</b>	<b>Transactions with related parties</b>	<b>1 April 2024 to 30 September 2024</b>	<b>Restated 2024</b>
		<b>R`000</b>	<b>R`000</b>
	The following transactions were carried out by the Institute with related parties:		
	<b>Department Grant - EDTEA</b>		
	Grant funding received	<b>31,935</b>	<b>56,042</b>
	<b>Other Income</b>		

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Richards Bay Development Zone	100	-
KZN Trade and Investment	450	-
KZN Gambling and Betting Board	100	-

**Office rental – Dube Trade Port**

Operating lease payments	398	744
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**Staff Transfers**

Secondment of MKI CEO to EDTEA	1,093	1,220
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The following balances were carried out by the Institute with related parties:

**Staff Transfers**

Secondment of MKI CEO to EDTEA (receivable)	2,313	1,220
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**25 Contingent liabilities and Contingent assets**

**Contingent Liabilities**

The entity is involved in several legal proceedings and has a contingent liability of disputed claims (in litigation) for the year under review. Litigations are civil and contractual in nature.

The Moses Kotane Institute is the defendant on the following matters:

	2025	2024
	R'000	R'000
a) H&P IT Empowerment (Pty) Ltd	4,174	4,174
b) AEC (PMO)	2,637	2,637
c) Mr Vilakazi	1,708	1,708
d) Mr Mzimela	4,523	4,523

**Summary**

- a) H&P IT Empowerment (Pty) Ltd – Case arose because of a training service contract that was not fulfilled. The training related to Municipal Finance and IT Learner Support. Summons received in November 2019, and no further correspondence has been received since then.
- b) AEC (PMO) – Contract has been terminated before the completion of the term. Summons received in June 2020 and there has been no further correspondence.
- c) Mr Vilakazi – Matter arose due to a contractual dispute. The matter is pending in court. The Certificate of Trial Readiness is being awaited from the plaintiff's legal representative. A trial date can then be issued.
- d) Mr Mzimela – Matter arose due to a dispute in recruitment. The matter is currently pending at court.

**Contingent Assets**

The Moses Kotane Institute (NPC) is the plaintiff on the following matter:

a) Estate late S Mpungose	2,089	2,089
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**26 Subsequent events**

The entity was also listed as a Schedule 3C entity as of the 1<sup>st</sup> of October 2024. The entity will apply the Public Finance Management Act of South Africa, 1999 (Act no 1 of 1999) as opposed to the Companies Act. There will be no change in operations as the mandate has not changed. The entity has changed its name to The Moses Kotane Research Institute (MKRI) to align with the gazetted Moses Kotane Research Institute Act of South Africa, 2024 (Act No 3 of 2024). Financial statement will be prepared under the Generally Recognised Account Practices (GRAP) standards as opposed to International Financial Reporting Standards (IFRS).

**27 Going Concern**

We draw attention to the fact that for the financial period 1 April 2024 to 30 September 2024 the Institute has a surplus of R2,744 million (2024 Surplus of R8,017 million) and the Institute's assets exceeded its liabilities by R7,027 million (2024 assets exceeded the liabilities by R4,067 million). During the 2024/25 year of assessment the entity improved its solvency.

The Institute will be a going concern in the years ahead and as such, it adopts the going concern basis in preparing the Annual Financial Statements. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments that will occur is dependent on several factors. The most significant of these is that the Board continues to procure funding from the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs. The entity has secured funding for the 2024/25 financial year and projected funding for the next 3 years.

The entity will continue to pursue other streams of income. The entity was also listed as a Schedule 3C entity as of the 1<sup>st</sup> of October 2024, such will not have any impact on the going concern of the entity rather. Financial statement will be prepared under the Generally Recognised Account Practices (GRAP) standards as opposed to International Financial Reporting Standards (IFRS).

Prior period errors identified during the year were corrected. The correction of the error(s) results in adjustments as follows:

The Nature of error:

**28.1 Other income and deposit receivable**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that there was incorrect accounting for recognition of deposits received from Dube Tradeport lease to a value of R303 048, when the initial Agreement came to an end

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

Decrease in Other income	-	303
Net effect on Statement of Comprehensive Income	-	303
Decrease in Deposits	-	303
Net effect on the Statement of Financial Position	-	303

**28.2 Other income and other receivable**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that CE acting allowance at EDTEA to a value of R1 219 830 was not recognised.

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The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Increase in Other income	-	1 220
Net effect on Statement of Comprehensive Income	-	1 220
Increase in Other receivables	-	1 220
Net effect on the Statement of Financial Position	-	1 220

**28.3 Deposits and Accumulated Surplus**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that Deposit receivable was understated due to deposits payments in prior periods were not recognised correctly to reduce the receivable, furthermore some deposits were forfeited in the prior year.

Furthermore, upon recognition of a lease liability and right of use of the asset, deposits was incorrectly included instead of being treated as a separate asset as per IFRS 16.

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Increase in Deposits	-	526
Net effect on the Statement of Financial Position	-	526
Increase in Accumulated Surplus	-	526
Net effect on the Statement of changes in equity	-	526

**28.4 Government grants and subsidies and Deferred income**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that there was incorrect accounting for recognition of grants with conditions received to a value of R3 013 397, when the initial Agreement came to an end

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Decrease in Government grants and subsidies	-	3,013
Net effect on Statement of Comprehensive Income	-	3,013
Increase in Deferred income	-	3,013
Net effect on the Statement of Financial Position	-	3,013

**28.5 VAT receivable and Accumulated Surplus**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that VAT receivables payments received and allocated to PAYE by SARS were incorrectly not accounted for in the VAT account resulting in VAT receivable being overstated an amount of R717838.

Furthermore, an amount of R1 17 was incorrectly recognised as vat receivable in the prior years

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

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	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Decrease in VAT receivable	-	718
Net effect on the Statement of Financial Position	-	718
Decrease in Accumulated Surplus		718
Net effect on the Statement of changes in equity	-	718

**28.6 Property plant and equipment**

**28.6.1. Right of use of asset and lease liability**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that Dube trade port lease modification was incorrectly recognised,

Furthermore, upon recognition of a lease liability and right of use of the asset, deposits were incorrectly included instead of being treated as a separate asset as per IFRS 16.

