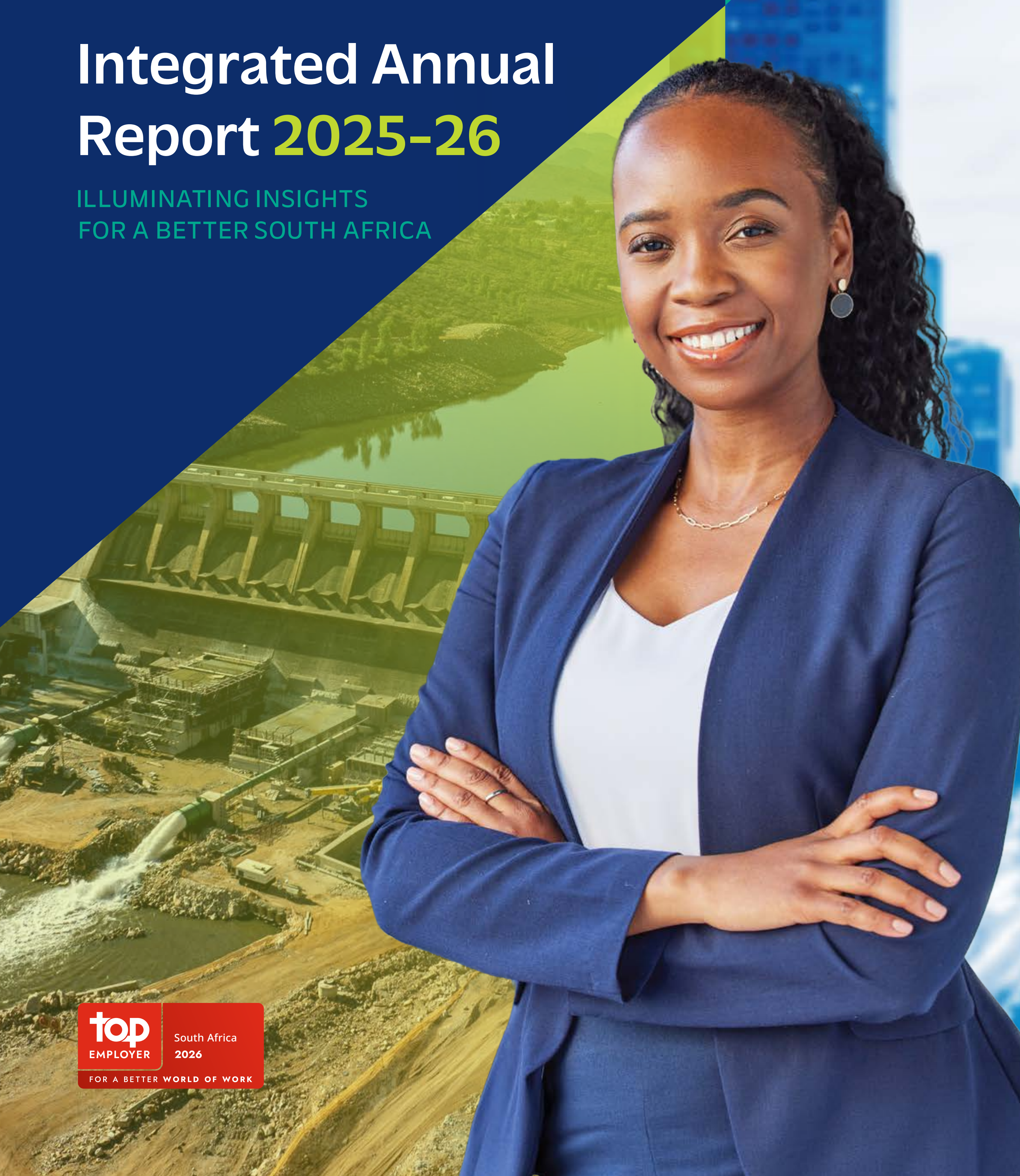
AUDITOR-GENERAL
SOUTH AFRICA

115 YEARS 1911 - 2026

Integrated Annual Report 2025-26

ILLUMINATING INSIGHTS
FOR A BETTER SOUTH AFRICA



top EMPLOYER South Africa 2026
FOR A BETTER WORLD OF WORK

07 Financial **Statements**

These financial statements have been prepared under the supervision of:

P Sokombela CA(SA)

Chief Financial Officer

Deputy auditor-general's responsibilities and approval

As the deputy auditor-general I am required by the Public Audit Act 25 of 2004 (PAA) to maintain adequate accounting records and am responsible for the content and integrity of the financial statements and related financial information. It is my responsibility to ensure that the financial statements fairly present the financial position of the Auditor-General of South Africa (AGSA) as at the end of the financial year and the results of its operations, changes in equity and cash flows for the year then ended. The financial statements conform to the IFRS Accounting Standards and the PAA, and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. External auditors are engaged to express an independent opinion on the financial statements.

I acknowledge that I am ultimately responsible for the system of internal financial control established by the AGSA and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, the AGSA, after consultation with the parliamentary oversight committee, sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include properly delegating responsibilities within a clearly defined framework, effective accounting procedures and adequately segregating duties to ensure an acceptable level of risk. These controls are monitored throughout the AGSA and all employees are required to maintain the highest ethical standards to ensure the AGSA's business is conducted in a manner that, in all reasonable circumstances, is above reproach.

The AGSA's risk management focus is to identify, assess, manage and monitor all known forms of risk across the institution. While operational risk cannot be eliminated, we try to minimise it by defining our risk appetite and ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

I am of the opinion, based on the information and explanations provided by management, that the system of internal control provides reasonable assurance that the financial records may be relied on to prepare the financial statements. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

I have reviewed the AGSA's cash flow forecast for the year to 31 July 2027 and, in the light of this review and the current financial position, I am satisfied that the AGSA has, or has access to, adequate resources to continue operating as a going concern for the foreseeable future. The going concern basis assumes that the AGSA will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

I am not aware of any matter or circumstance arising since the end of the financial year that will materially affect these financial statements.

The financial statements set out on pages 133 to 179, prepared on the going concern basis, were approved and signed by me on 31 July 2026 on behalf of the AGSA.

Bongi Ngoma
Deputy Auditor-General

Auditor-General of South Africa

Financial statements for the year ended 31 March 2026

Independent auditor's report to Parliament

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Auditor-General of South Africa (AGSA) as set out on pages 133 to 179, which comprise the statement of financial position as at 31 March 2026, the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the AGSA as at 31 March 2026, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA).

Basis for Opinion

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

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

We determined materiality for the financial statements as a whole to be R100 million, which is based on 2% (rounded) of revenue. We have identified revenue as a stable and reliable indicator of the AGSA's financial performance and as the most appropriate benchmark because in our view it reflects the focus placed by the users of the financial statements on the level of activity of the AGSA. We have consistently used revenue to determine materiality as opposed to profit-based benchmarks as the AGSA is not primarily a profit-driven institution. The 2% threshold selected is based on our professional judgement considering qualitative factors affecting the AGSA.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on trade receivables	
As at 31 March 2026 gross trade receivables amounted to R1.4 billion against which an expected credit loss (ECL) of R193 million has been recorded. Trade receivables are a significant balance in the financial statements and are subject to estimation uncertainty. Under IFRS 9, the entity applies the simplified approach to measure lifetime expected credit losses (ECLs) for trade receivables. This involves the use of a provision matrix, which requires judgement in determining historical loss rates, segmentation of receivables, and adjustments for forward-looking information. Given the significance of the balance, complexity and subjectivity involved, this area was considered a key audit matter. Refer to note 1.4; 5 and note 24.2 to the annual financial statements for the related disclosure.	Our audit procedures included: • Evaluating the design and implementation of controls over the ECL calculation. • Assessing the appropriateness of the provision matrix, including how receivables were grouped and historical loss rates were derived. • Testing the accuracy and completeness of the underlying data used in the model. • Reviewing the forward-looking adjustments applied and assessing their reasonableness in the context of current economic conditions. • Testing the mathematical accuracy of the provision matrix and recalculating the expected credit loss. • Evaluating the adequacy of disclosures in the financial statements in accordance with IFRS 7 and IFRS 9. • We involved an auditor's expert to assist us in evaluating the compliance of the methodology and calculations used by management to determine expected credit losses on trade receivables with the requirements of IFRS 9. Our procedures did not identify any material exceptions in the ECL calculation or the related financial statement disclosures.

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Financial statements for the year ended 31 March 2026

Key audit matter	How our audit addressed the key audit matter
Intangible assets under development	
As at 31 March 2026, intangible assets amounted to R234 million and included intangible assets under development of R167 million. The AGSA has capitalised significant costs related to intangible assets under development, primarily software and technology platforms. The capitalisation of these costs requires management to exercise judgement in determining whether the criteria under IAS 38 *Intangible Assets* have been met. This includes assessing the technical feasibility, intention to complete, and the ability to generate future economic benefits. Additionally, intangible assets under development are subject to impairment testing under IAS 36 *Impairment of Assets*. This involves estimating future cash flows, discount rates, and other assumptions, which are inherently subjective and complex. Given the materiality of these assets and the level of judgement involved, we considered this area to be a key audit matter. Refer to notes 1.3 and 3 to the annual financial statements for the related disclosure.	Our audit procedures included: • Evaluating management's assessment of the capitalisation criteria. • Testing the accuracy and completeness of costs capitalised by inspecting supporting invoices and time records. • Assessing the design and implementation of controls over the capitalisation process. • Reviewing impairment models for assets under development, including the reasonableness of key assumptions such as growth rates, discount rates, and expected future cash flows. • Assessing the methodology and assumptions used in impairment testing. • Evaluating the adequacy of disclosures in the financial statements regarding the capitalisation and impairment of intangible assets. • Management engaged an external expert to assess the appropriateness of the impairment model and methodology applied and their compliance with IAS 36, *Impairment of Assets*, and other applicable IFRS Accounting Standards. • We evaluated the competence, capabilities and objectivity of management's expert and obtained an understanding of the nature and scope of the expert's work. We inspected the expert's report and evaluated the procedures performed, the matters considered and the conclusions reached. Our procedures did not identify any material exceptions in the capitalisation and impairment assessment or related disclosures.

