



FREE STATE LEGISLATURE **ANNUAL REPORT** 2025/2026

Promotion of good governance that
serves the interest of Free Staters



VOTE 2



FREE STATE LEGISLATURE
ANNUAL REPORT
2025/2026



FREE STATE LEGISLATURE ANNUAL REPORT 2025/26

ANNUAL REPORT SUBMISSION

To Hon. M.A Dukwana



Speaker of the
Free State Legislature

I have the honour of submitting
the Annual Report of the Free State
Legislature for the period
1 April 2025 to 31 March 2026.

Ms M.L Sefo
Acting Secretary to the Legislature

31 May 2026



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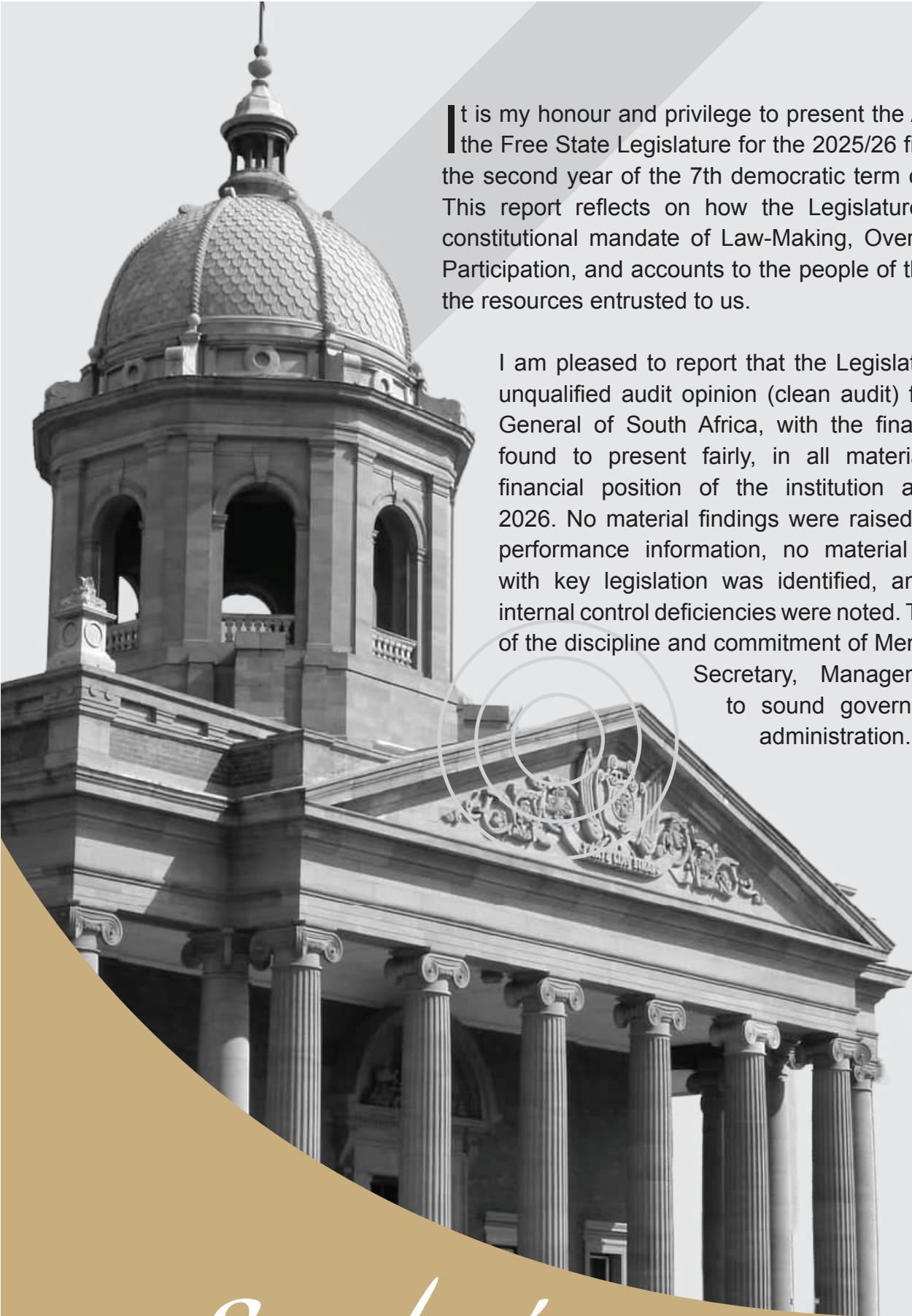
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**FREE STATE LEGISLATURE
ANNUAL REPORT 2025/26**



**GENERAL
INFORMATION**



It is my honour and privilege to present the Annual Report of the Free State Legislature for the 2025/26 financial year and the second year of the 7th democratic term of this Institution. This report reflects on how the Legislature discharged its constitutional mandate of Law-Making, Oversight and Public Participation, and accounts to the people of the Free State for the resources entrusted to us.

I am pleased to report that the Legislature achieved an unqualified audit opinion (clean audit) from the Auditor-General of South Africa, with the financial statements found to present fairly, in all material respects, the financial position of the institution as of 31 March 2026. No material findings were raised on our reported performance information, no material non-compliance with key legislation was identified, and no significant internal control deficiencies were noted. This is a reflection of the discipline and commitment of Members, the Acting Secretary, Management and Staff to sound governance and clean administration.

Speaker's **FOREWORD**

It would be remiss of me not to draw attention to the persistent constraints imposed by the current budget allocation from the Free State Provincial Treasury. The funding allocated to the Legislature remains insufficient to meet the growing demands of our mandate, limiting our ability to broaden institutional capacity, invest in critical skills development, and strengthen the systems required to support effective oversight, law-making, and public participation. Without adequate resourcing, the Legislature's capacity to fully discharge its constitutional responsibilities remains constrained, and this is a matter that requires urgent and ongoing engagement with the Provincial Treasury.

Financially, the Legislature strengthened its position considerably during the year under review, moving from a constrained position at the start of the year to a healthier and more stable financial standing by year-end. This improvement was underpinned by prudent budget management and disciplined spending against our final adjusted budget, resulting in a high rate of budget utilisation. Our revenue base remained anchored by the annual and statutory appropriations received from the Provincial Treasury, which continue to fund the core work of the institution. Expenditure was similarly well managed, with the bulk of resources directed toward employee-related costs to support the staff who deliver our services, transfers to political parties to enable constituency, office, study and research work, and Members' remuneration in fulfilment of our statutory obligations. This overall financial performance reflects the Legislature's continued commitment to sound financial management and accountability in the use of public funds.

During the year the Legislature also continued to invest in its institutional capacity, spending R2,826,235 on property, plant and equipment, while safeguarding the heritage assets entrusted to us, including the Fourth Raadsaal collection valued at R3,185,870. We remain mindful of long-term obligations relating to Members' and staff benefits, including long-service awards and gratuities, which are actuarially valued and provided for in line with GRAP 25, and we continue to strengthen our management of contingencies, irregular and fruitless expenditure, the latter remained fairly static during the year under review.

The Legislature achieved a strong performance outcome of 93.7% against its Annual Performance Plan, a result made possible through the collective effort of the Presiding Officers, Members, the Acting Secretary to the Legislature and her Management Team, and every employee of this institution. I extend my sincere appreciation to them all for their dedication during a demanding but rewarding year, and I commend this report to the people of the Free State as an honest and transparent account of our stewardship.



MA Dukwana
Speaker: Free State Legislature

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The Legislature achieved an unqualified audit opinion from the Auditor-General of South Africa

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GENERAL INFORMATION



Free State Legislature

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Social Media Presence



Facebook:

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YouTube Channel

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TikTok

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2. LIST OF ABBREVIATIONS/ACRONYMS

AO	Accounting Officer
AGSA	Auditor-General of South Africa
AFS	Annual Financial Statements
APP	Annual Performance Plan
CFO	Chief Financial Officer
DORA	Division of Revenue Act
EA	Executive Authority
HR	Human Resources
PFMA	Public Finance Management Act (Act 29 of 1999)
FMPPLA	Financial Management of Parliament and Provincial Legislatures Act (Act 10 of 2009)
NCOP	National Council of Provinces
SCOPA	Standing Committee on Public Accounts and Finance
TAC	Tablings, Announcemnet and Committees (Programme of the Legislature)



4.1 Report of the Acting Accounting Officer

Executive Overview

The 2025/26 financial year marked a period of strengthened governance, improved financial discipline, and continued fulfilment of the Legislature's constitutional mandate of law-making, oversight, and public participation. As Acting Secretary, I am pleased to present this report in accordance with the Financial Management of Parliament and Provincial Legislatures Act (FMPPLA), 2009.

The Legislature continued, throughout the year, to give effect to its constitutional mandate of law-making, oversight and facilitating public involvement, while strengthening the systems of internal control systems and financial management practices that support institutional resilience and clean administration. that underpin this work.

Financial Performance Overview

The Legislature's financial position improved significantly during the year under review. Total revenue increased to R370,004,136, up from R344,759,079 in 2025, driven by statutory appropriations, service-in-kind contributions, and interest income.

Total expenditure amounted to R360,510,887, resulting in a surplus of R8,734,615, which moved the institution from a restated net liability position to a positive net asset position at year-end.

The Legislature achieved a spending rate of 93.7% against the adjusted budget of R370,441,000. While overall budget execution improved, certain capital and goods-and-services programmes were delayed due to procurement and approval processes not finalised within the financial year.

Investment and asset management

The Legislature invested in property, plant and equipment during the year, mainly on IT equipment, motor vehicles and office equipment, to sustain service delivery capacity.

A fixed asset register compliant with Section 30 of the FMPPLA is maintained and available for inspection. Heritage assets, including the antiques housed at the Fourth Raadsaal, continue to be safeguarded.

Employee benefit obligations and liabilities

Long-term obligations for long-service awards, gratuities, and exit benefits for Members and employees were actuarially valued in accordance with GRAP 25.

Governance, compliance and audit outcome

The Legislature achieved an unqualified audit opinion with:

- No material findings on performance information
- No material non-compliance with legislative requirements
- No significant internal control deficiencies

Going concern and events after the reporting date

The Legislature remains financially stable and able to operate for the foreseeable future, supported by reliable government funding.