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Increase Right of use of asset: Dube Tradeport (Cost)	-	1,059
Net effect on the Statement of Financial Position	-	1,059

**MOSES KOTANE INSTITUTE NPC**  
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Increase in Depreciation (Right of use of assets)	-	151
Net effect on Statement of Comprehensive Income	-	151

Increase Right of use of asset: Dube Tradeport (Accumulated Depreciation)		1,056
Net effect on the Statement of Financial Position	-	1,056

**28.6.2. Motor vehicle**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that Motor vehicle still in use were incorrectly written off, therefore the write off was reversed to account for existence of the 2 vehicles still in use Furthermore, motor vehicles were fully written off by the end of 2023/2024 financial year and were re-assessed for 3 years.

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Increase Motor vehicle (Cost)	-	497
Net effect on the Statement of Financial Position	-	497
Increase Motor vehicle Accumulated depreciation)		497
Net effect on the Statement of Financial Position	-	497
Decrease Motor vehicle Accumulated depreciation)		66
Net effect on the Statement of Financial Position	-	66
Decrease in Depreciation (Motor vehicle)	-	66

**MOSES KOTANE INSTITUTE NPC**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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Net effect on Statement of Comprehensive Income	-	66
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**28.6.3. Leasehold improvement**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that Leasehold improvement Dube Tradeport were incorrectly recognised as Office Restructuring expenses instead of being capitalised as leasehold improvement assets

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Increase Leasehold improvement	-	282
Net effect on the Statement of Financial Position	-	282
Decrease in Office Restructuring	-	282
Net effect on Statement of Comprehensive Income	-	282
Increase Leasehold improvement (Accumulated Depreciation)		53
Net effect on Statement of Financial Position	-	53
Increase Leasehold improvement (Depreciation)	-	53
Net effect on the Statement of Comprehensive Income	-	53

**28.6.4. Furniture and fittings**

**MOSES KOTANE INSTITUTE NPC**  
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During the preparation of the financial statements for the period 1 April 2024 to 30 September 2024, management identified a prior period error relating to the non-reassessment of certain furniture assets in the previous reporting period. These assets, which had previously been fully depreciated to a nil book value, were found to still be in active use. Upon review, the useful lives of these assets were retrospectively reassessed and extended by a period ranging from 3 to 5 years, depending on the year in which each asset had originally been fully depreciated.

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Increase in Furniture and fitting (Accumulated depreciation)	-	41
Net effect on the Statement of Financial Position	-	41
Increase in depreciation (Furniture and fitting)	-	13
Net effect on Statement of Comprehensive Income	-	13
Decrease in Accumulated Surplus	-	29
Net effect on the Statement of changes in equity	-	29

**28.6.5. Office equipment**

During the preparation of the financial statements for the period 1 April 2024 to 30 September 2024, management identified a prior period error relating to the non-reassessment of certain furniture assets in the previous reporting period. These assets, which had previously been fully depreciated to a nil book value, were found to still be in active use. Upon review, the useful lives of these assets were retrospectively reassessed and extended by a period ranging from 2 to 4 years, depending on the year in which each asset had originally been fully depreciated.

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The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Increase in Office equipment (Accumulated depreciation)	-	98
Net effect on the Statement of Financial Position	-	98
Increase in depreciation (Office equipment)		97
Net effect on Statement of Comprehensive Income	-	97
Increase in Accumulated Surplus		1
Net effect on the Statement of changes in equity	-	1

**28.6.6. Computer equipment**

While preparing the annual financial statements of the com During the preparation of the financial statements for the period 1 April 2024 to 30 September 2024, management identified a prior period error relating to the non-reassessment of certain furniture assets in the previous reporting period. These assets, which had previously been fully depreciated to a nil book value, were found to still be in active use. Upon review, the useful lives of these assets were retrospectively reassessed and extended by a period ranging from 2 to 4 years, depending on the year in which each asset had originally been fully depreciated.

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

**MOSES KOTANE INSTITUTE NPC**  
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	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Increase in Computer equipment (Accumulated depreciation)	-	1,043
Net effect on the Statement of Financial Position	-	1,043
Increase in depreciation (Computer equipment)	-	471
Net effect on Statement of Comprehensive Income	-	471
Decrease in Accumulated Surplus	-	572
Net effect on the Statement of changes in equity	-	572
Decrease in Computer equipment	-	27
Net effect on the Statement of Financial Position	-	27
Decrease in Accumulated Surplus	-	27
Net effect on the Statement of changes in equity	-	27

**28.6.7. Computer Software**

During the preparation of the financial statements for the period 1 April 2024 to 30 September 2024, management identified a prior period error relating to the non-reassessment of certain furniture assets in the previous reporting period. These assets, which had previously been fully depreciated to a nil book value, were found to still be in active use. Upon review, the useful lives of these assets were retrospectively reassessed and extended by 2 years, depending on the year in which each asset had originally been fully depreciated.

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

**MOSES KOTANE INSTITUTE NPC**  
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	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Increase in Computer software (Accumulated depreciation)	-	0.4
Net effect on the Statement of Financial Position	-	0.4
Increase in depreciation (Computer software)	-	0.4
Net effect on Statement of Comprehensive Income	-	0.4

**28.6.8. Boat Motors**

During the preparation of the financial statements for the period 1 April 2024 to 30 September 2024, management identified a prior period error relating to the non-reassessment of certain furniture assets in the previous reporting period. These assets, which had previously been fully depreciated to a nil book value, were found to still be in active use. Upon review, the useful lives of these assets were retrospectively reassessed and extended by a period ranging from 2 to 3 years, depending on the year in which each asset had originally been fully depreciated.

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Increase in Boat motors (Accumulated depreciation)	-	53
Net effect on the Statement of Financial Position	-	53
Increase in depreciation (Boat motors)	-	78
Net effect on Statement of Comprehensive Income	-	78

**MOSES KOTANE INSTITUTE NPC**  
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Increase in Accumulated Surplus	-	25
Net effect on the Statement of changes in equity	-	25

**28.6.9. Diving equipment**

During the preparation of the financial statements for the period 1 April 2024 to 30 September 2024, management identified a prior period error relating to the non-reassessment of certain furniture assets in the previous reporting period. These assets, which had previously been fully depreciated to a nil book value, were found to still be in active use. Upon review, the useful lives of these assets were retrospectively reassessed and extended by a period ranging from 2 to 3 years, depending on the year in which each asset had originally been fully depreciated.