Other Information

The Deputy Auditor-General (DAG) is responsible for the other information. The other information comprises the information included in the document titled "AGSA 2025-26 Integrated Annual Report" which includes the Performance Reports and the Governance Reports of the AGSA. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Deputy Auditor-General and the Audit Committee

In terms of sections 41 and 43 of the PAA the DAG is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the PAA, and for such internal control as is determined as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the AGSA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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.

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

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

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

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

We also provide the DAG and the Audit Committee with a statement that we have complied with the relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the DAG and the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Audit Tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Crowe JHB has been the auditor of the AGSA for nine years.

Independent auditor's reasonable assurance report to Parliament on performance against predetermined objectives

We have undertaken a reasonable assurance engagement on the report of performance against predetermined objectives of the AGSA for the year ended 31 March 2026, as set out on pages 58 to 107 of the AGSA 2025-26 Integrated Annual Report.

The Deputy Auditor-General's Responsibilities

The DAG is responsible for the preparation and presentation of the report on performance against predetermined objectives as required by the PAA, and for such internal controls as determined necessary to enable the preparation of a report on performance against predetermined objectives that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Management

We are independent of the AGSA in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing assurance engagements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing assurance engagements in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

Crowe JHB applies International Standard on Quality Management 1 and designs, implements and operates a system of quality management that includes policies or procedures addressing compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express a reasonable assurance opinion on the report on performance against predetermined objectives based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain reasonable assurance about whether the report on performance against predetermined objectives is free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the measurement of performance against predetermined objectives and related disclosures in the report. The nature, timing and extent of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the report on performance against predetermined objectives, whether due to fraud or error.

In making those risk assessments we have considered internal control relevant to AGSA's preparation of the report on performance against predetermined objectives. A reasonable assurance engagement also includes:

- Evaluating the appropriateness of quantification methods, reporting policies and internal guidelines used and the reasonableness of estimates made by AGSA;
- Assessing the suitability in the circumstances of AGSA's use of the applicable reporting criteria as a basis for preparing the selected information; and
- Evaluating the overall presentation of the performance against predetermined objectives.

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

Assurance Work Performed

We report on whether we have received all the information and explanations required to conduct the engagement, or if we became aware of additional information, the omission of which may result in the report on performance against predetermined objectives being materially misstated or misleading.

We provide reasonable assurance with respect to the usefulness of the information contained in the annual performance report.

We further provide reasonable assurance with respect to the reliability of the following selected material strategic goals as set out in the annual performance report:

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- Shift public sector culture
- Insight
- Influence
- Enforcement
- Efficiently
- Sustainably

The criteria used as a basis for the audit conclusion are as follows:

Usefulness of Information

Presentation: Performance against predetermined objectives is reported using the relevant provisions from the Public Audit Act.

Consistency: Objectives, indicators and targets are consistent between the Strategic Plan and Budget 2025-28 and the 2025-2026 IAR as required by the Public Audit Act.

Measurability: Indicators are well defined and verifiable, and targets are specific, measurable and time bound, as required by best practice.

Relevance: The indicators relate logically and directly to aspects of the AGSA's mandate and the realisation of strategic goals and objectives, as required by the Public Audit Act and the 2025-2028 Strategic plan and budget tabled in Parliament.

Reliability of Information

Validity: Reported performance has occurred and relates to the AGSA.

Accuracy: Amounts, numbers and other data relating to reported performance have been recorded and reported correctly.

Completeness: All actual performance that should have been recorded has been included in the report on performance against predetermined objectives.

The assurance engagement involves performing procedures to obtain evidence about the usefulness of the annual performance report and reliability of the objectives as set out in the annual performance report. The procedures selected depend on the auditor's judgement, including our assessment of the risks of material misstatement of the annual performance report. Because of the test nature and other inherent limitations of a reasonable assurance engagement, together with the inherent limitations of internal control, there is an unavoidable risk that some, even material, misstatements may not be detected, even though the engagement is properly planned and performed in accordance with the ISAE 3000 (Revised). The procedures performed include the following:

- Understanding and testing the internal policies, procedures and controls relating to the management of, and reporting on, performance information.
- Evaluating and testing processes, systems, controls and review of documentation in place at a detailed level to support the generation, collation, aggregation, monitoring and reporting of the performance indicators and targets.
- Evaluating, testing and confirmation of the existence and consistency of planned and reported performance

information as well as the presentation and disclosure thereof in accordance with applicable requirements and guidance.

- Conducting detailed audit testing and obtaining sufficient appropriate audit evidence to verify the validity, accuracy and completeness of reported indicators and targets.

Reasonable Assurance Opinion

In our opinion, the report on performance against predetermined objectives for the year ended 31 March 2026 is prepared, in all material respects, in accordance with the requirements of the PAA.

Gary Kartsounis
Partner
Registered Auditor
31 July 2026
Rivonia

Auditor-General of South Africa

Financial statements for the year ended 31 March 2026

Statement of financial position as at 31 March 2026

	Notes	2026 R'000	2025 R'000
ASSETS			
Non-current assets		816 327	923 976
Property, plant and equipment	2	135 478	136 980
Intangible assets	3	238 494	157 646
Right-of-use assets	4	442 355	629 350
Current assets		2 722 612	2 505 609
Trade and other receivables	5	1 343 714	1 173 251
Cash and cash equivalents	6	1 378 898	1 332 358
Total assets		**3 538 939**	**3 429 585**
EQUITY AND LIABILITIES			
Reserves		2 075 535	1 832 708
General reserve	7	1 829 419	1 497 038
Special audit services reserve	8	3 289	4 964
Accumulated surplus	9	242 827	330 706
Liabilities			
Non-current liabilities		583 418	731 661
Lease liabilities	10	542 626	692 830
Post-retirement benefit obligations	11	10 423	10 239
Provisions	12	21 524	21 524
Trade and other payables	13	8 845	7 068
Current liabilities		879 986	865 216
Lease liabilities	10	56 486	70 196
Post-retirement benefit obligations	11	1 032	1 031
Trade and other payables	13	822 468	793 989
Total equity and liabilities		**3 538 939**	**3 429 585**

Statement of surplus or deficit and other comprehensive income for the year ended 31 March 2026

	Notes	2026 R'000	2025 R'000
Revenue		5 538 260	5 265 245
Local services rendered	14	5 502 129	5 262 649
International services rendered		36 131	2 596
Direct audit cost		(3 289 700)	(3 156 854)
Recoverable staff cost	15	(2 392 111)	(2 273 107)
Contract work	16	(633 439)	(637 743)
Subsistence and travel	17	(264 150)	(246 004)
Gross surplus		**2 248 560**	**2 108 391**
Other income	18	12	829
Contributions to overheads		**2 248 572**	**2 109 220**
Operating expenditure		(2 132 033)	(1 905 134)
Non-recoverable staff cost	15	(1 470 143)	(1 336 204)
Depreciation expense — property, plant and equipment	2	(40 677)	(34 973)
Amortisation expense — intangible assets	3	(22 972)	(9 630)
Depreciation expense — right-of-use assets	4	(79 221)	(101 205)
Adjustment of allowance for impairment of receivables	5	(42 728)	(20 871)
Other operational expenditure	19	(476 265)	(402 223)
Post-retirement benefit obligations — current service cost	11	(27)	(28)
Operating surplus before finance charges		**116 539**	**204 086**
Interest income	20	189 803	187 481
Interest expense	20	(63 487)	(62 037)
Surplus for the year		**242 855**	**329 530**
Other comprehensive income			
Items that will not be reclassified to surplus or deficit			
Post-retirement benefit obligations - actuarial (loss)/gain	11	(28)	1 176
Total comprehensive surplus for the year		**242 827**	**330 706**

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Statement of changes in equity for the year ended 31 March 2026

	General reserve R'000	Special audit services reserve R'000	Accumulated surplus R'000	Total equity R'000
Balance at 31 March 2024	**1 126 782**	**4 964**	**370 256**	**1 502 002**
Transfer of accumulated surplus to reserves	370 256	-	(370 256)	-
Total comprehensive surplus	-	-	330 706	330 706
Surplus for the year	-	-	329 530	329 530
Other comprehensive income — Actuarial gains	-	-	1 176	1 176
Balance at 31 March 2025	**1 497 038**	**4 964**	**330 706**	**1 832 708**
Special audit services reserve utilised	1 675	(1 675)	-	-
Transfer of accumulated surplus to reserves	330 706	-	(330 706)	-
Total comprehensive surplus	-	-	242 827	242 827
Surplus for the year	-	-	242 855	242 855
Other comprehensive income — Actuarial loss	-	-	(28)	(28)
Balance at 31 March 2026	**1 829 419**	**3 289**	**242 827**	**2 075 535**
Notes	7	8	9	