Appreciation

I wish to express my sincere appreciation to the Speaker and the Presiding Officers for their leadership, to Members of the Legislature, and to the Chief Financial Officer, management and staff for their continued commitment to sound financial management and clean administration during the year under review.

In addition, I extend my gratitude to the Audit Committee for its rigorous oversight, strategic guidance, and assurance on the effectiveness of internal controls and risk management processes. Their independent scrutiny has been instrumental in supporting the Legislature's achievement of an unqualified audit opinion.

I further acknowledge the critical role played by the Budget and Oversight Committee, whose diligent interrogation of financial plans, expenditure trends, and resource allocations ensured that the Legislature remained aligned to its strategic priorities while maintaining fiscal discipline. Through its unwavering commitment to accountability and transparency, evident in its monitoring of executive performance, follow-up on resolutions, and scrutiny of institutional compliance, the Committee has significantly strengthened the Legislature's ability to deliver on its constitutional mandate.



C Sefo

Acting Secretary to the Legislature



4.2 Statement of responsibility and confirmation of the accuracy of the draft Annual Report

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

- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate, and free from material omissions.
- The Annual Financial Statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards and the relevant frameworks and guidelines issued by the National Treasury.
- I am responsible for the preparation of the Annual Financial Statements and for the findings contained therein.

The Accounting Officer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance regarding the integrity and reliability of performance information, human resources information, and the Annual Financial Statements.

External auditors have been engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, performance information, human resources information, and financial affairs of the Legislature for the financial year ended 31 March 2026.

Yours faithfully



M.L. Sefo
Acting Secretary to the Legislature

31 May 2026

4.3 Strategic Overview

Vision

“Promotion of good governance that serves the interest of Free Staters.”

Mission

To ensure good governance through law making, public participation and oversight.

Values

The work of the Free State Legislature is conducted on a platform of a formalized set of values. These values are a set of beliefs that guide the management of the Free State Legislature, it is the foundation of policies that provide guidance in the implementation of services and projects.

Integrity

Loyalty

Fairness

Empowerment

Innovation

Commitment

Productivity

Batho Pele

Accountability

Transparency

Respect

Diversity

Leadership

Ethic

4.4 Legislative and other mandates

4.4.1 Constitutional mandate

Section 10 (1) of the Constitution of the Republic of South Africa, 1996, provides that: “The legislative authority of a province is vested in its provincial legislature. Section 114(1) and (2) of the Constitution provide further for the powers of a Provincial Legislature to include; (a) the consideration, passing, amendment or rejection of bills; (b) to initiate or prepare legislation, except money bills; (c) to ensure that all provincial executive organs of state in the province are accountable to it and (d) to maintain oversight of the exercise of provincial executive authority in the province, including the implementation of legislation and any provincial organ of state.

Section 118 (1) and (2) of the Constitution requires the Legislature to:

Facilitate public involvement in the legislative and other processes of the legislature and its committees;

Conduct its business in an open manner, and hold its sittings, and those of its committees, in public, but reasonable measures may be taken:

- i) To regulate public access, including access of the media, to the legislature and its committees; and
- ii) To provide for the searching of any person and, where appropriate, the refusal of entry to, or the removal of, any person.

Subsection 118(2) provides that a provincial legislature may not exclude the public, including the media, from a sitting of a committee unless it is reasonable and justifiable to do so in an open and democratic society.

4.4.2 Legislative and other Mandates

Policy mandates

The Legislature has developed a range of policies pertaining to elected representatives, political parties, staff and various institutional practices in order to guide and regulate the daily implementation of services and projects.

In respect of such policies, the review highlighted the need to ensure that existing shortcomings and weaknesses are identified and that key legislation and good governance frameworks, such as King reports on governance and good business practices, are incorporated into the existing policy framework.

Executive Authority

Section 3 (2) of FMPPLA states: “in such application, a reference in the Act to (c) the Speaker of the National Assembly or the Chairperson of the National Council of Provinces must be construed as a reference to the Speaker of the Provincial Legislature concerned.”

Political Parties

The Policy on Funding of Political Parties represented in the Free State Legislature that provides for financial and administrative support through office and Constituent grants.

Administrative policies of the Legislature

A range of institutional policies in support of the Administration are applied.

- Legislation covering establishment and composition of Legislature as well as matters relating to elected representatives and political parties and matters incidental thereto
- Financial Management of Parliament and Provincial Legislatures Act, 2009

Organisational Environment

The organizational environment of the Free State Legislature is structured to support its constitutional mandate as the primary legislative body of the Free State province in South Africa.

Overview of its key components:

Functions and Mandate

- **Legislative Powers:** The Free State Legislature has the authority to pass laws.
- **Oversight and Accountability:** It oversees the provincial government and ensures accountability by the Executive Council.
- **Public Participation:** The Free State Legislature facilitates public debate and engagement in law-making processes.

4.4.3 Administrative Support

- **Annual Performance Plans, Annual Reports and Strategic Plans:** The Legislature publishes annual performance plans and annual reports detailing its activities and strategic plans.
- **Financial Management:** Serve to manage the provincial budget through appropriation bills.

Overall, the Free State Legislature operates within a framework designed to promote democracy, good governance, and public participation, while ensuring accountability and oversight of the provincial government.

- The Free State Legislature's approved organisational structure has a total of **198** positions, and the details are as follows:
- Filled posts = **150** (76%)
- Unfilled posts = **48** (24%)

- Out of a total number of **152** employed staff members, we have 78 males and 74 females in our structure:
- It is further composed of key elements that define how an organization is structured, including work specialization, departmentalization, chain of command, span of control and it is constituted as follows:
- 18 - fixed term contract employees.
- **134 - Permanent employees in the FSL staff establishment**

4.5 Organisational Structure

The Presiding Officers of the Legislature:

The Speaker to the Legislature is Hon MA Dukwana

The Deputy Speaker is Hon NL Ndungane

The Chair of Chairs is Hon TP Meeko

The Secretariat Officials:

The acting Secretary to the Legislature is Ms Connie

Sefo The Deputy Secretary is Mr Steven Mabalane

The Chief Financial Officer is Mr Quintin Hugo

4.6 POLITICAL LANDSCAPE OF THE FREE STATE LEGISLATURE

Political Parties represented in the Legislature.

The seat allocation in the Legislature

Political Party	No of Seats
African National Congress	16
Democratic Alliance	7
Economic Freedom Fighters	4
Freedom Front Plus	1
ACT	1
MK	1

4.7 Determination of Whips to Political Parties

The Multi-party Whips' committee performs the functions and responsibilities assigned to it by the Standing Rules and Orders and such functions relate to both administrative and procedural matters. The Whips are also assigned specific functions by the respective political parties that may relate to Members' discipline, constituency offices and the administration of funds allocated to political parties in terms of the Policy on Funding of Political Parties in the Legislature.

The formula for the allocation of Whips to political parties were not reviewed or amended during the financial year under review.

The following Members served as Whips for their respective political parties as of 31 March 2026:

• Chief Whip (ANC and Legislature)	Hon. MT Khoabane
• DA	Hon. DE Janse van Vuuren
• EFF	Hon. M Msimanga
• FF+	Hon. AB Cloete
• ACT	Hon. MJ Mkhabela
• MK	Hon. MJ Foko

4.8 Official Opposition

The Democratic Alliance holds 7 seats in the Legislature and is the Official Opposition.

4.9 Remuneration of Elected Representatives

The remuneration of political representatives is determined by the Independent Commission for the Remuneration of Public Office-bearers that submits its recommendation annually to the President. Salary increases were implemented in March 2026 to Members of the Legislature for the 2025/26 financial year. Reference to Government Gazette 53965, number 7004 of 16 January 2026.

4.10 Members of the Provincial Legislature as of 31 March 2026

[Excluding Premier and Members of Executive Council]

Member	Political Party	Portfolio
Hon MA Dukwana	ANC	Speaker
Hon NL Ndungane	ANC	Deputy Speaker
Hon TP Meeko	ANC	Chairperson of Chairpersons of Committees
Hon MD Khoabane	ANC	Chief Whip Chairperson: Public Accounts and Finance
Hon AB Cloete	FF+	Chairperson: Cooperative Governance, Traditional Affairs, Office of the Premier, Legislature and Police Leader: Minority Party
Hon ZL Sigwebela	ANC	Chairperson: Agriculture, Rural Economic Development, Small Business, Sport, Arts & Culture
Hon DE Janse van Vuuren	DA	Chairperson: Public Works, Infrastructure, Roads, Roads, Transport and Human Settlements Whip: Official Opposition
Hon MI Liphoko	EFF	Chairperson: Education, Health, and Social Development
Hon NJ Garekoe	ANC	Chairperson: Budget & Oversight Deputy Chief Whip - ANC
Hon R Jankielsohn	DA	Leader: Official Opposition
Hon W Pretorius	DA	Member
Hon D Leech	DA	Member
Hon MJ Mokoena	DA	Chairperson: Petitions
Hon TD Masoeu	DA	Member
Hon DMC McKay	DA	Member
Hon MI Liphoko	EFF	Leader: Minority Party
Hon MJ Msimanga	EFF	Member
Hon LJ Nanyane	EFF	Member
Hon AM Tshabalala	EFF	Member
Hon MD Mkhabela	ACT	Leader: Minority Party
Hon MJ Foko	MK	Leader: Minority Party

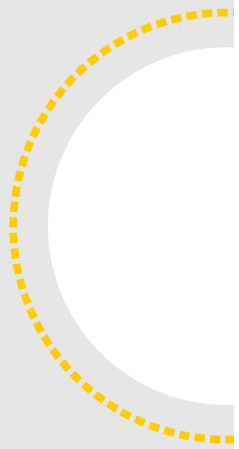
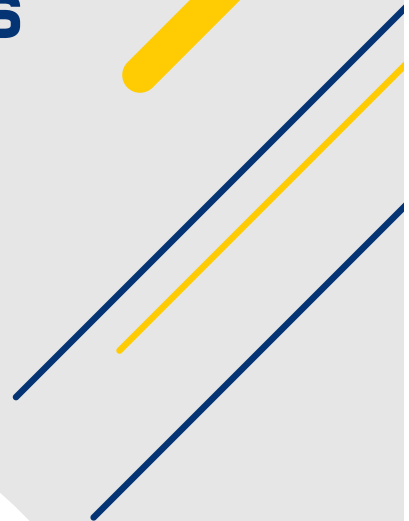
4.11 Premier and Members of the Executive Council