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Decrease in Diving equipment (Accumulated depreciation)	-	20
Net effect on the Statement of Financial Position	-	20
Increase in Accumulated Surplus	-	20
Net effect on the Statement of changes in equity	-	20

**28.6.10. Trailers**

During the preparation of the financial statements for the period 1 April 2024 to 30 September 2024, management identified a prior period error relating to the non-reassessment of certain furniture assets in the previous reporting period. These assets, which had previously been fully depreciated to a nil book value, were found to still be in active use. Upon review, the useful lives of these assets were retrospectively reassessed and extended by 2 years, depending on the year in which each asset had originally been fully depreciated.

**MOSES KOTANE INSTITUTE NPC**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

	<b>1 April 2024 to 30 September 2024</b>	<b>31-Mar-24</b>
Decrease in Diving equipment (Accumulated depreciation)	-	0.3
Net effect on the Statement of Financial Position	<u>-</u>	<u>0.3</u>
Increase in Accumulated Surplus	-	0.3
Net effect on the Statement of changes in equity	<u>-</u>	<u>0.3</u>

**28.7 Rental and interest on leases**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that Dube trade port lease modification was incorrectly recognised, as result other expense costs were incorrectly classified.

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

Increase in Finance costs	-	31
Net effect on Statement of Comprehensive Income	<u>-</u>	<u>31</u>
Increase in Electricity and Water	-	76
Net effect on Statement of Comprehensive Income	<u>-</u>	<u>76</u>

**MOSES KOTANE INSTITUTE NPC**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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Increase in Stationery and printing	-	0.4
Net effect on Statement of Comprehensive Income	<u>-</u>	<u>0.4</u>
Increase in Repairs and maintenance	-	9
Net effect on Statement of Comprehensive Income	<u>-</u>	<u>9</u>
Decrease in lease liability: Dube Tradeport	-	814
Net effect on the Statement of Financial Position	<u>-</u>	<u>814</u>
Increase in Facilities	-	30
Net effect on Statement of Comprehensive Income	<u>-</u>	<u>30</u>
Increase in Finance costs - Late payment	-	4
Net effect on Statement of Comprehensive Income	<u>-</u>	<u>4</u>
Increase in Legal fees	-	3
Net effect on Statement of Comprehensive Income	<u>-</u>	<u>3</u>
Increase in Finance costs - Late payment- SARS	-	3
Net effect on Statement of Comprehensive Income	<u>-</u>	<u>3</u>
Increase in consumables	-	1
Net effect on Statement of Comprehensive Income	<u>-</u>	<u>1</u>

**MOSES KOTANE INSTITUTE NPC  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

**28.8 Staff training and Trade payables**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that Invoice adjustment to payment plan as result, other expense costs were incorrectly understated

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

Increase in Staff training	-	5
Net effect on Statement of Comprehensive Income	-	5
Increase in Trade Payables	-	5
Net effect on the Statement of Financial Position	-	5

**28.9 Travel and accommodation and Trade payables**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that travelling invoices were not recognised. as a results, other expenses costs were understated.

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

Increase in Travel and accommodation	-	6
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**MOSES KOTANE INSTITUTE NPC**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

Net effect on Statement of Comprehensive Income	-	<u>6</u>
Increase in Trade Payables	-	<u>6</u>
Net effect on the Statement of Financial Position	-	<u>6</u>

**28.10 Accumulated surplus and Trade payables**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that travelling invoices were not recognised as result other expenses costs were understated

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

Decrease in Trade Payables	-	<u>1</u>
Net effect on the Statement of Financial Position	-	<u>1</u>
Increase in Accumulated Surplus	-	<u>1</u>
Net effect on the Statement of changes in equity	-	<u>1</u>

**28.11 Accumulated surplus and Materials**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that Material balance has been long outstanding

The comparative amount(s) relating to the Statement of Financial position have been restated as follow:

**MOSES KOTANE INSTITUTE NPC  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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Decrease in material	-	1
Net effect on the Statement of Financial Position	<u>-</u>	<u>1</u>

Decrease in Accumulated Surplus	-	1
Net effect on the Statement of changes in equity	<u>-</u>	<u>1</u>

**28.12 Finance income and accumulated surplus**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that Finance income financial statement amount was not agreeing to general ledger as result finance income was incorrectly overstated

The impact has been rectified co prospectively on the Statement of Financial position have been restated as follow:

Decrease in Finance income	-	2
Net effect on Statement of Comprehensive income	<u>-</u>	<u>2</u>

Increase in Accumulated Surplus	-	2
Net effect on the Statement of changes in equity	<u>-</u>	<u>2</u>

**Overall impact on Accumulated surplus** (776)

**28.13 Accumulated and Trade payables**

**MOSES KOTANE INSTITUTE NPC**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

While preparing the annual financial statements of the company for 1 April 2024 to 30 September 2024, management noticed that Age analysis was not agreeing to general ledger as result trade payables costs were incorrectly overstated

The impact has been rectified co prospectively on the Statement of Financial position have been restated as follow:

Decrease in Trade payables	-	216
Net effect on Statement of Finance position	-	216
Increase in Accumulated Surplus		216
Net effect on the Statement of changes in equity	-	216

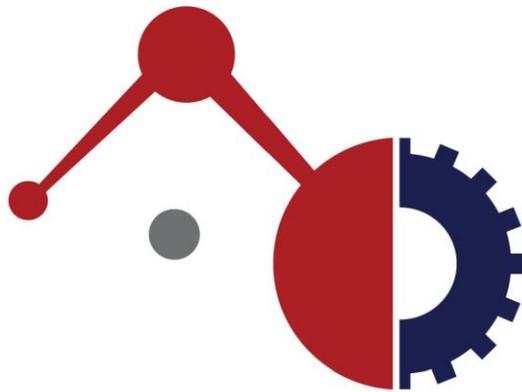
**MOSES KOTANE INSTITUTE NPC**  
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**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