Statement of cash flows for the year ended 31 March 2026

	Notes	2026 R'000	2025 R'000
Cash flows from operating activities			
Cash receipts from auditees	21.1	5 405 650	5 153 102
Total direct audit cost payments	21.2	(3 273 463)	(3 146 950)
Operational expenditure payments	21.3	(1 915 748)	(1 640 181)
Cash generated from operations		216 439	365 971
Interest received	20	105 424	115 033
Interest paid	20	(62 283)	(60 504)
Net cash inflow from operating activities		**259 580**	**420 500**
Cash flows from investing activities			
Cash payments for property, plant and equipment	2	(50 019)	(35 488)
Cash payments for intangible assets	3	(110 275)	(129 382)
Proceeds from sale of property, plant and equipment	2	2 297	1 396
Net cash outflow from investing activities		**(157 997)**	**(163 474)**
Cash flow from financing activities			
Payment of lease liabilities	10	(55 043)	(79 171)
Net cash outflow from financing activities		**(55 043)**	**(79 171)**
Net increase in cash and cash equivalents		**46 540**	**177 855**
Cash and cash equivalents at the beginning of the year		1 332 358	1 154 503
Cash and cash equivalents at the end of the year	**6**	**1 378 898**	**1 332 358**

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Financial statements for the year ended 31 March 2026

Notes to the financial statements

Accounting policies

1. Presentation of financial statements

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS® Accounting Standards and International Financial Reporting Standards Interpretations Committee (IFRS IC) interpretations issued and effective at the time of preparing these financial statements and the Public Audit Act, 2004 (Act No. 25 of 2004) as amended. The financial statements are presented in South African rand, which is the AGSA's functional currency. All financial information has been rounded to the nearest thousand unless stated otherwise. The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at amortised cost or unless stated otherwise, and incorporate the principal accounting policies set out below. These accounting policies are consistent with the previous year, unless otherwise stated.

1.1 New standards and interpretations

Accounting standards, amendments and interpretations issued, which are relevant to the operations of the AGSA, but not yet effective and not early adopted:

Standard/ Interpretation	Effective date	Details	Impact
IFRS 7 - Financial Instruments: Disclosures	1 Jan 2026	Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7 The amendments to IFRS 7 introduce additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.	No impact on the AGSA financial statements
		Annual Improvements to IFRS Accounting Standards—Volume 11 – Gain or loss on derecognition Narrow scope amendment to delete an obsolete reference that remained in IFRS 7 following the publication of IFRS 13 Fair Value Measurement and to make the wording of the requirements of IFRS 7 relating to disclosure of a gain or loss on derecognition consistent with the wording and concepts in IFRS 13.	No impact on the AGSA financial statements
		Contracts Referencing Nature-dependent Electricity — Amendments to IFRS 9 and IFRS 7 Narrow scope amendment adding new disclosure requirements to enable investors to understand the effect of contracts referencing nature-dependent electricity on an entity's financial performance and cash flows.	No impact on the AGSA financial statements

Notes to the financial statements

Accounting policies

1.1 New standards and interpretations (continued)

Standard/ Interpretation	Effective date	Details	Impact
IFRS 9 - Financial Instruments	1 Jan 2026	Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7 Narrow scope amendments to address diversity in accounting practice by making the classification and measurement requirements of IFRS 9 more understandable and consistent, by: • Clarifying the classification of financial assets with environmental, social and governance (ESG) and similar features; and • Clarifying the date on which a financial asset or financial liability is derecognised when a liability is settled through electronic payment systems. These amendments also introduce an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.	No impact on the AGSA financial statements
		Annual Improvements to IFRS Accounting Standards—Volume 11 Two narrow scope amendments were made to IFRS 9: • Derecognition of lease liabilities. The amendment clarifies that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss arising from the difference between the carrying amount of the lease liability extinguished or transferred and any consideration paid in profit or loss. • Transaction price. Removal of an inconsistency between the requirements of IFRS 9 and the requirements in IFRS 15 Revenue from Contracts from Customers in relation to the initial measurement of trade receivables at their transaction price. The amendment clarifies that trade receivables must be measured at the amount determined by applying IFRS 15.	No impact on the AGSA financial statements

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Notes to the financial statements

Accounting policies

1.1 New standards and interpretations (continued)

Standard/ Interpretation	Effective date	Details	Impact
IFRS 9 - Financial Instruments (continued)	1 Jan 2026	Contracts Referencing Nature-dependent Electricity — Amendments to IFRS 9 and IFRS 7 Narrow scope amendment to allow entities to better reflect contracts referencing nature-dependent electricity (for example, renewable power purchase agreements or PPAs) by: • clarifying the application of the 'own-use' requirements of IFRS 9; and • permitting hedge accounting if these contracts are used as hedging instruments by parties to the contracts.	No impact on the AGSA financial statements
IFRS 18 - Presentation and disclosure in financial statements	1 Jan 2027	Replaces IAS 1 Presentation of financial statements. It carries forward many requirements from IAS 1 unchanged and introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies: • Improved comparability in the statement of profit or loss through the introduction of three defined categories for income and expenses — operating, investing and financing — to improve the structure of the income statement, and a requirement for all companies to provide new defined subtotals, including operating profit. • Enhanced transparency of management-defined performance measures with a requirement for companies to disclose explanations of those company-specific measures that are related to the income statement. • More useful grouping of information in the financial statements through enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes, as well as a requirement for companies to provide more transparency about operating expenses.	Impact on the AGSA financial statements to be determined
IAS 7 - Statement of Cash Flows	1 Jan 2026	Annual Improvements to IFRS Accounting Standards—Volume 11 – Cost method Narrow scope amendment to replace the term 'cost method' with 'at cost' following the earlier removal of the definition of 'cost method' from IFRS Accounting Standards.	No impact on the AGSA financial statements

Notes to the financial statements

Accounting policies

1.1 New standards and interpretations (continued)

Standard/ Interpretation	Effective date	Details	Impact
IAS 21 - The Effects of Changes in Foreign Exchange Rates	1 Jan 2027	Translation to a Hyperinflationary Presentation Currency The amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy if: • its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or • it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.	No impact on the AGSA financial statements

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the AGSA holds for its own use and which are expected to be used for more than one year. An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the AGSA, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition of the asset and costs incurred subsequently to add to or replace part of it, if it is probable that future economic benefits associated with the replacement will flow to the AGSA and the cost can be measured reliably. 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.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

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Estimates are mainly based on historical information relating to use, and the intended use, of the asset. Depreciation is calculated on the straight-line method to write off the cost, less residual value, of each asset over its estimated useful life as follows:

1.2 Property, plant and equipment

Item	Useful life (current and comparative period)
Computer equipment	8 - 12 years
Notebooks	4 years
Motor vehicles	7 - 12 years
Furniture and fittings	6 - 23 years
Office equipment	5 - 15 years
Leasehold improvements	Over the period of the lease

The depreciation charge for each period is recognised in surplus or deficit.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any changes to residual values, useful lives and depreciation methods are accounted for on a prospective basis.

To review property, plant and equipment for possible impairment, changes in useful lives and changes in residual values at the end of each financial year, reference is made to historical information and the intended use of assets.

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

1.3 Intangible assets

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.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Amortisation on these costs is provided to write down the intangible assets, on a straight-line basis, over their useful lives as follows:

Item	Useful life (current and comparative period)	
	2026	2025
Computer software - purchased	8 - 14 years	8 - 14 years
Computer software - internally developed	8 - 14 years	
Licences	1 - 10 years	8 - 10 years

The amortisation charge for each period is recognised in surplus or deficit.

Notes to the financial statements

Accounting policies

1.3 Intangible assets (continued)

Research and development costs
Research costs are expensed as incurred. Development costs that are directly associated with the production of identifiable and unique software products controlled by the AGSA are recognised as an intangible asset when the AGSA can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Direct costs include outsourced services, software development employee costs and overheads directly attributed to preparing the asset for use. Development expenditure that does not meet the recognition criteria is expensed.

Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in surplus or deficit. During the period of development, the asset is tested for impairment annually.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any changes to residual values, useful lives and amortisation methods are accounted for on a prospective basis.

To review intangible assets for possible impairment, internal and external sources of information will be considered. These include:
- Observable indicators that the asset's value has declined significantly more than expected as a result of passage of time or normal use.
- Significant changes with an adverse effect on the AGSA have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the AGSA operates or in the market to which an asset is dedicated.
- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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

1.4 Trade and other receivables

Receivables measured at amortised cost
Receivables arise principally through providing services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less allowance for impairment.

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1.4 Trade and other receivables (continued)

Allowance for impairment of receivables

An allowance for impairment of trade receivables accounts for expected credit losses, and changes thereto, to reflect changes in credit risk since initial recognition of financial assets. The calculation of the amount to be allowed for impairment of receivables requires the use of estimates and judgements.

IFRS 9 requires an expected credit loss model to be used in impairing financial assets. This model requires the AGSA to account for expected credit losses and changes thereto at each reporting date, to reflect changes in credit risk since initial recognition of the financial assets. The AGSA has elected to apply the simplified approach for measuring the loss allowance at an amount equal to lifetime credit losses for trade receivables. For trade receivables, which are reported net, such amounts are recorded in a separate allowance account with the loss being recognised within operational expenditure in surplus or deficit. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the allowance. Reversals of impairment losses are recognised in surplus or deficit.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Amortised cost of ring-fenced debtors

The amortised cost of ring-fenced debtors is calculated using the prescribed interest rate and the remaining periods of the outstanding ring-fenced agreements. Since the amount was insignificant and considered immaterial, no adjustment was made to the amount owed by ring-fenced debtors.

Derecognition of financial assets

The AGSA derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. Gains or losses arising from changes in financial assets carried at amortised cost are recognised in surplus or deficit when the financial asset is derecognised or impaired, and through the amortisation process.

1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and deposits held at call that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially recognised at fair value, and are subsequently carried at amortised cost using the effective interest method.