Member	Portfolio
Hon MJ Letsoha-Mathae	Premier
Hon TZ Mokoena	MEC: Human Settlements, Cooperative Governance and Traditional Affairs
Hon MK Makume	MEC: Treasury MEC: Economic Development, Small Business Development, Tourism and Environment Affairs
Hon JNI Mbalula	MEC: Community Safety, Roads, and Transport
Hon DK Mance	MEC: Public Works and Infrastructure
Hon MV Mahlatsi	MEC: Health
Hon MJ Maboya	MEC: Education
Hon EC Rockman	MEC: Agriculture and Rural Development
Hon NB Sifuba	MEC: Sport, Arts, Culture and Recreation
Hon NS Leeto	MEC: Social Development

4.12 Permanent Delegates to the National Council of Provinces as at 31 March 2026

Hon BA Radebe	African National Congress
Hon EP Noe	African National Congress
Hon MG Dhlamini	African National Congress
Hon IG Scheurkogel	Democratic Alliance
Hon M Makesini	Economic Freedom Fighters
Hon T Breedt	Freedom Front Plus

**FREE STATE LEGISLATURE
ANNUAL REPORT 2025/26**



**PERFORMANCE
INFORMATION**



PERFORMANCE INFORMATION

LIST OF ABBREVIATIONS

APR	APR
APP	APP
COVID 19	COVID 19
FMPPLA	FMPPLA
FSL	FSL
HR	HR
HRD	HRD
HRM	HRM
ICT	ICT
IT	IT
IYM	IYM
MoU	MoU
MPL	MPL
MTEF	MTEF
NCOP	NCOP
NDP	NDP
PAIA	PAIA
PAJA	PAJA
PMS	PMS
SALS	SALS
SCM	SCM
SF	Speakers' Forum
SOP	SOP
SWOT	SWOT

PART B: PERFORMANCE INFORMATION

Performance information is hereby submitted separately on 31 May 2026. The numbering is aligned with the draft Annual Report 2025/2026. Once the audit opinion is expressed, the Performance Information will be inserted into the final Annual Report

5. PERFORMANCE INFORMATION

Executive Authority	Speaker
Administering Entity	Free State Legislature
Accounting Officer	Secretary to the Legislature

Voted Funds

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000
MCS	317,306	370,441	356,078	14,373

Aim of Vote

The aim of Vote 2: Provincial Legislature is multifaceted:

- **Supporting Legislative Functions:** This Vote provides procedural and administrative support services essential for the Legislature to carry out its constitutional duties. These include the consideration of legislation, performing monitoring and oversight functions, ensuring accountability from the Executive Council, and facilitating public participation in legislative processes.
- **Enabling Legislative Operations:** The Vote ensures that the House, its committees, and Members have access to necessary facilities. It also enables political parties represented in the Legislature to obtain administrative support services, thereby enhancing their ability to serve constituents effectively.
- **Compensation and Remuneration:** Additionally, the Vote covers the remuneration of elected representatives and employees of the Legislature, ensuring that they are adequately compensated for their roles.

5.1 Service delivery environment

The Free State Legislature (FSL) plays a crucial role in ensuring effective service delivery in the Free State Province through its constitutional mandate. Here is an overview of its service delivery environment for 2025/26:

Key Responsibilities and Functions

- **Law Making:** The FSL is responsible for making laws that are responsive to the needs of the people of the Free State. It considers, passes, amends, or rejects bills, excluding money bills.
- **Oversight and Accountability:** The Legislature holds provincial executive departments accountable for service delivery. It ensures that these departments and entities fulfil their promises and deliver on service priorities.

- **Public Participation:** The FSL facilitates public involvement in legislative processes through outreach programmes, public hearings and consultations, ensuring that the populace' voices are heard.

Service Delivery Environment

- **Strategic Plan:** The Legislature operates under a strategic plan (2024-2029) aimed at enhancing its constitutional functions, including law-making, oversight, and public participation.
- **Financial Support:** The main source of funding for the Legislature's operations comes from the Provincial Treasury.
- **Organisational Structure:** The Speaker of the Legislature is the Executive Authority, while the Secretary to the Legislature serves as the Accounting Officer.

5.2 Organizational environment

The organisational environment of the Free State Legislature is structured to support its constitutional mandate as the primary legislative body of the Free State province.

Functions and Mandate

- **Legislative Powers:** The Free State Legislature has the authority to pass laws.
- **Oversight and Accountability:** It oversees the provincial government and ensures accountability by the Executive Council.
- **Public Participation:** The Free State Legislature facilitates public debate and engagement in law-making processes.

Administrative Support

- **Annual Performance Plans, Annual Reports and Strategic Plans:** The Legislature publishes annual performance plans and annual reports detailing its activities and strategic plans.
- **Financial Management:** Serves to manage the provincial budget through appropriation bills.

Overall, the Free State Legislature operates within a framework designed to promote democracy, good governance, and public participation, while ensuring accountability and oversight of the provincial government.

The Free State Legislature's approved organisational structure has a total of 198 positions and the details are as follows:

- Filled posts = 150 (76%)
- Unfilled posts = 48 (24%)

Out of a total number of 152 employed staff members we have 78 males and 74 females in our structure. It is further composed of key elements that define how an organisation is structured, including work specialisation, departmentalisation, chain of command, span of control and it is constituted as follows:

- 18 - fixed term contract employees.
- 134 - Permanent employees in the FSL staff establishment

5.3 Key policy developments and legislative changes

The changes on the legislative and policy developments affecting the Free State Province and the Legislative Sector resulted in the Free State Legislature making commitments to promoting good governance, economic development and engagement in the Free State during the 2025/26 financial year.

Strategic Outcome Oriented Goals of the institution

Strategic Goal	Goal Statement	Justification	Links
Strategic Goal 1: Providing Leadership and strategic management in the Free State Legislature	To ensure good governance through compliance of legislation and policies for effective and efficient institution through improvement of institutional governance and technologies, as well as the development of human capital.	Deepening parliamentary democracy, separation of powers and checks and balances is possible only with a competent administration built on skills and sound governance, policies and systems.	Improvement of service delivery; Maximising efficiency and value for money; Customer satisfaction, responsiveness and Batho Pele principles
Strategic Goal 2: Support to Members and Political Parties	To create conducive environment and increase the skills and provide resources to Members and Political Parties.	Members must be empowered to fulfil their responsibilities as such, and political parties play an important role in the political representation.	Building a dynamic and vibrant democracy; Strengthen engagement with constituents
Strategic Goal 3: Law making, conduct Oversight over the Provincial organs of the state and facilitate public involvement	Law making, enhance quality of oversight on the performance of the Provincial organs of state and facilitate public involvement.	Increasing the compliance of the Executive with the constitutional obligations of accountability and pursuing concrete results through the oversight process.	Accountability, openness and transparency are cardinal principles that permeate the constitution
Strategic Goal 4: To support the promotion of meaningful international relations	Meaningful international stakeholder relations	The constitution demands of the Legislature to conduct its business openly and to ensure that the people are involved in its process.	Linked to the broader national goal of deepening participatory democracy

5.4 Performance Information – by Programme

The Annual Performance Plan 2025/26 provides the framework for reporting on performance. Quarterly reports are produced to assess the Free State Legislature's achievements and challenges. The Annual Report is grounded in the Annual Performance Plan 2025/26 integrating the results of quarterly evaluations.

5.5 Strategic objectives, performance indicators, planned targets and actual achievements

APP 2025/26 listed performance indicators across four programmes. All performance indicators were achieved, with partial achievement of 4 performance indicators recording an achievement rate of 93.7%.

Programmes	Number of performance indicators	Achieved	Not achieved	Comment
Institutional Leadership and Administration	41	38	3	Partially Achieved
Core Business	19	19	0	Achieved
International Relations	1	1	0	Achieved

Members and Political Parties Support	2	1	1	Partially Achieved
Total	63	59	4	

Programme 1: Institutional Leadership and Administration

Programme 1: Administration provides for the core political and administrative management of the institution through the Office of the Speaker and the Office of the Secretary whilst also delivering a support service to other programmes in the budget vote through the Finance and Corporate Services divisions. It facilitates the legislative and oversight functions through the programmes of the Household and Portfolio Committees and provides institutional support and corporate services.

The sub-programme structure comprises of the following:

- The Office of the Speaker includes all activities of the Office of the Presiding Officers, including the funding of programmes and activities of Household and Portfolio Committees.
- The Office of the Secretary to the Legislature includes (1) Legal Services (2) Strategic Management Directorate, (3) Internal Audit unit, (4) Security Unit
- The Finance Division includes the (1) Financial Management Directorate, (2) Supply Chain Management Directorate
- The Corporate Services Division includes (1) the Human Resources Directorate and (2) the Institutional Support Directorate.

Programme Performance

The evaluation of performance is based on the number of performance indicators which have been achieved (Programme 1: Institutional Leadership and Administration recorded overall achievement of its listed performance indicators.

Subprogramme	Number of performance indicators	Achieved	Not achieved	Comment
Office of the Speaker	4	4	0	Achieved
Office of the Secretary	13	10	3	Partially Achieved
Finance & Supply Chain Management	13	13	0	Achieved
Human Capital Management and Institutional Support Service	10	10	0	Achieved
Total	41	38	3	Partially Achieved

Sub-Programme Name	Final Appropriation 2024/25 R'000	Actual Expenditure 2024/25 R'000	(Over)/Under Expenditure 2024/25 R'000	Final Appropriation 2025/26 R'000	Actual Expenditure 2025/26 R'000	(Over)/Under Expenditure 2025/26 R'000
Institutional Leadership	195 295	192 350	2 945	196 470	185 303	11 167

Office of the Speaker

Direct support services are rendered to ensure that the Office is able to meet its objectives and requirements. These include political, administrative and operational matters. The sub-programme also provides for the activities of Household and Portfolio Committees to ensure that both institutional governance priorities as well as key responsibilities for oversight and accountability are addressed.