**Details of Director's emoluments**  
**Unaudited supplementary information**

	1 April 2024 to 30 September 2024				Restated 2024
	R'000				R'000
	Salaries	Bonuses	Other	Total	
<b>Executive Managers</b>	<b>4,121</b>	<b>-</b>	<b>803</b>	<b>4,924</b>	<b>10,174</b>
Dr T.P Ellenson (CEO)	796	-	299	1,095	2,257
Mr D Govender (CFO)	693	-	72	765	1,470
Adv T Mapipa	663	-	210	873	1,775
Dr L.D Dlamini	638	-	73	711	1,667
Mr V Mhlongo	643	-	71	714	1,492
Dr S Buthelezi	688	-	78	766	1,513
<b>Non-Executive Directors</b>	<b>1,283</b>	<b>-</b>	<b>-</b>	<b>1,283</b>	<b>2,353</b>
Mr. T Cibane (Chairperson)	295	-	-	295	396
Dr I.Z Machi (Deputy chairperson)	201	-	-	201	225
Ms S Khomo (CA) SA	350	-	-	350	642
Ms M. P Myeni	152	-	-	152	251
Ms S Masango	108	-	-	108	220
Mr B Zulu	-	-	-	-	200
Mr S Mzizi	10	-	-	10	-
Mr C Clark	65	-	-	65	225
Dr D Khoza	102	-	-	102	194

**Details of Directors' service contracts:**

No Directors have service contracts with notice periods in excess of one year and with provisions for pre-determined compensation on termination of the contracts exceeding one year's salary and benefits in kind.



# Moses Kotane Research Institute

**Research · Innovation · Excellence**

Moses Kotane Research Institute  
Formerly Moses Kotane Institute  
Annual Financial Statements  
for the year ended 31 March 2025  
These annual financial statements were prepared by:  
Mr Deon Govender  
Chief Financial Officer

# Moses Kotane Research Institute

Formerly Moses Kotane Institute

Annual Financial Statements for the year ended 31 March 2025

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	MKRI is involved in conducting world class research to meet the needs of the provincial economy and to strategically lead innovation and maritime related issues.
<b>Registered office</b>	190 KE Masinga Road Durban KZN SA 4001
<b>Bankers</b>	First National Bank
<b>Auditors</b>	Auditor General of South Africa Chartered Accountants (S.A.) Registered Auditors
<b>Secretary</b>	Ms S Meyiwa
<b>Preparer</b>	The annual financial statements were internally compiled by: Mr Deon Govender Chief Financial Officer

# Moses Kotane Research Institute

Formerly Moses Kotane Institute

Annual Financial Statements for the year ended 31 March 2025

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### Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
IPSAS	International Public Sector Accounting Standards
PFMA	Public Finance Management Act

# Moses Kotane Research Institute

Formerly Moses Kotane Institute

Annual Financial Statements for the year ended 31 March 2025

## Board's Responsibilities and Approval

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The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The 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 Generally Recognised Accounting Standards (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The members have reviewed the entity's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the entity for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the board are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented with these financial statements.

The annual financial statements set out on pages 8 to 43, which have been prepared on the going concern basis, were approved by the board on 31 July 2025 and were signed on its behalf by:



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**Mr T. Cibane**  
Board Chairperson



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**Dr T.P. Ellenson**  
Chief Executive Officer

# Moses Kotane Research Institute

Formerly Moses Kotane Institute

Annual Financial Statements for the year ended 31 March 2025

## Audit Committee Report

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We are pleased to present our report for the financial year ended 31 March 2025.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 4 number of meetings were held.

<b>Name of member</b>	<b>Number of meetings attended</b>
Ms P Myeni (Chairperson)	3
Dr IZ Machi	3
Ms S Khomo	3
Mr S Hlophe	3
Ms M Ndlovu	3

### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the board of the entity during the year under review.

### Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the board;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

### Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

### Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

# Moses Kotane Research Institute

Formerly Moses Kotane Institute

Annual Financial Statements for the year ended 31 March 2025

## Audit Committee Report

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Chairperson of the Audit Committee : Ms P Myeni

Date: \_\_\_\_\_

# Moses Kotane Research Institute

Formerly Moses Kotane Institute

Annual Financial Statements for the year ended 31 March 2025

## Board's Report

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The members submit their report for the year ended 31 March 2025.

### 1. Incorporation

The entity was incorporated on 31 October 2007 and obtained its certificate to commence business on the same day. On the 01 October 2024 the entity was registered as a Schedule 3C entity. The entity also changed its name from Moses Kotane Institute NPC (MKI) to Moses Kotane Research Institute (MKRI).

### 2. Review of activities

#### Main business and operations

The entity is engaged in MKRI is involved in conducting world class research to meet the needs of the provincial economy and to strategically lead innovation and maritime related issues and operates principally in South Africa.

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

### 3. Going concern

We draw attention to the fact that at 31 March 2025, the entity had an accumulated surplus (deficit) of R 9 540 255 and that the entity's total assets exceed its liabilities by R 9 540 255.

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.

### 4. Subsequent events

The members are not aware of any matter or circumstance arising since the end of the financial year except for the office relocation from Dube Tradeport to 190 KE Masinga Road in Durban and break in at KwaMashu digital centre.

### 5. Members' interest in contracts

There were no interests in contracts by the Members of the Board.

### 6. Accounting policies

The annual financial statements were prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 7. Board

The members of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
Mr T. Cibane	South African	Appointed 28 May 2024
Dr I.Z Machi	South African	Appointed 28 May 2024
Ms S. Khomo	South African	Appointed 28 May 2024
Ms P. Myeni	South African	Appointed 28 May 2024
Dr T.D Khoza	South African	Appointed 28 May 2024
Mr S. Hlophe	South African	Appointed 01 May 2024
Ms M. Ndlovu	South African	Appointed 01 May 2024

### 8. Secretary

The secretary of the entity is Ms S Meyiwa.

# Moses Kotane Research Institute

Formerly Moses Kotane Institute

Annual Financial Statements for the year ended 31 March 2025

## Board's Report

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### 9. Auditors

Auditor General of South Africa will continue in office for the next financial period.