1.6 General reserve

The general reserve relates to the retention of accumulated surpluses that is transferred to the general reserve in the statement of financial position. The reserve can be used for working capital, capital investment programmes on the digitisation of the AGSA and general reserve requirements of the AGSA.

1.7 Special audit services reserve

The special audit services reserve is a fund set aside to finance special investigations or audits, where the AGSA may be unable to recover the costs from a specific auditee. Increases in and utilisation of the reserve is recognised through the statement of surplus or deficit and other comprehensive income.

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Accounting policies

1.8 Leases

At inception of a contract, the AGSA assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the AGSA assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified,
- the AGSA has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use, and
- the AGSA has the right to direct the use of the asset. The AGSA has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the AGSA has the right to direct the use of the asset if either:
  - the AGSA has the right to operate the asset, or
  - the AGSA designed the asset in a way that predetermined how and for what purpose it will be used.

Some lease contracts include both lease and non-lease components. The AGSA has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in surplus or deficit as they are incurred.

For the leases of land and buildings, the AGSA has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The AGSA recognises a right-of-use asset and a lease liability at the lease commencement date for most leases. However, the AGSA has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (e.g. office equipment) and for short-term leases (leases that at commencement date have lease terms of 12 months or less). The AGSA recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease liability

The lease liability is presented as a separate line item on the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the AGSA's incremental borrowing rate. Generally the AGSA uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the fixed lease payments and lease payments in an optional renewal period if the AGSA is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate used to determine the cash flows or if the AGSA changes its assessment of whether it will exercise a renewal option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in surplus or deficit if the carrying amount of the right-of-use asset has been reduced to zero.

Interest costs are charged to the statement of surplus or deficit and other comprehensive income over the lease period so as to produce a constant periodic interest on the remaining balance of the liability for each period.

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Accounting policies

1.8 Leases (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in interest expense (refer to note 20).

Estimating incremental borrowing rate used for leases

Where the interest rate implicit in the lease cannot be readily determined, the AGSA uses the incremental borrowing rate, which is the rate that the AGSA would have to pay to borrow the funds to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Determining the lease term of contracts with renewal options

For lease contracts that include an option to renew the lease for a further period, management considers all facts and circumstances to determine whether it is likely that an extension option will be exercised. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The AGSA applies judgement in assessing whether it is reasonably likely that extension options will be exercised. Factors considered include past history of renewing leases, how far in the future an option occurs and the AGSA's business plan.

The assessment is reviewed if a significant event or a significant change in circumstances occurs that affects this assessment and that is within the control of the AGSA.

Right-of-use assets

The right-of-use assets are presented as a separate line in the statement of financial position. Lease payments included in the measurement of the lease liability comprise the initial amount of the corresponding right-of-use asset, adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred, any estimated costs to restore the underlying asset when the AGSA incurs an obligation to do so and less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The depreciation charge for each period is recognised in surplus or deficit. For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Useful life (current and comparative period)
Office buildings	2 to 12 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The gain or loss arising from the derecognition of a right-of-use asset is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of a right-of-use asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Notes to the financial statements

Accounting policies

1.9 Provisions

Provisions are recognised when the AGSA has a present obligation (legal or constructive) as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure taking risks and uncertainties into account. Provisions are discounted where the time value of money is material using a rate that reflects current market assessments of the time value of money.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligations, the provision will be reversed.

1.10 Financial liabilities

Trade payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Derecognition of financial liabilities
The AGSA derecognises financial liabilities when, and only when, the AGSA's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit.

1.11 Revenue

The AGSA generates revenue by rendering of audit services to the public sector. The AGSA has three main revenue streams:
- Own hours – audit services performed by the AGSA
- Contracted work recoverable – audit services contracted out to third parties and performed on behalf of the AGSA
- Subsistence and travel – amounts recovered from auditees for the costs of the AGSA audit staff's subsistence and travelling while performing their duties.

Revenue is recognised for the three revenue streams mentioned above, over time as the services are rendered and is measured based on the consideration specified in a contract with an auditee to the extent that the amounts are collectable. Revenue consists of amounts net of value-added tax. In terms of the PAA, amounts are due and payable within 30 days of the invoice date.

In accordance with IFRS 15, management is required to make an assessment of the collectability of amounts recorded as revenue. When management identifies that there is doubt on the collectability of revenue, that portion of revenue is only recognised when the amount is received by the AGSA. This adjustment does not affect the legal nature of the transaction; any amounts invoiced to auditees remain due and payable in the ordinary course of business and payable in terms of the PAA within 30 days of invoice. The AGSA is entitled under law to pursue the collection of any debts owed and due to the AGSA.

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1.11 Revenue (continued)

IFRS 15 establishes a single, comprehensive and robust framework for the recognition, measurement and disclosure of revenue. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

In determining the collectability of amounts recorded as revenue, management has taken into account the payment history of the related auditees over the past 2 — 3 years when no payments have been received, or whether current circumstances suggest that an auditee will not be able to meet its obligation to the AGSA. These amounts will only be recognised as revenue once they have been received by the AGSA.

1.12 Employee benefits

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a constructive obligation to make such payments as a result of past performance.

Pension plan — defined contribution plan

Contributions to a pension plan of the employee's choice, in respect of service in a particular period, are included in the employee's total cost of employment and are charged to surplus or deficit in the year to which they relate as part of the cost of employment. Certain employees on the staff rules terms and conditions, who transitioned under the Audit Arrangements Act 122 of 1992, chose to retain membership of the Government Employees Pension Fund (GEPF). The AGSA has no legal or constructive obligation in respect of normal retirements to pay further contributions if the GEPF does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and previous periods. With respect to early retirements, the AGSA is required to incur the cost of early retirement penalties.

Notes to the financial statements

Accounting policies

1.12 Employee benefits (continued)

Post-retirement medical care benefits — defined benefit plan

The AGSA provides post-retirement medical care benefits to certain employees and their legally recognised spouse at time of death. The entitlement to post-retirement medical care benefits is based on the employee being on the staff rules terms and conditions, remaining in service up to retirement age of 65 (or when reaching 50 in the case of early retirement) and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using the projected unit credit method. Actuarial gains and losses arising from experience adjustments are recognised in other comprehensive income in the statement of surplus or deficit and other comprehensive income in the period in which they occur. Interest cost and service cost are recognised in surplus or deficit in the period in which they occur. The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation. Valuations of these obligations are carried out annually by independent qualified actuaries.

The costs and liabilities of the post-retirement medical care benefits are determined using methods relying on actuarial estimates and assumptions. Advice on the appropriateness of the assumptions is taken from independent actuaries. Changes in the assumptions used may have a significant effect on the statement of surplus or deficit and other comprehensive income, and statement of financial position.

Leave liability

The AGSA calculates the value of leave not taken at year-end based on the guaranteed package or basic salary, dependent on the category of leave. The value of leave is recognised in the statement of financial position as a short-term employee benefit.

1.13 Interest income

Interest is recognised based on the effective interest rate, which takes into account the effective yield on the asset over the period it is expected to be held.

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2 Property, plant and equipment

2026	Cost R'000	Accumulated Depreciation R'000	Carrying amount R'000
Computer equipment	70 291	(63 655)	6 636
Notebooks	140 484	(70 793)	69 691
Motor vehicles	9 540	(5 483)	4 057
Office equipment	7 189	(4 880)	2 309
Furniture and fittings	60 406	(49 904)	10 502
Leasehold improvements	98 170	(55 887)	42 283
	386 080	**(250 602)**	**135 478**

The carrying amounts are reconciled as follows:	Balance at the beginning of the year R'000	Additions [1] R'000	Disposals R'000	Depreciation R'000	Balance at the end of the year R'000
Computer equipment	5 348	3 288	(34)	(1 966)	6 636
Notebooks	64 607	36 222	(5 706)	(25 432)	69 691
Motor vehicles	5 086	-	(138)	(891)	4 057
Office equipment	1 228	1 900	(13)	(806)	2 309
Furniture and fittings	7 894	3 608	(16)	(984)	10 502
Leasehold improvements	52 817	359	(295)	(10 598)	42 283
	136 980	**45 377**	**(6 202)**	**(40 677)**	**135 478**

	2026 R'000
Proceeds on disposal of property, plant and equipment	2 297

Notes to the financial statements

2 Property, plant and equipment (continued)

2025	Cost R'000	Accumulated Depreciation R'000	Carrying amount R'000
Computer equipment	72 375	(67 027)	5 348
Notebooks	139 835	(75 228)	64 607
Motor vehicles	9 540	(4 454)	5 086
Office equipment	6 602	(5 374)	1 228
Furniture and fittings	60 531	(52 637)	7 894
Leasehold improvements	97 811	(44 994)	52 817
	386 694	**(249 714)**	**136 980**

The carrying amounts are reconciled as follows:	Balance at the beginning of the year R'000	Additions [1] R'000	Disposals R'000	Depreciation R'000	Balance at the end of the year R'000
Computer equipment	4 980	2 342	-	(1 974)	5 348
Notebooks	52 866	34 185	(1 305)	(21 139)	64 607
Motor vehicles	3 788	1 835	-	(537)	5 086
Office equipment	490	1 314	(12)	(564)	1 228
Furniture and fittings	7 522	1 265	98	(991)	7 894
Leasehold improvements	48 903	13 682	-	(9 768)	52 817
	118 549	**54 623**	**(1 219)**	**(34 973)**	**136 980**

[1] Included in additions is R10 826 000 (2025: R19 269 000) accrued at year end but not yet paid.