Programme 1: Institutional Leadership | Sub-programme: Office of the Speaker

Purpose: To provide political leadership and management support to ensure effective functioning of the Legislature and the Office of the Speaker towards the fulfilment of the constitutional mandate. Outcomes: Enhanced Accountability of Government; Efficient Institutional Governance; Support for Legislative and Oversight Functions; Executive Leadership and Management.

Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
Monitor macro-political and administrative direction and systems supporting the business of the Legislature through Quarterly performance reports and expenditure reports	Monitor macro political and administrative direction and systems supporting the business of the Legislature through the submission of: Quarterly performance reports; and Quarterly expenditure reports.	Monitor macro-political and administrative direction and systems supporting the business of the Legislature through the submission of: Quarterly performance reports; and Quarterly expenditure reports.	4 x Quarterly performance reports and 4 x expenditure reports submitted and validated	No Deviation	None
Number and timeframe of statutory reports received and processed	Two (2) budget submissions received and processed	Two (2) budget submissions received and processed	Two (2) budget submissions received and processed	No Deviation	None

In-year reporting (monthly financial statements) must be submitted to the Executive Authority for consideration and comment	In-year reporting (monthly financial statements) must be submitted to the Executive Authority for consideration and comment.	In-year reporting (monthly financial statements) must be submitted to the Executive Authority for consideration and comment.	Submission of monthly reports to the Executive for consideration and comment. Achieved	No Deviation	None
Enhancement of stakeholder partnerships with institutions supporting democracy (Chapter 9 & 10)	Three (3) Meetings were held with institutions supporting democracy (Chapter 9 and 10)	Develop working relations with institutions supporting democracy (Chapter 9 and 10) and other stakeholders.	One (1) quarterly report of meeting held by each of the institutions supporting democracy (Chapter 9 and 10). Achieved	No Deviation	None

Office of the Secretary

The Office of the Secretary bears responsibility for the overall effective and efficient management and administration of the Legislature. It is responsible for all aspects relating to the provision of support services, i.e. corporate, financial, procedural and legal, to create an enabling environment in which the Legislature effectively and efficiently executes its constitutional mandate.

Programme 1: Institutional Leadership | Sub-programme: Office of the Secretary

Purpose: To provide overall effective and efficient management and administration of the Free State Legislature. Outcomes: Efficient Strategic Management and Institutional Leadership; Enhanced Accountability and Oversight; Improved Efficiency of Institutional Governance; Facilitation of Public Participation and Education.

Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
Number of Legislature Management Meetings held	Eleven (11) Legislature Management Meetings held, and number of reports compiled.	4 meetings per year	4 x Meetings per Quarter held and reports compiled. Achieved	No Deviation	None
Frequency of reports compiled on activities of corporate governance structures	Four (4) quarterly meetings held by each of the corporate governance structures	4 reports per year	4 x reports per quarter. Achieved	No Deviation	None

Programme 1: Institutional Leadership | Sub-programme: Legal Services

Purpose: To provide legal direction and leadership within the Free State Legislature. Outcomes: Providing administrative and strategic direction; Supporting law-making and oversight; Strengthening institutional governance.

Performance Indicator	Planned Target 2025/26	Actual Achievement 2025/26	Deviation	Reasons for Deviation
Number of litigation cases managed on behalf of FSL	40 cases managed	6 cases managed per annum	Under-achievement: 34 cases below target	During the 2025/26 financial year, the Free State Legislature (FSL) received only 6 litigation instructions from internal clients and the Office of the Speaker, compared to the planned target of 40 cases. The shortfall of 34 cases (85% below target) was not attributable to capacity constraints or budget limitations within Legal Services, but rather to a significant reduction in the volume of litigation matters arising from the institution's operational activities during the reporting period. Specifically, the 40-case target was informed by historical litigation trends from prior years; however, 2025/26 saw a materially lower incidence of disputes, legal challenges, and litigious engagements directed at or initiated by the FSL. The institution did not receive anticipated litigation from third parties, labour disputes were resolved at conciliation level before formal case instructions were issued, and the legislative programme did not generate the anticipated volume of legal contestation. All 6 instructions received were managed to completion within the reporting period. The under-achievement reflects actual demand and not a failure to deliver services. No adverse impact on service delivery resulted, as all active litigation matters were fully attended to. Corrective measure: The planned target for 2026/27 will be reviewed and calibrated against actual litigation trends to ensure it is realistic and evidence-based.

Number of policies, legal opinions, and agreements drafted, edited and vetted	30 documents completed	7 documents completed; 7 instructions recorded	Under-achievement: 23 documents below target	Against a planned target of 30 documents (covering policies, legal opinions, and agreements), Legal Services completed 7 documents during 2025/26, representing an under-achievement of 23 documents (77% below target). The shortfall arose directly from the low volume of instructions received from Directorates and sub-programmes within the FSL during the year. Legal Services operates on a demand-driven model: documents are drafted, vetted, or edited only upon formal instruction from the relevant programme or administrative unit. During 2025/26, FSL issued only 7 formal instructions to Legal Services for document preparation. This was influenced by delayed policy review cycles within operational programmes, fewer inter-directorates agreements requiring legal vetting, and the deferral of certain institutional governance reviews to the 2026/27 financial year. The 7 documents completed were finalised within the prescribed turnaround times and met the required quality standards. The under-achievement is demand-driven and does not reflect a failure to provide legal services when requested. Corrective measure: Legal Services will engage Programme Directors and Managers at the start of Q2 2026/27 to conduct a formal needs assessment and pipeline forecast for document preparation requirements, enabling a more accurate planned target and proactive instruction management.
Number of training sessions conducted on SOP, PAIA, PAJA and related legislation	8 sessions conducted	3 sessions conducted	Under-achievement: 5 sessions below target	Against a planned target of 8 training sessions on legislative and procedural compliance (including PAIA, PAJA, and institutional SOPs), Legal Services conducted 3 sessions during 2025/26, representing an under-achievement of 5 sessions (62.5% below target). The shortfall was caused by scheduling conflicts arising from the alignment of Legal Services 2025/26; training programme with the broader

				institutional programme calendar of the Free State Legislature. On five occasions, confirmed training sessions could not proceed as scheduled due to: (1) parliamentary sitting days that required the availability of all administrative staff in a support capacity, preventing staff from attending or facilitating scheduled training; (2) the legislative recess periods being reprogrammed mid-year, resulting in institutional activities being rescheduled into time slots originally reserved for training; and (3) a whole-of-institution engagement exercise conducted in Q3 2025/26 that replaced planned training windows. The 3 sessions that were conducted covered PAIA application procedures and SOP compliance, with a combined attendance of officials. Session materials were distributed to all intended participants for the sessions that could not proceed. Corrective measure: For 2026/27, Legal Services will integrate its training calendar into the Free State Legislature 2026/27 Master Programme Calendar at the start of Quarter 2 of the financial year 2026/27 and schedule training sessions on dates pre-cleared as free from parliamentary and institutional obligations.
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Strategy and Risk Management

Programme 1: Institutional Leadership Sub-programme: Strategy & Risk Management					
Purpose: To provide planning and performance monitoring and evaluation services and Risk Management in order to enhance institutional effectiveness. Outcomes: Effective planning and performance monitoring; Robust risk management; Enhanced institutional effectiveness.					
Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
Annual Performance Plan Development	A revised Annual Performance Plan 2024/25 developed by 29th November 2024	Develop and submit Draft APP 2026/27 by 31 May 2026	Draft APP 2026/27 by 31 May 2026	No Deviation	None

	and a draft Annual Performance Plan 2025/26 developed by 29th November 2024		submitted and validated		
Institutional Performance Reports	One (1) mid-year and Four (4) Quarterly Performance Reports and (1) Annual Report compiled and submitted.	Submit 1 mid-year assessment report and 4 quarterly performance reports	4 x quarterly Institutional Performance Reports developed.	No Deviation	None
Risk Management Plan and Reporting	One (1) risk management action plan developed and report compiled	Develop risk management plan quarterly. Submit 4 quarterly risk reports	4 x Risk plan developed.	No Deviation	None

Internal Audit

Programme 1: Institutional Leadership Sub-programme: Internal Audit					
Purpose: To provide independent assurance that Free State Legislature Risk Management, Governance and Internal Control are operating optimally. Outcomes: Ensuring compliance, risk management, and optimal governance and internal control within the Legislature.					
Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
Internal audit charter and audit committee charter reviewed and approved	Three-year risk-based internal audit plan reviewed annually.	2 charters reviewed and approved by 30 Mar 2026	Final approval of audit charter and audit committee charter achieved	No Deviation	None
Development and review of a three-year risk-based internal audit plan	Three year risk based audit plan reviewed and one year operational plan developed.	Plan developed and approved by 30 Mar 2026	Internal Audit Plan finalised. Achieved	No Deviation	None
Number of internal audits conducted as per operational plan	One-year audit operational plan developed and four (4) quarterly audit reports compiled	Conduct 12 audits (3 per quarter)	12 x quarterly audit reports. Achieved	No Deviation	None

Quarterly internal audit progress reports compiled and submitted	–	4 reports compiled on time	4 x audit progress reports. Achieved	No Deviation	None
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Protection Services

Programme 1: Institutional Leadership Sub-programme: Protection Services					
Purpose: Provide internal and external protection and security services for the Legislature. Outcomes: A safe and secure environment for the effective functioning of the Legislature.					
Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
Number of quarterly reports on protection services programme compiled and submitted	4 x Quarterly Reports compiled on the implemented Security programme	4 comprehensive quarterly reports submitted on time	4 x quarterly reports submitted by end of each quarter. Achieved	No Deviation	None

Finance

Programme 1: Institutional Leadership Sub-programme: Finance					
Purpose: To render financial management services. Outcomes: Effective and efficient institutional governance and administration through sound financial management and accountability.					
Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
Submission of Annual Financial Statements	1	Submission of Annual and adjusted Estimate of Provincial Revenue and Expenditure .	Number of annual financial statements submitted by the due date. Achieved	No Deviation	None
Submission of bi-annual financial statement	1	Bi-annual Financial Statements to be completed for Treasury to consolidate	One (1) Bi-annual Financial Reports submitted as on 31 March and 30 September 2025	No Deviation	None