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**Mr T. Cibane**  
**Board Chairperson**

# Moses Kotane Research Institute

Formerly Moses Kotane Institute

Annual Financial Statements for the year ended 31 March 2025

## Statement of Financial Position as at 31 March 2025

Figures in Rand	Note(s)	2025
<b>Assets</b>		
<b>Current Assets</b>		
Prepayments	6	992 867
Receivables from exchange transactions	7	3 528 084
VAT receivable	8	297 824
Cash and cash equivalents	9	11 008 863
		<b>15 827 638</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	3	8 551 656
Intangible assets	4	41 228
		<b>8 592 884</b>
<b>Total Assets</b>		<b>24 420 522</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Payables from exchange transactions	5	2 035 157
Fleet account	9	1 250
Committed conditional grants and receipts	10	7 766 284
Provisions	11	5 077 576
		<b>14 880 267</b>
<b>Total Liabilities</b>		<b>14 880 267</b>
<b>Net Assets</b>		<b>9 540 255</b>
Accumulated surplus		9 540 255
<b>Total Net Assets</b>		<b>9 540 255</b>

# Moses Kotane Research Institute

Formerly Moses Kotane Institute

Annual Financial Statements for the year ended 31 March 2025

## Statement of Financial Performance

Figures in Rand	Note(s)	2025
<b>Revenue</b>		
<b>Revenue from exchange transactions</b>		
Revenue from service concession arrangements - exchange	12	367 536
Other income	13	554 016
Interest received - investment	14	412 259
<b>Total revenue from exchange transactions</b>		<b>1 333 811</b>
<b>Revenue from non-exchange transactions</b>		
<b>Transfer revenue</b>		
Government grants & subsidies	15	58 604 888
<b>Total revenue</b>		<b>59 938 699</b>
<b>Expenditure</b>		
Directors' emoluments	25	(766 882)
Employee related costs	16	(18 189 058)
Finance costs	17	(24 930)
Research	18	(903 316)
Development	19	(33 264 598)
Depreciation and amortisation	20	(1 175 887)
Operating expenses	21	(4 924 998)
Lease rentals on operating lease	22	(410 524)
Repairs and maintenance		(116 335)
<b>Total expenditure</b>		<b>(59 776 528)</b>
<b>Surplus for the year</b>		<b>162 171</b>

# Moses Kotane Research Institute

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## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
<b>Balance at 01 October 2024</b>	<b>9 378 084</b>	<b>9 378 084</b>
Changes in net assets		
Surplus for the year	162 171	162 171
Total changes	162 171	162 171
<b>Balance at 31 March 2025</b>	<b>9 540 255</b>	<b>9 540 255</b>

# Moses Kotane Research Institute

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## Cash Flow Statement

Figures in Rand	Note(s)	2025
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Grants		58 604 888
Interest income		412 259
Other receipts		2 605 411
		<b>61 622 558</b>
<b>Payments</b>		
Employee costs		(18 564 055)
Suppliers		(39 918 348)
Finance costs		(24 930)
		<b>(58 507 333)</b>
<b>Net cash flows from operating activities</b>	23	<b>3 115 225</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	3	(144 246)
Purchase of other intangible assets	4	(40 445)
<b>Net cash flows from investing activities</b>		<b>(184 691)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2 930 534</b>
Cash and cash equivalents at the beginning of the year		8 077 079
<b>Cash and cash equivalents at the end of the year</b>	9	<b>11 007 613</b>

The accounting policies on pages 12 to 29 and the notes on pages 30 to 43 form an integral part of the annual financial statements.

# Moses Kotane Research Institute

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Annual Financial Statements for the year ended 31 March 2025

## Significant Accounting Policies

Figures in Rand

Note(s)

2025

### 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 91(1) of the Public Finance Management Act (Act 1 of 1999).

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.

These accounting policies are consistent with the previous period.

#### 1.2 Presentation currency

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

#### 1.3 Going concern assumption

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

#### 1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

#### 1.5 Significant judgements and sources of estimation uncertainty

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

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

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

# Moses Kotane Research Institute

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Annual Financial Statements for the year ended 31 March 2025

## Significant Accounting Policies

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### 1.5 Significant judgements and sources of estimation uncertainty (continued)

#### 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 11 - Provisions.

#### Allowance for doubtful debts

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

#### Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the how, the condition and use of the asset informs the useful life and residual value, management considers the impact of technology and minimum service requirements of the assets.

### 1.6 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.

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 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.

# Moses Kotane Research Institute

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Annual Financial Statements for the year ended 31 March 2025

## Significant Accounting Policies

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### 1.6 Property, plant and equipment (continued)

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.

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

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

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Item	Depreciation method	Average useful life
Buildings	Straight-line	40 years
Furniture and fixtures	Straight-line	10 - 11 years
Motor vehicles	Straight-line	5 - 8 years
Office equipment	Straight-line	5 - 7 years
IT equipment	Straight-line	3 - 7 years
Leasehold improvements	Straight-line	2 years
Boat motors	Straight-line	5 years
Diving equipment	Straight-line	19 years
Trailers	Straight-line	10 - 14 years
Workshop equipment	Straight-line	9 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.

The depreciation method used reflects the pattern in which the assets' future economic benefits or service potential are expected to be consumed by the 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 entity assesses at each reporting date whether there is any indication that the 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 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.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note ).

# Moses Kotane Research Institute

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Annual Financial Statements for the year ended 31 March 2025

## Significant Accounting Policies

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### 1.6 Property, plant and equipment (continued)

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

### 1.7 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 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 entity; and
- the cost or fair value of the asset can be measured reliably.

The 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.

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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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## Significant Accounting Policies

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### 1.7 Intangible assets (continued)

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

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Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 - 6 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 (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.8 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.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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).

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;

# Moses Kotane Research Institute

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## Significant Accounting Policies

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### 1.8 Financial instruments (continued)

- 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:

- 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;

# Moses Kotane Research Institute

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Annual Financial Statements for the year ended 31 March 2025

## Significant Accounting Policies

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### 1.8 Financial instruments (continued)

- 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.

### 1.9 Statutory receivables

#### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Initial measurement

The entity initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

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

#### Accrued interest

Where the entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

#### Other charges

# Moses Kotane Research Institute

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## Significant Accounting Policies

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### 1.9 Statutory receivables (continued)

Where the entity is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

#### Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

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

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

#### Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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Annual Financial Statements for the year ended 31 March 2025

## Significant Accounting Policies

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### 1.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

### 1.11 Impairment of non-cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

# Moses Kotane Research Institute

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## Significant Accounting Policies

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### 1.12 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.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

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.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

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.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

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.