	2025 R'000
Proceeds on disposal of property, plant and equipment	1 396

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3 Intangible assets

2026	Cost R'000	Accumulated Amortisation R'000	Carrying amount R'000
Computer software — purchased	84 868	(34 736)	50 132
Licences	71 401	(49 683)	21 718
Internally developed intangible assets	16 863	(809)	16 054
Intangible assets under development [2]	150 590	-	150 590
	323 722	**(85 228)**	**238 494**

The carrying amounts are reconciled as follows:	Balance at the beginning of the year R'000	Additions [3] R'000	Disposals R'000	Amortisation R'000	Balance at the end of the year R'000
Computer software — purchased	41 098	25 490	(4 742)	(11 714)	50 132
Licences	8 683	25 312	(1 828)	(10 449)	21 718
Internally developed intangible assets	11 337	5 526	-	(809)	16 054
Intangible assets under development [2]	96 528	54 062	-	-	150 590
	157 646	**110 390**	**(6 570)**	**(22 972)**	**238 494**

2025	Cost R'000	Accumulated Amortisation R'000	Carrying amount R'000
Computer software — purchased	59 378	(18 280)	41 098
Licences	46 088	(37 405)	8 683
Internally developed intangible assets	11 337	-	11 337
Intangible assets under development [2]	96 528	-	96 528
	213 331	**(55 685)**	**157 646**

Notes to the financial statements

3 Intangible assets (continued)

The carrying amounts are reconciled as follows:	Balance at the beginning of the year R'000	Additions [3] R'000	Disposals R'000	Amortisation R'000	Balance at the end of the year R'000
Computer software — purchased	18 271	29 555	-	(6 728)	41 098
Licences	7 754	3 831	-	(2 902)	8 683
Internally developed intangible assets	-	11 337	-	-	11 337
Intangible assets under development [2]	7 772	88 756	-	-	96 528
	33 797	**133 479**	-	**(9 630)**	**157 646**

[2] The AGSA has been investing in digital transformation initiatives, which include the acquisition and development of new computer software. These initiatives are aimed at replacing existing audit software and introducing new digital tools to enhance the AGSA's operations.

[3] Included in additions is R4 212 000 (2025: R4 097 000) accrued at year end but not yet paid.

4 Right-of-use assets

2026	Cost R'000	Accumulated Amortisation R'000	Carrying amount R'000
Office buildings	960 251	(517 896)	442 355

The carrying amounts are reconciled as follows:	Balance at the beginning of the year R'000	New leases R'000	Adjusments for lease modifica-tions R'000	Disposals R'000	Depreciation R'000	Balance at the end of the year R'000
Office buildings	629 350	-	(107 774)	-	(79 221)	442 355

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4 Right-of-use assets (continued)

2025	Cost R'000	Accumulated depreciation R'000	Carrying amount R'000
Office buildings	1 068 025	(438 675)	629 350

The carrying amounts are reconciled as follows:	Balance at the beginning of the year R'000	New leases R'000	Adjusments for lease modifica-tions R'000	Disposals R'000	Depreciation R'000	Balance at the end of the year R'000
Office buildings	233 333	36 019	461 715	(512)	(101 205)	629 350

The AGSA leases all the premises occupied by its head office and regionally based staff in the major centres of the country. The table below describes the nature of the AGSA's leasing activities by type of right-of-use asset recognised:

Office buildings	Remaining lease term	Extension option	Option to purchase	Variable payment linked to an index	Termination option
Eastern Cape	103 months	Yes	No	No	No
Free State	87 months	Yes	No	No	No
Gauteng	26 months	No	No	No	No
Head office	73 months	Yes	No	No	No
KwaZulu-Natal	61 months	Yes	No	No	No
Limpopo	29 months	No	No	No	No
Mpumalanga	4 months	Yes	No	No	No
Northern Cape	29 months	No	No	No	No
North West	27 months	Yes	No	No	No
Western Cape	105 months	Yes	No	No	No

The AGSA leases office equipment that are low-value assets. The lease payments are recognised in surplus or deficit on a straight-line basis over the period of the lease (refer to note 10).

Notes to the financial statements

	2026 R'000	2025 R'000

5 Trade and other receivables

	2026 R'000	2025 R'000
Trade receivables (refer to note 24.2)	1 464 287	1 338 277
Allowance for impairment of receivables [4]	(192 808)	(241 059)
Net trade receivables	1 271 479	1 097 218
Staff debtors	13 029	14 774
Prepayments	58 993	61 055
Other debtors	213	204
Balance at the end of the year (refer to note 24.3)	**1 343 714**	**1 173 251**

[4] Allowance for impairment of receivables

	2026 R'000	2025 R'000
Balance at the beginning of the year	(241 059)	(231 807)
Amount written off during the year	90 979	11 619
Adjustment of allowance for impairment of receivables (refer to note 21.3)	(42 728)	(20 871)
Balance at the end of the year (refer to note 24.2)	**(192 808)**	**(241 059)**

In determining the recoverability of trade receivables, the AGSA considered the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

6 Cash and cash equivalents

	2026 R'000	2025 R'000
Ringfenced investments [5]	242 922	239 228
Overnight call account	491 729	441 876
Notice deposits	326 328	303 608
Current bank account	317 919	347 646
Balance at the end of the year (refer to notes 24.3 and 24.4)	**1 378 898**	**1 332 358**

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Financial statements for the year ended 31 March 2026

Notes to the financial statements

6 Cash and cash equivalents (continued)

	2026 R'000	2025 R'000
[5] Ringfenced investment		
The liabilities covered by this investment include the following:		
Post-retirement medical care benefits (refer to note 11)	11 455	11 270
13th cheque accrual (refer to note 13) [6]	10 013	9 762
Leave pay accrual (refer to note 13) [7]	234 097	216 472
Repayment to former TBVC states employees - deductions of salary over-payments	118	119
	255 683	**237 623**

[6] Employees have the option of structuring their packages to include a 13th cheque (equal to one month's basic salary) that is paid in their birthday month. The accrual relates to the bonus portion of the packages due to employees at 31 March 2026.

[7] The R234 097 409 includes R163 349 594 (2025: R152 565 827) ring-fenced for the leave pay accrual, the remaining balance of R70 747 815 (2025: R63 905 500) is covered through the current account as this can be encashed within the current year.

7 General reserve

	2026	2025
Balance at the beginning of the year	1 497 038	1 126 782
Special audit services reserve utilised	1 675	-
Transfer of accumulated surplus to general reserve (refer to note 9)	330 706	370 256
Balance at the end of the year	**1 829 419**	**1 497 038**

Accumulated surplus that was recommended by the Standing Committee on the Auditor-General (Scoag) and approved by Parliament (in terms of section 38(4) of the PAA) to be retained for working capital, capital investment programmes on the digitisation of the AGSA and general reserve requirements of the AGSA.

Notes to the financial statements

	2026 R'000	2025 R'000

8 Special audit services reserve

	2026 R'000	2025 R'000
Balance at the beginning of the year	4 964	4 964
Utilisation of reserve	(1 675)	-
Balance at the end of the year	**3 289**	**4 964**

A fund set aside to finance special investigations or audits, for which the AGSA may be unable to recover the costs from a specific auditee. The utilisation of the reserve relates to a special performance audit. The former audit commission instructed that the reserve should not be increased before further guidance is provided by Scoag, established in terms of section 55(2)(b)(ii) of the Constitution.

9 Accumulated surplus

	2026 R'000	2025 R'000
Balance at the beginning of the year	330 706	370 256
Transfer of accumulated surplus to general reserve (refer to note 7)	(330 706)	(370 256)
Total comprehensive surplus for the year	242 827	330 706
Balance at the end of the year	**242 827**	**330 706**

10 Lease liabilities

Maturity analysis of future lease payments (discounted)

	2026 R'000	2025 R'000
Due within one year	114 318	146 965
Between one and five years	516 370	658 345
More than five years	202 014	275 079
Total future lease payments (refer to note 24.4)	**832 702**	**1 080 389**
Total future finance costs	(233 590)	(317 363)
Lease liabilities (refer to notes 24.3 and 24.4)	**599 112**	**763 026**
Non-current portion	542 626	692 830
Current portion	56 486	70 196

Expenses related to leases

	2026 R'000	2025 R'000
Low-value lease expense — recognition exemption	**3 008**	**3 008**

The AGSA elected the recognition exemption on low-value leases of office equipment (refer to note 4).

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Financial statements for the year ended 31 March 2026

Notes to the financial statements

10 Lease liabilities (continued)

	2026 R'000	2025 R'000
Total cash outflows relating to leases		
Presented under financing activities		
Cash payments for capital portion of lease liabilities	55 043	79 171
Presented under operating activities		
Cash payments for interest portion of lease liabilities	62 225	60 429
Cash payments for low-value leases	3 008	3 008
Total cash outflow relating to leases	**120 276**	**142 608**

The incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 11,15%. The incremental borrowing rates for new leases and lease modifications entered into after initial recognition are as follows:

2020-21 financial year — between 6,95% and 10,16%
2021-22 financial year — between 5,83% and 5,94%
2022-23 financial year — between 7,55% and 10,91%
2023-24 financial year — between 10,66% and 11,31%
2024-25 financial year — between 9,99% and 10,55%
2025-26 financial year — between 8,34% and 9,74%

Notes to the financial statements

11 Post-retirement benefit obligation

	2026 R'000	2025 R'000
Post-retirement medical care benefits	**11 455**	**11 270**

The liability is reconciled as follows:

	2026 R'000	2025 R'000
Balance at the beginning of the year	11 270	12 001
Current year provision	1 259	385
Current service costs	27	28
Actuarial loss/(gain)	28	(1 176)
Remeasurements due to experience adjustments	(498)	(1 260)
Remeasurements due to financial assumptions	526	84
Interest expense adjustment on retirement benefit obligations (refer to note 20)	1 204	1 533
Less: Payments made	(1 074)	(1 116)
Balance at the end of the year (refer to note 6)	**11 455**	**11 270**
Non-current portion	10 423	10 239
Current portion	1 032	1 031
	11 455	**11 270**

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Financial statements for the year ended 31 March 2026

Notes to the financial statements

11 Post-retirement benefit obligation (continued)

The obligation in respect of the medical care contributions for post-retirement benefits is valued every year by independent qualified actuaries. The last actuarial valuation was performed as at 31 March 2026 by external actuaries using the projected unit credit method.