Submission of Annual Estimates of Provincial Revenue and Expenditure	1	Submission of Annual Estimate of Provincial Revenue and Expenditure in line with Treasury Budget Technical guide and due dates	Number of finalised Annual Estimates of Provincial Revenue and Expenditure submitted by the required due date	No Deviation	None
Submission of Finalised Adjusted Estimates of Provincial Revenue and Expenditure due date	1	Submission of Adjusted Estimates of Provincial Revenue and expenditure Treasury Budget Technical guide and due dates	12 expenditure IYM per quarter to be submitted. Achieved	No Deviation	None
Submission of Number of monthly In-Year Monitoring (IYM) narrative reports to track expenditure and identify early warnings	12	Monthly In-Year Monitoring (IYM) narrative reports to track expenditure and identify early warning	Monthly In-Year Monitoring (IYM) narrative reports to track expenditure	No Deviation	None
Proper Monitoring and control over financial assets of the institution	12	Monitoring and control over financial assets of the institution, Filing of relevant ledger reconciliations	12 Monitoring and control instruments over financial assets. Achieved	No Deviation	None
Processing of monthly Payroll	12	Monthly payroll administration and reporting	Processing of monthly payroll. Achieved	No Deviation	None

Supply Chain Management

Programme 1: Institutional Leadership | Sub-programme: Supply Chain Management

Purpose: To acquire goods and services in compliance with legislation and internal policies and management of assets. Outcomes: Efficient, compliant and effective acquisition of goods and services, proper management of assets, contributing to good governance.

Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
Report on suppliers' database update performed	4 supplier database reports produced.	Perform supplier database update and 1 X report at the end of every quarter	Quarterly system report on database update produced. Achieved	No Deviation	None

Number of stock count performed and reports produced	4 reports on stock counts.	Perform stock count and 1 X report at the end of every quarter	Quarterly stock count performed, and report produced. Achieved	No Deviation	None
Annual assets verification performed and reported	1 physical assets verification report.	Perform and report 1x physical assets verification annually at the end of the 4th quarter	1 physical asset verification performed, and report produced	No Deviation	None
Number of registers on assets acquisitions, transfers and disposals updated and assets reconciliations performed	4 Reports on acquisitions, transfers, disposal registers.	Perform assets reconciliations and update registers on assets acquisitions, transfers, disposals and produce 1 x report for each at the end of every quarter	Quarterly update and reports on assets acquisitions, transfers, and disposals and assets reconciliations performed. Achieved	No Deviation	None
Number of registers on fruitless, irregular, deviation, local content and contracts updated	4 Fruitless, Irregular and Deviation (FID) register, local content and contract register updated and reported.	Update registers on Fruitless, Irregular, Deviation, Local content and Contracts and produce 1 x report every quarter	Quarterly update and reports on Fruitless, Irregular, Deviation, Local content and Contracts register produced. Achieved	No Deviation	None
Frequency of suppliers' accounts reconciliation performed and reports produced	4 reports on supplier's accounts reconciliation produced.	Perform suppliers' accounts reconciliation and produce 1 x report at the end of every quarter	Quarterly suppliers' accounts reconciliation performed and produced. Achieved	No Deviation	None

Human Capital Management

Programme 1: Institutional Leadership | Sub-programme: Human Capital Management

Purpose: To provide people's systems, recruitment, culture, development, and retention on human capital.
Outcomes: Development of an effective, efficient, and well-managed institution through sound governance and the advancement of human resources.

Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
HCM Strategy Implementation	Draft HCM Strategy and HCM Plan aligned to the Strategic Plan 2024-2029 developed	Reports of HCM initiatives launched (e.g., e-learning, recruitment drives)	4 x quarterly reports on initiatives. Achieved	No Deviation	None
Promotion of Labour Peace	Four (4) quarterly reports were developed and submitted on Labour Relations	Compliance to labour related legislation	4 x quarterly reports on labour relations. Achieved	No Deviation	None
Health and Wellness Engagements	Four (4) quarterly reports were developed and submitted on Labour Relations	Report on employees using wellness programmes	4 x quarterly reports on wellness. Achieved	No Deviation	None
Training and Development Impact	Four (4) quarterly reports developed on the implementation of training and development plan including learning programmes	Report of staff completing certified training	4 x quarterly reports on training and development. Achieved	No Deviation	None

Institutional Support Services

Programme 1: Institutional Leadership Sub-programme: Institutional Support Services					
Purpose: To provide effective and efficient institutional support and ICT systems and tools in support of the Legislature. Outcomes: Effective and efficient institutional support and ICT systems in place critical for the Legislature to function optimally.					
Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
ICT Services availability (Uptime)	Four (4) quarterly reports for maintained ICT infrastructure maintenance reports	Achieve 99.5% uptime of ICT services annually	4 x quarterly ICT services Report. Achieved	No Deviation	None
ICT infrastructure maintenance	Four (4) quarterly reports ICT infrastructure availability reports.	Complete 4 scheduled maintenance activities per quarter	4 x quarterly report on ICT. Achieved	No Deviation	None
Information Security management	12 Monthly ICT backup reports compiled	Conduct 2 security audits and resolve 100% of critical vulnerabilities annually	2 x bi-annual report on data security. Achieved	No Deviation	None
Digitisation and Automation	4 quarterly reports for digitisation and automation of business processes	Maintain Digitisation and Automation of Business process	4 x quarterly report on provision of communication on benefits and tools. Achieved	No Deviation	None
Communication benefits provision	4 quarterly reports compiled.	Distribute and activate communication devices (phones, data gadgets) by March 2026	4 x quarterly report on provision of communication benefits and tools. Achieved	No Deviation	None
Fleet and office Management	4 quarterly reports compiled.	Perform 12 fleet maintenance checks annually and 4 office maintenance activities annually	12 x Fleet management reports per quarter 4x office provisioning and maintenance. Achieved	No Deviation	None

PROGRAMME 1: NOTE. The Performance Information presented in this programme above is derived from aligned Quarterly targets set out in the Annual Performance Plan 2025/26 financial year. Quarterly Performance Reports provide the basis for the Annual Performance Information reported herein, ensuring consistency and comparability and result.

Programme 2: Core Business

Core Business is responsible for the rendering of support services in respect of the legislative, oversight and accountability functions of the House and its Committees. These services are rendered through the:

- Legislation and Oversight Directorate
- Public Participation, Communication and Marketing Directorate
- Hansard Directorate

The evaluation of performance is based on the number (fractions permitted) of strategic objectives which have been achieved. Programme 2: Core Business achieved 100% of its listed performance indicators.

Programme	Number of Performance indicators	Achieved	Not achieved	Comment
Core Business	19	19	0	Achieved

Programme Name	Final Appropriation 2024/25 R'000	Actual Expenditure 2024/25 R'000	(Over)/Under Expenditure 2024/25 R'000	Final Appropriation 2025/26 R'000	Actual Expenditure 2025/26 R'000	(Over)/Under Expenditure 2025/26 R'000
Core Business	55 225	54 896	329	73 353	74 788	(1 435)

Programme 2: Core Business | Sub-programme: Legislation and Oversight

Purpose: To provide overall procedural, research, secretarial, administrative, information and language support to achieve the Legislature's oversight and accountability functions. Outcomes: Enhanced Accountability of Government; Effective Legislative Process; Improved Efficiency of Institutional Governance.

Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
Adoption of Oversight report with the House resolutions	Three (3) Oversight Reports Adopted and considered	4 x Oversight Reports Adopted and submitted	4 x Oversight reports adopted and submitted	No Deviation	None

Consideration of responses to oversight (House) resolutions by committees	52% responses received from the oversight house resolutions from the MECs	4 x Report on Responses to House resolutions considered by committees	4 x reports on Responses to House Resolutions considered by committees	No Deviation	None
Production of Question Papers	Two (2) Question papers produced	4 x quarterly reports on Question Papers produced	4 x Quarterly reports compiled and submitted	No Deviation	None
Motions adopted by the House	100% Adopted motions by the House	4 x Reports on Motions adopted by the House	4 x Reports on Motions adopted by the House, reported	No Deviation	None
Adoption of Committee Reports on Petitions	1 x Adopted Committee Report on Petitions	4 x Committee Reports on Petitions adopted by the House	4 x Reports on Petitions adopted by the House	No Deviation	None
Number of Mandates compiled and submitted in terms of the NCOP programme	NCOP activities in the Free State Legislature	4 x Reports on Mandates conferred for Portfolio Committees	4 x Reports on Mandates conferred for Portfolio Committees	No Deviation	None
Number of mandates compiled for portfolio committees	Four (4) Quarterly reports compiled on (7) seven mandates for portfolio Committees	Reports on Mandates for Portfolio Committees	4 x Quarterly report compiled and submitted	No Deviation	None

Programme 2: Core Business | Sub-programme: Public Education, Participation, Communication and Marketing Services

Purpose: Increase public interest and awareness in the legislative and other processes through communication and effective constituency offices. Outcomes: Increased Public Education and Participation; Enhanced Accountability of Government; Improved Communication and Marketing.

Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
Number of public education and democracy workshops conducted Virtually and/or Hybrid	Eight (8) x Public Education and Democracy workshop conducted.	5 workshops	Five (5) public education and democracy workshop conducted virtually and/or hybrid	No Deviation	None

Number of sectoral Parliaments conducted and reports compiled virtually and or Hybrid	One (1) Sectoral Parliament on Disability Dialogue held	3 Parliaments with full reports	Three (3) Sectoral Parliament conducted virtually and/or hybrid.	No Deviation	None
Petitions processed within 90 days and quarterly reports compiled	Twenty (20) Petitions processed each within 90 days of receipt.	Petitions processed and quarterly reports compiled	4 x quarterly report on petitions compiled. 70 Petitions processed 90 days	No Deviation	None
Number of media engagements conducted to improve public relations	50 Public Media relations services	4 x media engagements reports (press releases, interviews)	4 x quarterly media engagement report.	No Deviation	None
Completion of annual Communication and Marketing Strategy review workshop involving all key stakeholder	Annual review of the Communication and Marketing Strategy – Not achieved	1 workshop completed with documented outcomes	1 workshop completed with documented outcomes	No Deviation	None
Number of Strategic marketing activities planned and concluded (micro and Macro)	54 x website uploads, 83 x Facebook uploads, 39 x YouTube uploads done & 4 x quarterly reports	4 x activities report	4 x activities report	No Deviation	None
Number of internal and external communications services provided	83 photography, 34 videography, 64 designs and four reports compiled	4 x communication product reports	4 x communication product reports	No Deviation	None

Programme 2: Core Business Sub-programme: Hansard					
Purpose: To co-ordinate and facilitate the business of the House, and to provide Hansard, language and interpretation services in support of the core business of the Legislature. Outcomes: Effective and efficient functioning of the Legislature through accurate records of legislative proceedings.					
Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
Compilation of Hansard records	22 x Hansard records compiled	Compile Hansard records quarterly in digital and/or hardcopy formats	4 x Hansard records report.	No Deviation	None
Interpretation services	34 x Interpretation services rendered	Provide interpretation services for sittings and committees per quarter in three official languages (on hybrid and physical platform), plus one sign language (virtual, hybrid, and physical platform)	4 x Interpretation services report.	No Deviation	None
Translation services	129 x Language Translation service rendered	Translate official documents per quarter in three official languages	4 x Translation reports.	No Deviation	None
Transcription services	69 x Language Transcription service rendered	Provide transcription services for debates and committee meetings (on request) per quarter	4 x Transcription service reports.	No Deviation	None

PROGRAMME 2: NOTE. The Performance Information presented in this programme above is derived from aligned Quarterly targets set out in the Annual Performance Plan 2025/26 financial year. Quarterly Performance Reports provide the basis for the Annual Performance Information reported herein, ensuring consistency and comparability and result.

Programme 3: International Relations

The purpose of this programme is to increase representation and participation in the international sphere.

Programme Indicator	Number of Performance indicators	Achieved	Not achieved	Comment
International Relations	1	1	0	Achieved

Budget and Expenditure resorts under Office of the Speaker

Programme 3: International Relations					
Purpose: To increase representation and participation in the international sphere. Outcomes: Improved efficiency of institutional governance by building international partnerships, sharing best practices, and increasing technical cooperation with international counterparts.					
Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
Number of bilateral meetings, international forums and engagements	4 x reports on strengthening participation of the Legislature on International Forum.	4 x reports	4 x reports on international activities. Achieved	No Deviation	None

PROGRAMME 3: NOTE. The Performance Information presented in this programme above is derived from aligned Quarterly targets set out in the Annual Performance Plan 2025/26 financial year. Quarterly Performance Reports provide the basis for the Annual Performance Information reported herein, ensuring consistency and comparability and result.

Programme 4: Members and Political Parties Support

Facilities and Benefits to Members and political parties provide for the rendering of direct support services and facilities to elected representatives of the Free State Legislature as per the Policy on Payments, Facilities and Benefits of Members of the Legislature and grants payable in respect of the Political Party Fund Act (4 of 2008).

This programme structure provides for the rendering of services according to two key policy documents of the Legislature, namely:

I). Policy on Facilities, Benefits and Payments to Members of the Legislature that provides for:

- Accommodation and relocation
- Communication Facilities
- Travelling Facilities
- Subsistence Allowances
- Study aid
- Remuneration
- Facilities for Members with special needs
- Accidents and death

II). Policy on funding of Political Parties represented in the Legislature that provides for:

- Payment of Office Allocation to Political Parties (including research allowance)
- Payment of constituent Allowance to Political Parties represented in the Legislature

Programme	Number of Performance indicators	Achieved	Not achieved	Comment
Members & Political Parties Support	2	1	1	Partial achievement: 1 of 6 parties (16.7%) non-compliant; specific grants withheld

Programme Name	Final Appropriation 2024/25 R'000	Actual Expenditure 2024/25 R'000	(Over)/Under Expenditure 2024/25 R'000	Final Appropriation 2025/26 R'000	Actual Expenditure 2025/26 R'000	(Over)/Under Expenditure 2025/26 R'000
Members & Political Parties	60,448	59,919	529	67,592	65,405	2,187

Programme 4: Members and Political Parties Support

Purpose: To coordinate provision of facilities, capacity building and benefits to Members of the Free State Legislature and funding to political parties in compliance with the constitution and applicable legislation.
Outcomes: Members and political parties receive necessary facilities, benefits, and support in compliance with constitutional and legislative requirements.

Programme Indicator	Actual Achievement 2024/25	Planned Target 2025/26	Actual Achievement 2025/26	Deviation from Planned Target	Comment on Deviations
Number of reports compiled and submitted on services provided to members	Four (4) reports compiled on services provided to Members	4 x reports	4 X report on services provided to Members compiled by March 2026. Achieved	No Deviation	None

Performance Indicator	Planned Target 2025/26	Actual Achievement 2025/26	Deviation	Reasons for Deviation
Enhancing support to members and Political Parties in accordance with Legislation and Policies	4 x quarterly reports; all 6 represented political parties to receive grant funding in compliance with applicable policy and legislation	5 of 6 political parties received full grant allocations. Specific grants withheld from 1 party. Constituency wages paid monthly. 1 party 2025/26 audited statements outstanding.	Partial achievement: 1 of 6 parties (16.7%) non-compliant; specific grants withheld	During the 2025/26 financial year, the Free State Legislature disbursed grant allocations to 5 of the 6 represented political parties in full and on schedule, in accordance with the Represented Political Parties' Fund (RPPF) policy and the applicable legislative framework. The partial non-achievement relates solely to one political party that failed to submit audited financial statements as required under Section 5.7 of the FSL Policy on Funding of Political Parties. In terms of Section 5.7 of the prescribed policy, submission of audited financial statements is a mandatory compliance condition for the release of specific grant components. As at the end of the 2025/26 reporting period, the party in question had not submitted its audited statements, despite written reminders issued by the FSL administration on [insert dates of reminders, e.g., 14 February 2026 and 18 April 2026]. Consequently, the FSL was legally and procedurally obligated to withhold the specific grant allocation until compliance was achieved. General constituency wages payable to this party continued to be disbursed monthly as these are not subject to the same conditionality. The withholding of funds was not a failure of administration but a deliberate and policy-compliant action taken to protect the FSL from audit risk

				and legal liability. The institution acted in accordance with its fiduciary duty and the prescripts of the funding policy. Service delivery impact: The non-compliance of one party did not affect the FSL 2025/26 ability to support the other 5 represented parties, whose full allocations were paid within the prescribed timeframes. The constituency work of the non-compliant party was, however, limited by the unavailability of specific grant funds, which is a consequence of the party 2025/26 own non-compliance. Corrective measure: The FSL will issue a formal compliance notice to the outstanding party. If audited statements remain outstanding beyond the period issued, matter will be escalated to the Speaker for formal intervention in terms of the applicable policy.
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Statutory – Direct Charge – Members Remuneration

	Final Appropriation 2024/25 R'000	Actual Expenditure 2024/25 R'000	(Over)/Under Expenditure 2024/25 R'000	Final Appropriation 2025/26 R'000	Actual Expenditure 2025/26 R'000	(Over)/Under Expenditure 2025/26 R'000
Members Remuneration	42,007	45,202	(3,195)	33,026	30,582	2,444

PROGRAMME 4: NOTE. The Performance Information presented in this programme above is derived from aligned Quarterly targets set out in the Annual Performance Plan 2025/26 financial year. Quarterly Performance Reports provide the basis for the Annual Performance Information reported herein, ensuring consistency and comparability and result.

Note: This performance information document is submitted separately on 31 May 2026 and will be inserted into the final Annual Report 2025/26 once the audit opinion is expressed.

**FREE STATE LEGISLATURE
ANNUAL REPORT 2025/26**



GOVERNANCE

PART C : GOVERNANCE

6. Introduction

The link between governance principles and institutional strengthening is important to highlight. The Legislature supports the principles of good governance, accountability and ethics.

6.1 Risk Management

The Office of the Secretary (Internal Audit) coordinates an annual risk review. The internal audit unit performed a risk review based on an outsourced quotation basis as a consultation engagement in the absence of a risk management unit within the entity.

6.2 Fraud and Corruption

A fraud prevention plan is in place.

6.3 Minimising conflict of interest

The Legislature maintains a system to manage potential conflict of interest of employees and / or Members through requiring compliance with:

Code of Conduct for Disclosure of Financial Interests of Staff

Code of Conduct and Ethics for Members of the Free State Legislature; and

Requiring potential service providers to complete prescribed declaration of interest forms

The relationship between management and the representative trade union, NEHAWU, is governed by a formalized recognition agreement.

6.4 Code of Conduct

Legal Services of the Legislature maintains code of conduct processes applicable to Members and staff.

6.5 Health Safety and Environmental Issues

Members and employees are housed at **41 Charlotte Maxeke Street in Bloemfontein**. No concerns can be reported upon in health, safety and environment.

6.6 Portfolio Committees

The following portfolio committees at the Legislature are Public Accounts and Finance, the Portfolio Committee on Cooperative Governance, Office of the Premier and Legislature, the Portfolio Committee on Education, Health and Social Development, the Portfolio Committee on Public Works, Infrastructure, Roads, Transport and Human Settlement and the Portfolio Committee on Agriculture & Rural Development, Small Business and Sports, Arts, Culture and Recreation.

6.7 Internal Control Unit

The organizational structure of the Legislature does not provide for a separate internal control unit. Application was made for the establishment of an internal control unit.

Internal Audit and Audit Committee

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2026.

1. Internal Audit input

The Secretariat is responsible for ensuring an effective internal control environment to ensure the integrity of information and operations according to approved policies. The Secretariat empowered coordination of work between management, risk management function, internal audit function and the external audit (AGSA).

2. Audit Committee input

The Shared Audit Committee is pleased to present its report for the financial year ended 31 March 2026. The report has been prepared in accordance with the Financial Management of Parliament and Provincial Legislatures Act (FMPPLA).

Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and is required to meet four times per annum as per its approved terms of reference. The Audit Committee convened seven times during the financial year.