### 1.13 Provisions and contingencies

Provisions are recognised when:

- the 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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## Significant Accounting Policies

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

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

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 expenditure 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 entity

No obligation arises as a consequence of the sale or transfer of an operation until the 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. Contingencies are disclosed in note 27.

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.

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

The entity 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

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## Significant Accounting Policies

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### 1.13 Provisions and contingencies (continued)

- 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.

Where a fee is received by the entity 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 entity considers that an outflow of economic resources is probable, an entity 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.

### Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The entity recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

### 1.14 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.

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## Significant Accounting Policies

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### 1.15 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 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.

#### Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

#### 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 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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

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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Annual Financial Statements for the year ended 31 March 2025

## Significant Accounting Policies

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### 1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

### 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 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.

### Measurement

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

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## Significant Accounting Policies

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### 1.16 Revenue from non-exchange transactions (continued)

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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.

### 1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.18 Accounting by principals and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

#### Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

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## Significant Accounting Policies

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### 1.18 Accounting by principals and agents (continued)

#### Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

#### Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.19 Translation of foreign currencies

#### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

### 1.20 Comparative figures

No comparative figures have been presented as these are the first annual financial statements of the entity as a listed schedule 3C entity.

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Annual Financial Statements for the year ended 31 March 2025

## Significant Accounting Policies

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### 1.21 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).

### 1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA 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. National Treasury practice note no. 2 of 2019/2020 which was issued and effective requires the following:

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes. Irregular expenditure receivables are measured at the amount that is expected to be recovered and are de-recognised when settled or written-off as irrecoverable. Irregular expenditure must be removed from the balance of the irregular expenditure note when it is either:

a) condoned by the relevant authority if no official was found to be liable in law;

b) recovered from an official liable in law;

c) written-off if it's irrecoverable from an official liable in law; or

d) written-off if its not condoned and not recoverable.

### 1.23 Budget information

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

For the financial year ended 31 March 2025, the entity did not publish its approved budget in accordance with the requirements of applicable legislation and internal financial governance frameworks. As a result, the approved budget is not publicly available and therefore does not meet the requirements for presentation in the financial statements in terms of GRAP 24.

Accordingly, no statement of comparison of budget and actual amounts has been presented.

This disclosure is in line with GRAP 24.15, which permits the non-presentation of budget information where an approved and publicly available budget is not in place.

### 1.24 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.

# Moses Kotane Research Institute

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Annual Financial Statements for the year ended 31 March 2025

## Significant Accounting Policies

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### 1.24 Related parties (continued)

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 entity, including those charged with the governance of the 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 entity.

The 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 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 entity is exempt from the disclosures in accordance with the above, the 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.

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

The 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.

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## Notes to the Annual Financial Statements

Figures in Rand

2025

### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

The entity previously reported financial statements in International Financial Reporting Standards (IFRS), as 01 October 2024 due to the change of the entity status from NPC to a schedule 3C, the entity transitioned to Generally Reporting Accepted Practice (GRAP) there all previously relevant effective GRAP standards have been applied in the current period.

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
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#### 2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
<ul style="list-style-type: none"><li>GRAP 104 (as revised): Financial Instruments</li></ul>	01 October 2025	Unlikely there will be a material impact

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## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment

		2025	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	4 350 000	(1 604 062)	2 745 938
Furniture and fixtures	3 567 153	(1 937 643)	1 629 510
Motor vehicles	497 300	(464 147)	33 153
Office equipment	1 118 906	(757 012)	361 894
IT equipment	7 344 617	(5 841 066)	1 503 551
Leasehold improvements	282 290	(164 679)	117 611
Boats motors	1 171 640	(1 090 531)	81 109
Diving equipment	2 820 922	(899 675)	1 921 247
Trailers	50 000	(21 131)	28 869
Workshop equipment	344 375	(215 601)	128 774
<b>Total</b>	<b>21 547 203</b>	<b>(12 995 547)</b>	<b>8 551 656</b>

## Moses Kotane Research Institute

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Annual Financial Statements for the year ended 31 March 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 3. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Transfers	Depreciation	Total
Buildings	-	-	2 800 313	(54 375)	2 745 938
Furniture and fixtures	-	-	1 777 694	(148 184)	1 629 510
Motor vehicles	-	-	49 730	(16 577)	33 153
Office equipment	-	98 995	315 716	(52 817)	361 894
IT equipment	-	45 251	2 125 178	(666 878)	1 503 551
Leasehold improvements	-	-	188 183	(70 572)	117 611
Boats Motors	-	-	141 740	(60 631)	81 109
Diving equipment	-	-	1 999 911	(78 664)	1 921 247
Trailers	-	-	30 655	(1 786)	28 869
Workshop equipment	-	-	147 881	(19 107)	128 774
	-	<b>144 246</b>	<b>9 577 001</b>	<b>(1 169 591)</b>	<b>8 551 656</b>

## Moses Kotane Research Institute

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### Notes to the Annual Financial Statements

Figures in Rand

#### 4. Intangible assets

	2025		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	57 013	(15 785)	41 228

#### Reconciliation of intangible assets - 2025

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software, other	-	40 445	7 079	(6 296)	41 228

#### 5. Payables from exchange transactions

Trade payables	1 327 155
Other payables	400 150
Accrued expenses	307 852
	<b>2 035 157</b>

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## Notes to the Annual Financial Statements

Figures in Rand

2025

### 6. Prepayments

#### Summary of prepayments

Licences and Subscriptions	677 512
Rental	299 727
Utilities	9 378
Travelling	6 250
	<b>992 867</b>

Licenses and subscriptions refers to IT related.

Rental refers to premises rentals.

Utilities refers to the municipal charges.

Traveling refers to travel and accommodation.

### 7. Receivables from exchange transactions

Deposits	931 515
Other receivables	2 510 275
Staff receivables	86 294
	<b>3 528 084</b>

### 8. VAT receivable

VAT Control	297 824
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MKRI is registered as a Value-Added Tax (VAT) vendor in accordance with the Value-Added Tax Act No. 89 of 1999. The VAT receivable balance at year-end represents input VAT amounts incurred on qualifying expenses during the reporting period. The entity submits VAT returns on a monthly basis.

### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Current accounts	1 690 294
Investment accounts	9 318 569
Fleet account	(1 250)
	<b>11 007 613</b>
Current assets	11 008 863
Current liabilities	(1 250)
	<b>11 007 613</b>

The investment accounts include Money Market Account and 7 Day Interest Plus Account. These funds are put aside for committed projects.

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### 10. Committed conditional grants and receipts

Committed conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

MERSETA	1 711 761
Tourism Master Plan	1 500 000
Digital Centres	3 000 000
CIR Grant	1 482 462
Tobacco Project	69 229
Cellphone Grant	2 832
	<b>7 766 284</b>

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

Unfulfilled conditions and other contingencies attaching to government funding that have been recognised. These amounts are invested in a ring-fenced investment until utilised.

### 11. Provisions

#### Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Bursary and research provision	2 000 000	-	(3 095)	(49 642)	1 947 263
Audit fees provision	941 024	-	-	-	941 024
Bonus Provision	1 257 725	1 020 501	(1 285 558)	-	992 668
Leave pay provision	1 205 399	-	-	(8 778)	1 196 621
	<b>5 404 148</b>	<b>1 020 501</b>	<b>(1 288 653)</b>	<b>(58 420)</b>	<b>5 077 576</b>

The Bonus provision - relates to bonuses payable to employees on their birthday month or another month as they deem appropriate. Due to the different payment dates a provision is raised.

The audit fee provision relates to an estimated of audit fees for the 2024/2025 financial year, payable upon completion of the audit. Due to the uncertainty of the payment date a provision has been created.

The bursary provisions related to constructed obligations due to mandate of MKI to fund students until completion of their studies. Due to the uncertainty of the payment date a provision has been created.

### 12. Service concession arrangements

#### Revenue from service concession arrangements - Exchange

Revenue from service concession arrangements-Tobacco project	367 536
--	---------

### 13. Other income

University refunds	366 291
Event sponsorship	100 000
Sundry income	87 725
	<b>554 016</b>

### 14. Investment revenue

#### Interest revenue

Bank	412 259
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### 15. Government grants & subsidies

#### Operating grants

Government Grant	25 410 648
MERSETA Grant	33 194 240
	<b>58 604 888</b>

### 16. Employee related costs

Basic	14 745 173
Medical aid - company contributions	184 209
UIF	49 505
WCA	183 758
SDL	158 724
Leave pay provision charge	181 742
Travel, motor car, accommodation, subsistence and other allowances	262 695
Bonus	1 020 502
Acting allowances	106 710
Employee wellness	18 164
Training	299 548
Pension	978 328
	<b>18 189 058</b>

### 17. Finance costs

Other interest paid	24 930
---------------------	--------

The Other interest paid relates to the MTN contract on computer equipment devices on the transversal contract.

### 18. Research

Research and development costs	903 316
--------------------------------	---------

### 19. Development

Skills Development	33 264 598
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### 20. Depreciation and amortisation

Property, plant and equipment	1 169 591
Intangible assets	6 296
	<b>1 175 887</b>

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### 21. General expenses

Auditors remuneration	172 000
Bank charges	12 097
Cleaning	114 652
Consulting and professional fees	1 316 309
Consumables	2 815
Electricity	70 652
Event expenses	309 653
Insurance	146 679
Marketing	261 798
Meals and refreshments	240 766
Motor vehicle expenses	94 921
Printing and stationery	52 360
Subscriptions and membership fees	161 343
Telephone and internet data	798 177
Travel - local	1 018 786
Travel - overseas	14 587
Utilities - levies and rates	137 403
	<b>4 924 998</b>

### 22. Lease rentals on operating lease

#### Lease rentals on operating lease

Contractual amounts	410 524
---------------------	---------

On transition date 01 October 2024, the Dube Tradeport lease was classified as short term lease, due to the lease term being less than 12 months, therefore it has been recognised as an expense in the Statement of Financial Performance.

### 23. Cash generated from operations

Surplus	162 171
<b>Adjustments for:</b>	
Depreciation and amortisation	1 175 887
Movements in provisions	(326 572)
Other non-cash items - received	(87 724)
Other non-cash items - paid	117 254
<b>Changes in working capital:</b>	
Receivables from exchange transactions	(766 066)
Prepayments	(317 642)
Payables from exchange transactions	302 626
VAT	986 849
Committed conditional grants and receipts	1 868 442
	<b>3 115 225</b>

### 24. Financial instruments disclosure

#### Categories of financial instruments

2025

#### Financial assets

	At cost	Total
Trade and other receivables from exchange transactions	3 528 084	3 528 084
Cash and cash equivalents	11 008 963	11 008 963
VAT receivable	297 824	297 824

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### 24. Financial instruments disclosure (continued)

**14 834 871      14 834 871**

#### Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	(2 035 157)	(2 035 157)
Fleet account	(1 250)	(1 250)
	<b>(2 036 407)</b>	<b>(2 036 407)</b>

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### 25. Related parties

Relationships	
Controlling entity	Economic Development, Tourism and Environment Affairs
Dube Tradeport	Under same control of EDTEA
KZN Sharksboard	Under same control of EDTEA
Trade and investment KZN	Under same control of EDTEA
Richards Bay industrial Development Zone	Under same control of EDTEA
Ithala Development Finance Corporation	Under same control of EDTEA
KwaZulu-Natal Growth Fund	Under same control of EDTEA
KZN Gambling Board	Under same control of EDTEA
KZN Tourism and Film Authority	Under same control of EDTEA
Members of key management	Refer to Note below

#### Related party balances

##### Amounts included in Receivable from exchange transactions

CEO acting allowance at EDTEA	2 312 574
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The allowance refers to Dr T Ellenson acting as Head of Department at EDTEA for 01 October 2023 to 30 September 2024 period.

##### Commitments with related parties

Tourism Master Plan	1 500 000
Digital Centres	3 000 000
CIR Grant	1 482 462
Cellphone Grant	2 832

The commitment with related parties refers to the committed grants received from EDTEA, which their conditions have not been met yet.

##### Amounts included in Payable from exchange transactions

Mr T Cibane (Board member)	72 471
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The amount payable to Mr T Cibane refers to the board committee meetings held before the end of the financial year and the fourth quarter retainer.