The valuation is based on the following most recent principal actuarial assumptions:

	2026	2025
The discount rate reflects the timing of benefit payments and is based on market bond yields	9,6%	11,2%
Subsidy increase rate (based on the inflation rate)	4,3%	5,3%
Expected retirement age	63	63
Number of continuation members	88	89
Average age of continuation members	76,7	75,7
Percentage continuation members married	41%	42%
Number of in-service members	9	9
Average age of in-service members	56,5	55,5
Percentage in-service members married	90%	90%
Average years of past service of in-service members	33,7	32,7

Sensitivity analysis

Below is the recalculated liability, as per the actuarial report, showing the effect of:

A one percentage point decrease or increase in the discount rate;

A one percentage point decrease or increase in the inflation rate;

A one-year decrease or increase in the expected retirement age.

Notes to the financial statements

11 Post-retirement benefit obligation (continued)

Sensitivity analysis (continued)

2026

Discount rate	Assumption 9,60%	-1%	+1
Accrued liability 31 March 2026 (R'000)	11 455	12 446	10 601
% change		8,7%	-7,5%

Inflation rate	Assumption 4,30%	+1%	-1%
Accrued liability 31 March 2026 (R'000)	11 455	12 437	10 599
% change		8,6%	-7,5%

Expected retirement age	Assumption 63 years	1 year younger	1 year older
Accrued liability 31 March 2026 (R'000)	11 455	11 531	11 388
% change		0,7%	-0,6%

2025

Discount rate	Assumption 11,20%	-1%	+1%
Accrued liability 31 March 2025 (R'000)	11 270	12 217	10 451
% change		8,4%	-7,3%

Inflation rate	Assumption 5,30%	+1%	-1%
Accrued liability 31 March 2025 (R'000)	11 270	12 213	10 445
% change		8,4%	-7,3%

Expected retirement age	Assumption 63 years	1 year younger	1 year older
Accrued liability 31 March 2025 (R'000)	11 270	11 334	11 195
% change		0,6%	-0,7%

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Financial statements for the year ended 31 March 2026

Notes to the financial statements

12 Provisions

	2026 R'000	2025 R'000
Reinstatement cost [8]		
Opening balance	21 524	21 704
Provision raised	-	1 734
Payments made	-	(1 914)
Closing balance	**21 524**	**21 524**
Non-current portion	21 524	21 524
Current portion	-	-
	21 524	**21 524**

[8] As part of its lease agreements, the AGSA is required to restore leased properties to their original condition at the end of the lease term. Accordingly, a provision for reinstatement costs is recognised at the commencement of the lease. There were no movements in the provision during the current year, as no new leases were entered into, no leases reached expiry, and therefore no reinstatement costs were incurred.

13 Trade and other payables

	2026 R'000	2025 R'000
Trade payables [9]	118 013	76 142
Accruals	67 260	65 220
Deferred compensation [10]	8 845	7 068
13th cheque accrual (refer to note 6)	10 013	9 762
Leave pay accrual (refer to note 6)	234 097	216 472
Performance bonus accrual	283 208	308 582
Staff creditors	3 438	4 184
VAT and PAYE	106 439	113 627
Balance at the end of the year (refer to notes 24.3 and 24.4)	**831 313**	**801 057**
Non-current portion	8 845	7 068
Current portion	822 468	793 989
	831 313	**801 057**

Notes to the financial statements

13 Trade and other payables (continued)

[9] **Ageing of trade payables:**

	Total R'000	Current R'000	30-60 R'000	60-90 R'000	90-120 R'000	120+ R'000
2026						
Trade payables	118 013	33 033	34 602	9 807	13 996	26 575
2025						
Trade payables	76 142	33 601	22 258	5 714	7 125	7 444

[10] As part of the terms and conditions of employment for the auditor-general, as approved by Parliament, the auditor-general is entitled to a termination benefit (deferred compensation) upon completion of her term. The deferred compensation is accrued over the seven-year term, based on past service.

14 Revenue

	2026 R'000	2025 R'000
Local services rendered [11]	5 502 129	5 262 649
Own hours	4 587 702	4 376 274
Contract work recoverable (refer to note 16)	650 309	641 557
Subsistence and travel recoverable (refer to note 17)	264 118	244 818
International services rendered [12]	36 131	2 596
Own hours	35 499	1 787
Contract work (refer to note 16)	-	-
Subsistence and travel (refer to note 17)	632	809
	5 538 260	5 265 245

[11] The amount of revenue invoiced but not recognised for the current period is R5 249 000 (2025: R11 051 000) and R17 851 000 (2025: R14 613 000) income previously not recognised was recovered and included in revenue in the current period.

[12] International income relates to audits performed for the International Centre for Genetic Engineering and Biotechnology (ICGEB) and the United Nations Educational, Scientific and Cultural Organization (Unesco). The General Conference of Unesco appointed the AGSA as the external auditor of Unesco for a period of six years, and the current-year increase is driven by the commencement of the Unesco audit for the 2024 fiscal year, billed in August 2025.

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Financial statements for the year ended 31 March 2026

Notes to the financial statements

15 Staff cost

	2026 R'000	2025 R'000
Management salaries (refer to note 23.1)	37 332	46 970
Other non-recoverable staff salaries	839 696	702 416
Other staff expenditure	342 753	355 751
Performance bonus [13]	284 924	303 455
Group life scheme	43 758	38 344
Other employer contributions	14 071	13 952
Course fees and study assistance	151 882	125 855
Adjustment of leave pay accrual	98 480	105 212
Total non-recoverable staff cost	**1 470 143**	**1 336 204**
Recoverable staff cost (part of direct audit cost)	2 392 111	2 273 107
Total staff cost	**3 862 254**	**3 609 311**
Average number of staff	**4 333**	**4 094**

[13] This amount excludes the performance bonus of R76 000 (2025: R6 152 000) for key management personnel, which is included under management salaries (refer to note 23.1)

16 Contract work

	2026 R'000	2025 R'000
Contract work recoverable (refer to note 14)	637 983	641 557
Contract work non-recoverable	(4 544)	(3 814)
	633 439	**637 743**

This amount relates to work performed by external audit firms on behalf of AGSA, procured through a formal tender process.

17 Subsistence and travel

	2026 R'000	2025 R'000
Subsistence and travelling recoverable (refer to note 14)	264 750	245 627
Subsistence and travelling non-recoverable	(600)	377
	264 150	**246 004**

This represents subsistence and travel cost of AGSA staff while performing their duties. No mark-up is applied to subsistence and travel.

Notes to the financial statements

18 Other income

	2026 R'000	2025 R'000
Sundry income [14]	12	205
Profit on sale of property, plant and equipment (refer to note 21.3)	-	177
Gain on lease modification [15]	-	447
	12	**829**

[14] Sundry income consist mainly of income from the AGSA's gift shop.

[15] The gain on lease modification relates to the cancellation of the Mpumalanga lease and replacing it with a new lease for more space.

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Financial statements for the year ended 31 March 2026

Notes to the financial statements

19 Other operational expenditure

	2026 R'000	2025 R'000
Auditor's remuneration	5 907	5 940
Audit of financial statements and predetermined objectives	4 921	4 699
Other assurance work	289	278
Other services (agreed upon procedures)	697	963
Loss — cyber breach	-	839
Governance costs	3 315	2 917
ICT services	176 700	117 586
Internal audit fees	2 185	5 392
Legal costs	17 082	17 429
Loss on disposal of property, plant and equipment (refer to note 21.3)	6 677	-
Service costs — land and buildings	45 876	37 798
Low-value leases — office equipment	3 721	3 754
Other operational expenses (excluding staff cost)	27 831	27 294
Publications	1 172	1 022
Refreshments	6 861	6 561
Repairs and maintenance	15 905	15 805
Bank charges	712	690
Labour and staff relations	902	904
Insurance	2 279	2 312
Outsourced services	30 330	36 910
Recruitment costs	24 947	24 445
Stakeholder relations	53 403	44 733
Stationery and printing	2 642	3 114
Subsistence and travelling non-audit	64 852	61 672
Telephone and postage	10 797	12 400
	476 265	402 223

Notes to the financial statements

	2026 R'000	2025 R'000
20 Interest		
Interest income		
Interest income on bank and investments	98 194	107 561
Interest on overdue debtors accounts — received	7 230	7 472
	105 424	115 033
Interest on overdue debtors accounts — accrued	84 379	72 448
	189 803	**187 481**
Interest expense		
Interest on lease liabilities	(62 225)	(60 429)
Interest on overdue accounts	(58)	(75)
	(62 283)	(60 504)
Interest expense adjustment on retirement benefit obligations (refer to note 11)	(1 204)	(1 533)
	(63 487)	**(62 037)**

21 Notes to the cash flow statement

21.1 Cash receipts from auditees

	2026 R'000	2025 R'000
Revenue	5 538 260	5 265 245
Net increase in trade receivables	(132 610)	(112 143)
	5 405 650	**5 153 102**