Name	Internal/ External	No of Meetings Attended
Ms. M. Hlalele (Chairperson)	External	4 Ordinary meeting and 3 Special meeting
Adv. N.M. Litabe	External	4 Ordinary meeting and 3 Special meeting
Mr. A.T. Thito	External	4 Ordinary meeting and 3 Special meeting
Dr. T. Sethibe	External	4 Ordinary meeting and 3 Special meeting
Ms. S. Mzizi	External	3 Ordinary meeting and 3 Special meeting

Shared Audit Committee Responsibility

In accordance with Section 48 (1)(a)(i) of the Financial Management of Parliament and Provincial Legislatures Act (FMPPLA), the Audit Committee confirms its compliance with all statutory responsibilities as prescribed. The Audit Committee further attests to having adopted formal terms of reference as outlined in its Audit Committee Charter, has conducted its affairs in strict adherence to this charter, and has fulfilled all its duties as stipulated therein.

The Effectiveness of Internal Control

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

The following Internal Audit work was completed during the year under review:

- Develop Internal Audit Strategic and Operational Plan for 2025-26.
- Review and updating of the following statutory Internal Audit documents:
 - ☐ Internal Audit Charter 2025-26,
 - ☐ Internal Audit Policy and Procedure Manual,
 - ☐ Internal Audit Quality Assurance and Improvement Programme,
 - ☐ FSL Strategic Risk Register 2025, and
 - ☐ Audit Committee Charter 2025-26.
- Quarterly update of the risk registers (Strategic and fraud Risk Registers).
- Public Participation, Communication and Marketing Internal Audit Report.
- Cyber Security Internal Audit Review.
- Supply Chain Management Internal Audit Report.
- Audit of Predetermined Objectives for 2025-26 Q1-Q4.
- IT General and Application Controls Internal Audit Report.
- Governance Internal Audit Report.
- Controls-Self Assessment Internal Audit Report.
- Financial Controls Internal Audit Report.
- Risk Management Process Internal Audit Report.

- Delegations Internal Audit Report.
- AFS and APR High-level Review Internal Audit Report.
- Payroll management – Overtime Internal Audit Report.
- Ad hoc Irregular, fruitless and wasteful expenditure Internal Audit Report Q1-Q4.
- Quality Assurance Improvement Review.

The following were areas of concern:

- Portfolio of evidence to support performance information,
- Effectiveness of monitoring and evaluation controls, and
- Absence of internal control maturity assessments.

In-Year Management and Monthly/Quarterly Report

The Legislature has reported, in terms of Sections 51 – 53 of the FMPPLA, monthly, quarterly, and mid-term to the Executive Authority.

Evaluation of Financial Statements

The Committee reviewed the Legislature's Financial Statements to be included in the Annual Report. The Committee considered the Auditor-General of South Africa's Management Report and Management's response related thereto as well as the final Audit Report.

The Committee reviewed and discussed with the Auditor-General and Management the audited Annual Financial Statements to be included in the Annual Report. The Committee satisfied itself that the AGSA is independent of the Legislature and has demonstrated a high level of professionalism and integrity in engaging with Management and the Committee during the audit.

The Committee concurs with and accepts the Auditor-General of South Africa's report on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements for 2025-26 should be accepted and read together with the report of the Auditor-General of South Africa.

Auditor-General's Report

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

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

Appreciation

The Committee would like to express its appreciation to the Speaker of the FSL's (Executive Authority), Secretary (Accounting Officer), Management, Internal Audit, the AGSA and all other key role players for the robust and constructive engagements held in making this process a success.



Ms. MM Hialele

Chairperson to the Audit Committee

**FREE STATE LEGISLATURE
ANNUAL REPORT 2025/26**



**HUMAN
RESOURCES**

HUMAN RESOURCE MANAGEMENT

7. Part D: Human Resource Management

7.1 Introduction

Provide commentary on the following:

- The status of human resources in the Legislature.
- Human resource priorities for the year under review and the impact of these.
- Workforce planning and key strategies to attract and recruit a skilled and capable workforce.
- Employee performance management.
- Employee wellness programmes.
- Highlight achievements and challenges faced by Legislature, as well as future human resource plans /goals.

7.2 Human Resources Oversight Statistics

The Legislature must provide the following key information on its human resources. All the financial amounts must agree with the amounts disclosed in the annual financial statements. Provide reasons for any variances.

Please note that it is very important to follow the format and standards prescribed, to enable collation and comparison of information. **If subheadings/tables are not applicable to the department, it should be stated that there is nothing to report on. Numbering of tables must not be changed and should be maintained as in the guidelines.**

Include any other tables for HR if considered necessary by the Legislature and required by any specific government oversight body. These additional tables must be included at the end of the standardized HR information.

7.3 Personnel related expenditure

The following tables summarize the final audited personnel related expenditure by programme and by salary bands. It provides an indication of the following:

- ☐ amount spent on personnel
- ☐ amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 7.3.1 Personnel expenditure by programme for the period 1 April 2025 and 31 March 2026

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and special services Expenditure (R'000)	Personnel expenditure as a% of total Expenditure	Average personnel cost per employee (R'000)
Programme 1	201 987	127 600	337	5 549	39.2	1 046
Programme 2	65 408	-	-			
Programme 3	58 095	47 196	69	2 818	14.49	1 180
Programme 4	Direct charge					
	325 490	174 796	406	8 367	53.69	1 079

Voluntary retirement gratuities excluded from Personnel Expenditure.

Table 7.3.2 Personnel costs by salary band for the period 1 April 2025 and 31 March 2026

Salary band	Personnel expenditure (R'000)	% of total personnel cost	Number of employees	Average personnel cost per employee (R'000)
Lower skilled (levels 6-9)	17 754	10.15	32	555
Skilled (levels 10-12)	47 305	27.06	56	845
Highly skilled production 9 (levels 13-14)	55 020	31.47	44	1 250
Highly skilled supervision (levels 15-16)	31 364	17.96	18	1 742
Senior and top management (levels 17-23)	23 353	13.36	12	1 946
	174 796	100	162	1 079

Table 7.3.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2025 and 31 March 2026

Programme	Salaries		Overtime		Home Owners		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical Aid as a % of personnel costs
Programme 1	80 066	45.80	1 102	0.63	3 956	2.26	5 439	3.11
Programme 2	-	-	-	-	-	-	-	-
Programme 3	31 731	18.15	73	0.04	1 642	0.93	1 857	1.06
Total	111 797	63.95	1 175	0.67	5 598	3.2	7 296	4.17

Table 7.3.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2025 and 31 March 2026

Programme	Salaries		Overtime		Home Owners		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical Aid as a % of personnel costs
Lower skilled (levels 6-9)	12 002	6.86	108	0.06	882	0.50	1 487	0.85
Skilled (levels 10-12)	10 511	6.01	326	0.18	1 825	1.04	993	0.56
Highly Skilled production (levels 13-14)	40 900	23.39	720	0.41	1 636	0.93	2 132	1.21
Highly Skilled supervision (levels 15-16)	25 276	14.46	21	0.01	821	0.46	1 008	0.57
Senior Management (levels 17-23)	23108	13.21	-	-	434	0.24	415	0.23
Total	111 797	63.95	1 175	0.67	5 598	3.2	7 296	3.42

7.4 Employment and Vacancies

The tables in this section summaries the position about employment and vacancies. The following tables summaries the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- ☐ programme
- ☐ salary band
- ☐ critical occupations (see definition in notes below).

The Legislature have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 7.4.1 Employment and vacancies by programme as on 31 March 2026

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees in addition to the establishment
Programme 1	132	99	20	2
Programme 2	66	51	22	0
Programme 3	0	0	0	0
Programme 4	0	0	0	0
Total	198	150	22	2

Table 7.4.2 Employment and vacancies by salary band as on 31 March 2026

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees in addition to the establishment
Lower skilled	37	29	13	2
Skilled	74	52	30	0
Highly skilled	52	44	19	0
Highly skilled supervision	21	17	19	0
Senior management	14	8	21	0
Total	198	150	22	2

7.5 Filling of senior management posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes, and disciplinary steps taken.

Table 7.5.1 Senior management post information as on 31 March 2026

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 23	1	0	0	1	100
Salary Level 21	1	1	100	0	0
Salary Level 20	1	1	100	0	0
Salary Level 19	1	0	0	1	10
Salary Level 18	4	2	50	2	50
Salary Level 17	6	4	67	2	33
Total	14	8	57	6	43

Table 7.5.2 Senior management post information as on 30 September 2025

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 23	1	0	0	1	100
Salary Level 21	1	1	100	0	0
Salary Level 20	1	1	100	0	0
Salary Level 19	1	1	100	0	0
Salary Level 18	4	4	100	0	0
Salary Level 17	6	5	17	1	83
Total	14	12	07	2	86

Table 7.5.3 Reasons for not having complied with the filling of funded vacant Senior management - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2025 and 31 March 2026

Reasons for vacancies not advertised within six months
The Hansard Editor post was not budgeted. The previous incumbent in the post of Secretary to the Legislature has appealed for his dismissal, and the processes have to be exhausted before it can be advertised.

7.6 Job Evaluation

The executing authorities may evaluate or re-evaluate any job in his or her organization. All vacancies on salary levels 6 and higher must be evaluated before they are filled. The following table summarizes the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 7.6.1 Job Evaluation by Salary band for the period 1 April 2025 and 31 March 2026

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled	37	0	0	0	0	0	0
Skilled	74	2	4	2	1	0	0
Highly skilled production	52	2	1	1	1	0	0
Highly skilled supervision	21	0	0	0	0	0	0
Senior management	14	0	0	0	0	0	0
Total	198	4	1	3	1	0	0

The following table provides a summary of the number of employees whose positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts, and some of the posts upgraded could also be vacant.

Table 7.6.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2025 and 31 March 2026

Gende	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	4	0	0	0	4
Total	4	0	0	0	4
Comments: The post of the Labour Relations Officer was evaluated, and the outcome results remained the same.					