#### Related party transactions

##### Interest paid to (received from) related parties

KwaZulu-Natal Growth Fund	100 000
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##### Total grants received

Income from EDTEA	25 410 648
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A Kwazulu-Natal Growth Fund is a sister entity that falls under the Department of Economic Development, Tourism and Environmental Affairs. MKRI received funds in relation to the sponsorship to skills program activation event.

Total grants received from EDTEA refers to both operational grant received and conditional grant that has met the revenue recognition criteria.

#### Remuneration of management

##### Management class: Board members

2025

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### 25. Related parties (continued)

Name	Members' fees	Total
Mr T Cibane	233 072	233 072
Dr IZ Machi	175 601	175 601
Ms S Khomo	104 748	104 748
Ms P Myeni	149 379	149 379
Dr TD Khoza	94 241	94 241
Mr S Hlophe	9 841	9 841
	<b>766 882</b>	<b>766 882</b>

### Management class: Executive management

#### 2025

Name	Basic salary	Bonuses and performance related payments	Other benefits received	Total
Dr TP Ellenson	796 367	131 935	193 975	1 122 277
Mr D Govender	693 251	-	111 589	804 840
Adv T Mapipa	662 869	110 478	208 901	982 248
Dr S Buthelezi	687 592	-	92 204	779 796
Dr LD Dlamini	319 062	96 689	112 697	528 448
Mr V Mhlongo	214 459	-	657 345	871 804
Dr E Chinyanga	222 252	-	136 166	358 418
	<b>3 595 852</b>	<b>339 102</b>	<b>1 512 877</b>	<b>5 447 831</b>

The note refers to disclosure made to executive management allocations for the period.

### 26. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for

- Property, plant and equipment 238 839

##### Total capital commitments

- Already contracted for but not provided for 238 839

This committed expenditure relates to property and will be financed by funding that has been received and committed.

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### 27. Contingencies

The entity is involved in several legal proceedings and has a contingent liability of disputed claims (in litigation) for the year under review. Litigations are civil and contractual in nature

The Moses Kotane Institute is the defendant on the following matters:

H&P IT Empowerment (Pty) Ltd (2025: R4 174 000) - case arose because of a training service contract that was not fulfilled. The training related to Municipal Finance and IT Learner Support. Summons received in November 2019, and no further correspondence has been received since then.

AEC (PMO) (2025: R2 637 000) – Contract has been terminated before the completion of the term. Summons received in June 2020 and there has been no further correspondence.

Mr Vilakazi (2025: R1 708 000) – Matter arose due to a contractual dispute. The matter is pending in court. The Certificate of Trial Readiness is being awaited from the plaintiff's legal representative. A trial date can then be issued.

Mr Mzimela (2025: R4 523 000) – Matter arose due to a recruitment dispute. The matter is currently pending at court.

Mr Hlatywayo (2025: R0) – The matter related to unfair dismissal and was taken to the CCMA. The matter was subsequently dismissed.

### Contingent assets

The Moses Kotane Institute (NPC) is the plaintiff, Estate late S Mpungose matter (2025: R2 089 000).

### 28. Comparative figures

No comparative figures have been presented as these are the first annual financial statements of the entity since the schedule 3C listing on the 01 October 2024, as a result the entity changed from reporting International Financial Reporting Standards (IFRS) to Generally Recognised Accounting Practices. Assets and liabilities were transferred from MKI to MKRI on the 01 October 2024. IFRS accumulated surplus from MKI has been recognised as opening balance on MKRI accumulated surplus on the 01 October 2024. the impact of these changes on the accumulated surplus is presented below:

<b>Reconciliation of accumulated surplus on transition date (01 October 2024)</b>	<b>Total</b>
Accumulated Surplus under IFRS as at 30 September 2024	7 027 297
Adjustment on transition to GRAP	-
Derecognition of Right of use of assets	(7 347 033)
Derecognition of right of use asset accumulated depreciation	6 895 609
Derecognition of lease liability	451 424
Derecognition of deferred income	2 350 790
	<b>9 378 087</b>

### 29. Risk management

#### Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. The entity uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the board. Entity treasury identifies, evaluates and hedges financial risks in close co-operation with the entity's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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### 29. Risk management (continued)

#### Liquidity risk

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

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

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

#### Credit risk

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

#### Market risk

#### Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

### 30. Going concern

We draw attention to the fact that at 31 March 2025, the entity had an accumulated surplus (deficit) of R9 540 255 and that the entity's total assets exceed its liabilities by R 9 540 255.

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.

### 31. Events after the reporting date

The offices were relocated from Dube Tradeport to 190 KE Masinga Road in Durban and a break-in at KwaMashu digital centre.

### 32. Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure	-
Fruitless and wasteful expenditure	-
<b>Closing balance</b>	<b>-</b>

There were no fruitless and wasteful expenditure and irregular expenditure incurred during the financial year.

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### 33. Deviation from supply chain management regulations

Paragraph 4.2 of PFMA SCM Instruction No. 03 of 2021/2022 which states that if in a specific case it is impractical to invite competitive bids, the Accounting Officer/Accounting Authority may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the Accounting Officer/Accounting Authority.

PFMA SCM Instruction No. 03 of 2021/2022, paragraph 4.3 states that the Accounting Officer/Accounting Authority must provide for procurement by "other means" in a SCM policy for the institution.

Deviations for the year are as follows:

2024/2025	<R1 000 000	>R1 000 000	Total
Leases	-	14 723 220	14 723 220
Travelling	243 766	-	243 766
Marketing and publications	31 647	-	31 647
Events	175 266	-	175 266
IT subscriptions	207 690	-	207 690
	<b>658 369</b>	<b>14 723 220</b>	<b>15 381 589</b>

### 34. Segment information

#### General information

#### Identification of segments

The entity operates multiple digital centres across various geographic locations. While these centres are integral to the entity's operations, the financial performance of each location is not reported separately. Instead, the results from these locations are aggregated for financial reporting purposes, and no separate segment information is provided in the financial statements. Consequently, segment reporting is not relevant for this entity.

### 35. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.



# Moses Kotane Research Institute

Research · Innovation · Excellence



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PR 320/2025

ISBN: 978-1-83491-226-4

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