21.2 Total direct audit cost payments

	2026 R'000	2025 R'000
Direct audit cost	(3 289 700)	(3 156 854)
Net increase in trade payables	16 237	9 904
	(3 273 463)	**(3 146 950)**

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Financial statements for the year ended 31 March 2026

Notes to the financial statements

21 Notes to the cash flow statement (continued)

21.3 Operational expenditure payments

	2026 R'000	2025 R'000
Surplus for the year	242 855	329 530
Adjusted for:		
Revenue	(5 538 260)	(5 265 245)
Direct audit cost	3 289 700	3 156 854
Interest income	(189 803)	(187 481)
Interest expense	63 487	62 037
Depreciation — property, plant and equipment	40 677	34 973
Depreciation — right-of-use assets	79 221	101 205
Amortisation — intangible assets	22 972	9 630
Increase in allowance for impairment of receivables (refer to note 5)	42 728	20 871
Increase in 13th cheque accrual	251	1 368
Increase in leave pay accrual	17 625	38 564
(Decrease)/increase in performance bonus accrual	(25 374)	46 785
Decrease in liability for post-retirement medical care benefits	(1 047)	(1 088)
Increase in accruals	7 912	11 282
Loss/(profit) on the disposal of property, plant and equipment (refer to notes 18 and 19)	6 677	(177)
	(1 940 379)	(1 640 892)
Other working capital changes	24 631	711
Increase in other receivables	3 798	(13 323)
Increase in other payables	20 833	14 034
	(1 915 748)	**(1 640 181)**

Notes to the financial statements

22 Commitments

22.1 Other commitments

Thuthuka

The AGSA has committed to fund 115 undergraduate students for a period of three years while they complete their studies, at a rate per student that is determined every year by the Thuthuka Bursary Fund trustees and on condition that the AGSA can stop its financial contribution by written notice. As the rate per student is determined yearly, the commitment cannot be quantified; however, the yearly commitment at current rates amounts to R14 772 555 (115 students x R128 457 per student).

External bursaries

The AGSA is supporting 48 students in the 2026-27 financial year through an external bursary scheme budgeted at R5 997 665. The external bursaries are awarded annually to fulltime students pursuing undergraduate or postgraduate qualifications, subject to them passing all modules until completion.

	2026 R'000	2025 R'000
22.2 Capital commitments		
Approved and contracted [16]	342 608	556 953
Source of funding		
Internal resources	342 608	556 953

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Notes to the financial statements

[16] Property, plant and equipment and intangible assets approved and contracted for by 31 March 2026, for implementation after 31 March 2026.

23 Related parties

Transactions with related parties are on an arm's length basis at market-related prices.

23.1 Key management personnel compensation

Total short term, long term and termination benefits paid to management.

2026

Position	Name	Appointment date	Term end date	Short term benefits		Long term benefits	
				Gross remuneration R'000	Performance bonus R'000	Deferred compensation R'000	Total remuneration R'000
Auditor-General	T Maluleke	1 Dec 2020		5 924	-	1 777	7 701
Deputy Auditor-General	V Chauke	1 Jul 2021	28 Feb 2026	5 038	-	-	5 038
Acting Deputy Auditor-General	SS Ngoma	1 Feb 2026		879	-	-	879
Head of Audit	SS Ngoma	1 Jun 2021		4 243	-	-	4 243
Acting Head of Audit	T Zikode	1 Feb 2026		805	-	-	805
Head of Specialised Audits	T Mahlamvu	1 Jan 2024		4 370	-	-	4 370
Chief Financial Officer	P Sokombela	1 Mar 2022		3 419	-	-	3 419
Chief People Officer	L Miyambu	1 Apr 2023	30 Sep 2025	1 939	-	-	1 939
Chief People Officer	VF Nthoesane	1 Oct 2025		1 379	76	-	1 455
Chief Risk Officer	MS Segooa	1 Jul 2021		3 994	-	-	3 994
Chief Technology Officer	P Ndarana	1 Jun 2022		3 489	-	-	3 489
Total management compensation				**35 479**	**76**	**1 777**	**37 332**

Notes to the financial statements

23 Related parties (continued)

23.1 Key management personnel compensation (continued)

2025

				Short term benefits		Long term benefits	
Position	Name	Appoint-ment date	Term end date	Gross remune-ration R'000	Perfor-mance bonus R'000	Deferred compensa-tion R'000	Total remuneration R'000
Auditor-General	T Maluleke	1 Dec 2020		5 655	-	1 695	7 350
Deputy Auditor-General	V Chauke	1 Jul 2021		5 259	1 578	-	6 837
Head of Audit National	SS Ngoma	1 Jun 2021		4 324	906	-	5 230
Head of Audit Provincial	MM Sedikela	1 Jun 2021	31 May 2024	5 392	-	-	5 392
Head of Specialised Audits	T Mahlamvu	1 Jan 2024		4 350	840	-	5 190
Chief Financial Officer	P Sokombela	1 Mar 2022		3 272	654	-	3 926
Chief People Officer	L Miyambu	1 Apr 2023		3 710	742	-	4 452
Chief Risk Officer	MS Segooa	1 Jul 2021		3 822	764	-	4 586
Chief Technology Officer	P Ndarana	1 Jun 2022		3 339	668	-	4 007
Total management compensation				**39 123**	**6 152**	**1 695**	**46 970**

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Notes to the financial statements

23 Related parties (continued)

23.2 Members of governing boards

Total board fees paid to members of governing boards

Name	Role	Appointment date	Term end date	2026 R'000	2025 R'000
Ms G Motau	Audit Committee	1 Nov 2022		376	475
Ms CL Roskruge	Audit Committee	17 Mar 2016		323	323
Mr C Mampuru	Audit Committee	13 Dec 2018		323	323
Mr SE Mmakau	Audit Committee	22 Jul 2024		565	-
Ms T Maluleke	Quality Control Assessment Committee	1 Jun 2021		-	-
Mr V Chauke	Quality Control Assessment Committee	1 Jun 2022	28 Feb 2026	-	-
Ms G Motau	Quality Control Assessment Committee	1 Nov 2022		161	164
Mr Z Wadee	Quality Control Assessment Committee	1 Sep 2023		161	161
Mr VES Cele	Remuneration Committee	1 Aug 2023		161	161
Ms N Samodien	Remuneration Committee	17 Mar 2014		161	161
Ms T Fubu	Remuneration Committee	1 Jun 2022		188	188
Mr V Chauke	Remuneration Committee	1 Jun 2021	28 Feb 2026	-	-
				2 419	1 956

24 Financial instruments

The carrying amount of financial assets and liabilities reasonably approximate their fair value due to the short-term nature of the financial instruments.

24.1 Market risk

Interest rate risk management

The exposure to changes in interest rates relates primarily to the AGSA's current and investment accounts.

Interest rate sensitivity

Below are the recalculated financial assets and liabilities showing the effect of:

A one percentage point decrease or increase in the current account interest rate

A one percentage point decrease or increase in the investment account interest rates

Notes to the financial statements

24 Financial instruments (continued)

24.1 Market risk (continued)

2026

Current and investment accounts interest rates	Current balance	+1%	-1%
Net surplus (R'000)	242 827	257 609	228 158
% change		6,1%	-6,0%
Current bank and investment accounts balances (R'000)	1 378 898	1 393 680	1 364 229
% change		1,1%	-1,1%

2025

Current and investment accounts interest rates	Current balance	+1%	-1%
Net surplus (R'000)	330 706	343 525	316 837
% change		3,9%	-4,2%
Current bank and investment accounts balances (R'000)	1 332 358	1 345 177	1 318 489
% change		1,0%	-1,0%

24.2 Credit risk

Financial assets that potentially subject the AGSA to concentrations of credit risk consist principally of cash and short-term deposits placed with financial institutions that have the following national short-term credit ratings:

	2026 (2025)		
Fianancial Institution	Fitch	Moody's	S&P
The Standard Bank of South Africa Limited	F1+ (F1+)	P-3 (P-3)	A-1+ (A-1+)
Investec Bank Limited	F1+ (F1+)	P-3 (P-3)	A-1+ (A-1+)
Nedbank Limited	F1+ (F1+)	P-3 (P-3)	A-1+ (A-1+)
First National Bank a division of FirstRand Bank Limited	F1+ (F1+)	P-3 (P-3)	A-1+ (A-1+)
Absa Bank Limited	F1+ (F1+)	P-3 (P-3)	A-1+ (A-1+)

Trade receivables are presented net of the allowance for impairment. Credit risk with respect to trade receivables is limited to some degree due to the AGSA's constitutionally conferred audit mandate. However, the AGSA has a significant concentration of credit risk with local government debtors and other debtors (which includes unlisted public entities, municipal entities and utility agency corporations).

All financial assets are unsecured. The carrying amount of financial assets included in the statement of financial position represents the AGSA's exposure to credit risk in relation to these assets.

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Notes to the financial statements

24 Financial instruments (continued)

24.2 Credit risk (continued)

AGSA expected credit loss rates 2025-26

	Current	30 days	60 days	90 days	120 days	150 days	180 days	181+ days
National	3%	22%	75%	100%	100%	100%	100%	100%
Provincial	2%	5%	19%	35%	41%	47%	51%	100%
Local								
Local municipality	16%	29%	41%	49%	51%	56%	62%	100%
District municipality	4%	9%	17%	25%	33%	41%	50%	100%
Metro	5%	13%	56%	100%	100%	100%	100%	100%
Statutory	5%	13%	30%	42%	40%	44%	45%	100%
Other debtors	5%	12%	29%	42%	46%	53%	60%	100%
Non-audit debtors	100%	100%	100%	100%	88%	88%	88%	100%

AGSA expected credit loss rates 2024-25

	Current	30 days	60 days	90 days	120 days	150 days	180 days	181+ days
National	2%	17%	55%	100%	100%	100%	100%	100%
Provincial	2%	5%	19%	37%	43%	49%	53%	100%
Local								
Local municipality	16%	28%	40%	48%	50%	56%	63%	100%
District municipality	4%	8%	15%	23%	30%	38%	46%	100%
Metro	6%	14%	64%	100%	100%	100%	100%	100%
Statutory	6%	14%	30%	43%	41%	45%	47%	100%
Other debtors	5%	12%	28%	41%	45%	52%	59%	100%
Non-audit debtors	100%	100%	100%	100%	87%	88%	88%	100%

Notes to the financial statements

24 Financial instruments (continued)

24.2 Credit risk (continued)

An analysis of the ageing of trade receivables that are 30 days and over is as follows:

2026	Total	Current	30 - 120	120 - 180	180+
Debtor type	R'000	R'000	R'000	R'000	R'000
National	122 854	111 888	2 166	512	8 288
Provincial	268 186	237 077	3 672	826	26 611
Local	503 936	54 275	165 896	60 016	223 749
Local municipality	450 772	30 668	147 880	53 563	218 661
District municipality	29 146	6 282	11 976	6 437	4 451
Metro	24 018	17 325	6 040	16	637
Statutory	37 000	30 041	542	821	5 596
Other [17]	532 311	285 413	27 539	14 079	205 280
Total trade receivables (refer to note 5)	**1 464 287**	**718 694**	**199 815**	**76 254**	**469 524**

2025	Total	Current	30 - 120	120 - 180	180+
Debtor type	R'000	R'000	R'000	R'000	R'000
National	111 784	105 053	748	953	5 030
Provincial	210 574	185 277	10 600	954	13 743
Local	517 558	63 681	177 161	80 357	196 359
Local municipality	480 734	50 264	164 728	73 150	192 592
District municipality	16 813	5 461	5 890	2 453	3 009
Metro	20 011	7 956	6 543	4 754	758
Statutory	66 655	36 725	3 141	6 979	19 810
Other [17]	431 706	231 843	19 866	15 757	164 240
Total trade receivables (refer to note 5)	**1 338 277**	**622 579**	**211 516**	**105 000**	**399 182**

R745 593 000 (2025: R715 698 000), representing 50,9% (2025: 53,5%) of total receivables, is in arrears. Of this amount, local government debtors account for R449 661 000 (2025: R453 877 000), comprising 60,3% (2025: 63,4%) of total arrears and 30,7% (2025: 33,9%) of total receivables.

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Notes to the financial statements

24 Financial instruments (continued)

24.2 Credit risk (continued)

Financial assets subject to credit risk

2026 Debtor type	Trade receivables R'000	Allowance for impairment of receivables R'000	Net trade receivables R'000
National	122 854	(2 920)	119 934
Provincial	268 186	(10 382)	257 804
Local	503 936	(80 464)	423 472
Local municipality	450 772	(70 556)	380 216
District municipality	29 146	(6 572)	22 574
Metro	24 018	(3 336)	20 682
Statutory	37 000	(6 291)	30 709
Other [17]	532 311	(92 751)	439 560
	1 464 287	**(192 808)**	**1 271 479**

2025 Debtor type	Trade receivables R'000	Allowance for impairment of receivables R'000	Net trade receivables R'000
National	111 784	(4 307)	107 477
Provincial	210 574	(8 511)	202 063
Local	517 558	(133 382)	384 176
Local municipality	480 734	(129 419)	351 315
District municiplaity	16 813	(2 154)	14 659
Metro	20 011	(1 809)	18 202
Statutory	66 655	(8 375)	58 280
Other [17]	431 706	(86 484)	345 222
	1 338 277	**(241 059)**	**1 097 218**

[17] Other receivables include unlisted public entities, municipal entities and utility agency corporations.

Notes to the financial statements

24 Financial instruments (continued)

24.3 Liquidity risk

Liquidity risk is the risk that the AGSA will not be able to meet its financial obligations as they fall due.

The AGSA has adequate cash balances at its disposal and minimal longterm debt, which limits liquidity risk. Budgets and cash flow forecasts are prepared annually to ensure liquidity risks are monitored and controlled.

Maturity profile of financial instruments 2026	Within 1 year R'000	1 to 5 years R'000	Later than 5 years R'000	Total R'000
Assets				
Trade and other receivables (refer to note 24.4)	1 284 721	-	-	1 284 721
Total trade and other receivables (refer to note 5)	1 343 714	-	-	1 343 714
Prepayments	(58 993)	-	-	(58 993)
Cash (refer to notes 6 and 24.4)	1 378 898	-	-	1 378 898
Current account	317 919	-	-	317 919
Overnight call account	491 729	-	-	491 729
Notice deposits	569 250	-	-	569 250
Total financial assets	**2 663 619**	-	-	**2 663 619**
Liabilities				
Lease liabilities (refer to note 10)	56 486	363 419	179 207	599 112
Trade and other payables (refer to note 24.4)	481 932	-	8 845	490 777
Total trade and other payables (refer to note 13)	822 468	-	8 845	831 313
Leave pay accrual	(234 097)	-	-	(234 097)
VAT and PAYE	(106 439)	-	-	(106 439)
Total financial liabilities	**538 418**	**363 419**	**188 052**	**1 089 889**
Net financial assets	**2 125 201**	**(363 419)**	**(188 052)**	**1 573 730**

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Financial statements for the year ended 31 March 2026

Notes to the financial statements

24 Financial instruments (continued)

24.3 Liquidity risk (continued)

2025	Within 1 year R'000	1 to 5 years R'000	Later than 5 years R'000	Total R'000
Assets				
Trade and other receivables (refer to note 24.4)	1 112 196	-	-	1 112 196
Total trade and other receivables (refer to note 5)	1 173 251	-	-	1 173 251
Prepayments	(61 055)	-	-	(61 055)
Cash (refer to notes 6 and 24.4)	1 332 358	-	-	1 332 358
Current account	347 646	-	-	347 646
Overnight call account	441 876	-	-	441 876
Notice deposits	542 836	-	-	542 836
Total financial assets	**2 444 554**	-	-	**2 444 554**
Liabilities				
Lease liabilities (refer to note 10)	70 196	452 289	240 541	763 026
Trade and other payables (refer to note 24.4)	463 890	-	7 068	470 958
Total trade and other payables (refer to note 13)	793 989	-	7 068	801 057
Leave pay accrual	(216 472)	-	-	(216 472)
VAT and PAYE	(113 627)	-	-	(113 627)
Total financial liabilities	**534 086**	**452 289**	**247 609**	**1 233 984**
Net financial assets	**1 910 468**	**(452 289)**	**(247 609)**	**1 210 570**

24.4 Classification of financial instruments

Line items presented in the statement of financial position summarised per category of financial instrument.

2026 **Financial assets**	Loans and receivables R'000	Non-financial assets R'000	Total R'000
Financial assets measured at amortised cost			
Trade and other receivables (refer to note 24.3)	1 284 721	58 993	1 343 714
Cash and cash equivalents (refer to notes 6 and 24.3)	1 378 898	-	1 378 898
	2 663 619	**58 993**	**2 722 612**

Notes to the financial statements

24 Financial instruments (continued)

24.4 Classification of financial instruments (continued)

Financial liabilities	Financial liabilities R'000	Non-financial liabilities R'000	Total R'000
Financial liabilities measured at amortised cost			
Lease liabilities (refer to note 10)	599 112	-	599 112
Trade and other payables (refer to notes 13 and 24.3)	490 777	340 536	831 313
	1 089 889	**340 536**	**1 430 425**

2025 Financial assets	Loans and receivables R'000	Non-financial assets R'000	Total R'000
Financial assets measured at amortised cost			
Trade and other receivables (refer to note 24.3)	1 112 196	61 055	1 173 251
Cash and cash equivalents (refer to notes 6 and 24.3)	1 332 358	-	1 332 358
	2 444 554	**61 055**	**2 505 609**

Financial liabilities	Financial liabilities R'000	Non-financial liabilities R'000	Total R'000
Financial liabilities measured at amortised cost			
Lease liabilities (refer to note 10)	763 026	-	763 026
Trade and other payables (refer to notes 13 and 24.3)	470 958	330 099	801 057
	1 233 984	**330 099**	**1 564 083**

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities is as follows:

Minimum lease payments due 2026	Within 1 year	1 to 5 years	Later than 5 years
Lease payments (refer to note 10)	114 318	516 370	202 014
Finance charges	(57 832)	(152 951)	(22 807)
Net present value	**56 486**	**363 419**	**179 207**

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Notes to the financial statements

24 Financial instruments (continued)

24.4 Classification of financial instruments (continued)

2025			
Lease payments (refer to note 10)	146 965	658 345	275 079
Finance charges	(76 768)	(206 057)	(34 538)
Net present value	**70 197**	**452 288**	**240 541**

25 Taxation

No provision is made for income tax as the AGSA is exempt in terms of section 10(1)(cA)(i) of the Income Tax Act 58 of 1962.

26 Subsequent events

No other matters or circumstances arose after the end of the financial year and up to the date of the signing of these financial statements, that will materially affect these financial statements.

27 Going concern

Based on the AGSA's cash flow forecast for the next 12 months to 31 July 2027 and the year to date performance, the AGSA will continue to operate as a going concern for the foreseeable future.

2025
2026

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AUDITOR-GENERAL SOUTH AFRICA

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