The following table summarizes the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 7.6.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2025 and 31 March 2026

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Manager/Records Management in the Office of the Secretary to the Legislature	01	13	16	The incumbent was appointed before the position was evaluated.
Manager in the Office of the Deputy Secretary	01	13	15	The incumbent was appointed before the position was evaluated.
Librarian	01	14	16 (even though it is not exactly aligned with the sub-level of 16)	The salary of the incumbent was higher before the job evaluation in 2012.
Sergeant-at-Arms	01	10	15 (even though it is not exactly aligned to the sub-level of 15)	The salary of the incumbent was higher before the job evaluation in 2012.
Payment Coordinator	01	12	14	The salary of the incumbent was higher before the job evaluation in 2012.
Total number of employees whose salaries exceeded the level determined by job evaluation				5
Percentage of total employed				3%

The following table summarizes the beneficiaries of the above in terms of race, gender, and disability.

Table 7.6.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2025 and 31 March 2026

Gender	African	Asian	Coloured	White	Total
Female	1	0	0	1	2
Male	3	0	0	0	3
Total	4	0	0	1	5
Employees with a disability					0

7.7 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates indicate trends in the department's employment profile. The following tables provide a summary of turnover rates by salary band and by critical occupations (see the definition in the notes below).

Table 7.7.1 Annual turnover rates by salary band for the period 1 April 2025 and 31 March 2026

Salary band	Number of employees at beginning of period- 1 April 2025	Appointments and transfers into the Legislature	Terminations and transfers out of the Legislature	Turnover rate
Lower skilled	31	1	1	3
Skilled	52	1	1	2
Highly skilled production	44	1	1	2
Highly skilled supervision	18	0	1	6
Senior management	13	1	5	38
Total	158	4	9	6

Table 7.7.2 Reasons why staff left the department for the period 1 April 2025 and 31 March 2026

Termination Type	Number	% of Total Resignations
Death	1	11
Resignation	1	11
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	2	22
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	5	55
Transfer to other Public Service	0	0
Other	0	0
Total	9	100

Table 7.7.3 Promotions by salary band for the period 1 April 2025 and 31 March 2026

Salary Band	Employees 1 April 2025	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled	31	3	11	1	1
Skilled	52	2	3	0	0
Highly skilled production	44	3	7	0	0
Highly skilled supervision	18	0	0	0	0
Senior management	13	0	0	0	0
Total	158	8	5	1	1

7.8 Employment Equity

Table 7.8.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2026

Occupational category	Male				Femal				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	5	0	0	1	1	0	0	1	8
Professionals	7	0	0	0	5	3	0	1	16

Technicians and associate professionals	25	0	0	1	17	0	0	2	45
Clerks	22	0	0	1	24	3	0	2	52
Service and sales workers	15	0	0	0	13	1	0	0	29
Total	74	0	0	3	60	7	0	6	150
Other	1	0	0	0	1	0	0	0	2
Grand total	74	0	0	3	62	7	0	6	152
Employees with disabilities	1	0	0	0	2	0	0	0	3

Table 7.8.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2026

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	1	0	0	0	0	2
Senior Management	4	0	0	1	1	0	0	1	6
Professionally qualified and experienced specialists and mid-management	7	0	0	0	5	3	0	1	16
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	25	0	0	1	17	0	0	2	45
Semi-skilled and discretionary decision making	22	0	0	1	24	3	0	2	52
Unskilled and defined decision making	15	0	0	0	13	1	0	0	29
Total	74	0	0	3	60	7	0	6	150
Other	1	0	0	0	1	0	0	0	2
Grand total	75	0	0	3	61	7	0	6	152

Table 7.8.3 Recruitment for the period 1 April 2025 to 31 March 2026

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	1
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0
Other	1	0	0	0	0	0	0	0	1
Total	3	0	0	0	1	0	0	0	4
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 7.8.4 Promotions for the period 1 April 2025 to 31 March 2026

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	1	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	0	1	0	0	0	2
Semi-skilled and discretionary decision making	1	0	0	0	1	0	0	0	2
Unskilled and defined decision-making	1	0	0	0	0	0	0	0	1
Total	4	0	0	0	3	0	0	0	7
Employees with disabilities	1	0	0	0	0	0	0	0	1

Table 7.8.5 Terminations for the period 1 April 2025 to 31 March 2026

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	2	0	0	0	2	0	0	0	4
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	1
Unskilled and defined decision-making	0	0	0	0	2	0	0	0	2
Total	3	0	0	0	6	0	0	0	9
Employees with Disabilities	0	0	0	0	1	0	0	0	1

Table 7.8.6 Skills development for the period 1 April 2025 to 31 March 2026

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	4	0	0	1	2	0	0	1	8
Professionals	10	0	0	0	2	4	0	0	16
Technicians and associate	11	0	0	0	9	0	0	2	22
Clerks	10	0	0	0	14	1	0	2	27
Service and sales workers	5	0	0	0	4	0	0	0	9
Total	40	0	0	1	31	5	0	5	82
Employees with disabilities	1	0	0	0	1	0	0	0	2

7.9. Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 7.9.1 Signing of Performance Agreements by SMS members as on 31 May 2025

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Secretary to the Legislature Level 23	1	0	0	0
Deputy Secretary to the Legislature Level 21	1	1	1	100
Chief Financial Officer Level 20	1	1	1	100
Director Level 19	1	1	1	100
Director Level 18	4	4	4	100
Director Level 17	6	4	3	75
Total	14	11	10	90

7.10 Leave utilization

The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 7.10.1 Sick leave for the period 1 April 2025 to 31 March 2026

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills	343	25	24	19	184	14
Skilled	414	30	40	30	227	10
Highly skilled production	499	36	40	32	270	12
Highly skilled supervision	76	6	14	12	45	5
Top and Senior management	50	3	8	7	29	6
Total	1 382	100	126	100	151	47

Table 7.10.2 Annual Leave for the period 1 April 2025 to 31 March 2026

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled	103	15	59
Skilled Levels	607	40	324
Highly skilled production	687	43	365
Highly skilled supervision	18	257	138
Senior management	11	122	67
Total	1 426	477	190

Table 7.10.3 Capped leave for the period 1 December 2024 to 30 November 2025

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average number of days taken per employee as on 31 March 2025
Lower skilled	13	1	7	0
Skilled Levels	46	2	24	0
Highly skilled production	0	0	0	0
Highly skilled supervision	21	1	11	0
Senior management	62	2	32	0
Total	142	6	74	0

Table 7.10.4 Leave payouts for the period 1 April 2025 and 31 March 2026

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2025/26 due to non-utilization of leave for the previous cycle	5450	137	2 794
Capped leave payouts on termination of service for 2025/26	0	0	0
Current leave payout on termination of service for 2025/26	1 307	10	659
Total	6 757	147	3 452

7.11 HIV/AIDS & Health Promotion Programmes

Table 7.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	Not applicable

Table 7.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Questions	Yes	No	Details, if yes
1. Has the legislature designated a member of the SMS to implement the provisions contained in Part VI of Chapter 1 of the Public Service Regulations, 2001? If so, provide his/her position.	✓		Ms. Dikomang Tshabalala: Director: Human Capital Management

Questions	Yes	No	Details, if yes
2. Does the Legislature have a dedicated unit or has it designated a specific staff member to promote the health and wellness of your employees? If so, indicate the number of employees involved in this task and the annual budget that is available for this purpose?	✓		The Legislature has appointed 1 person responsible for implementing the Employee Health and Wellness Programme. There is no specific budget allocated for this programme. Budget for activities is taken from the overall HRM budget.
3. Has the Legislature introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate elements/services	✓		The FSL Employee and Wellness Programme focuses on the 3 pillars of the Employee Health and Wellness Strategic Framework: 1. Occupational Health ➤ HIV/AIDS and TB Management ➤ Health and Productivity Management: Reduction of the burden of diseases in the workplace ➤ A chronic disease awareness campaign is conducted for employees ➤ The Legislature has introduced Wellness Wednesday, where employees are encouraged to participate in a sport of their choice for 2 hours in the afternoon, to enhance the employees' quality of life 2. Quality of Work life SHERQ Management ➤ Safety in the workplace is emphasized. The Legislature has appointed 2 designated Safety Officers ➤ OHS Reps have been trained in fire safety, usage of evacuation- chair and First Aid. 3. Wellness Management Individual and group counselling are offered to employees as needed. For this current year we are still focusing on Mental Health Management

Questions	Yes	No	Details, if yes
4. Has the Legislature established (a) committee(s) as contemplated in Part iv E.5 e of Chapter 1 of Public Service Regulations,2001? If so, please provide the names of members of the Committee and the stakeholders that the represent	✓		No committee has been established yet because the FSL EAP Policy is still in its draft form
5. Has the legislature reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees based on their HIV status? If so, list the employment policies/practices so reviewed.	✓		➤ Free State Legislature Policy on HIV/AIDS ➤ Draft EAP Policy
6. Has the legislature introduced measures to protect HIV-positive employees or those perceived to be HIV- positive from discrimination? If so, list key elements of these measures.	✓		Adjustment of policies: E.g. Leave Policy-Special leave about an employee who suffers from terminal illness; time-off for Clinic appointments and changes in hours of work and in start/finish time. Labour Relations Act: Code of Good Practice; aspects on HIV/AIDS and Employment. Application of the Medical Aid Schemes Act no 131 of 1998.
7. Does the legislature encourage its employees to undergo Voluntary counseling and Testing? If so, list the results you have achieved	✓		The EAP unit tries to encourage people to go for HIV/Aids Counseling and Testing (HCT).
8. Has the legislature developed measures to monitor and evaluate the impact of its health promotion programme? If so, list these measures.	✓		Attendance registers are kept during health promotion sessions to evaluate the impact of the programme and check the views of the participants on what should or can be added to improve the programme, during Employee Wellness Sessions.

7.12 Labour Relations

Table 7.12.1 Collective agreements for the period 1 April 2025 and 31 March 2026

Subject matter	Date
Wage settlement for 2025/26	08 th April 2025
Total costs working days lost	0
Amount recovered as a result of no work no pay (R 000)	0

Table 7.12.2 Grievances logged for the period 1 April 2025 and 31 March 2026

Grievances	Number	% of Total
Number of grievances resolved	2	50
Number of grievances not resolved	2	50
Total number of grievances lodged	4	100

Table 7.12.3 Disputes logged with Councils for the period 1 April 2025 and 31 March 2026

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Total number of disputes lodged	5	100

7.13. Skills development

This section highlights the Legislature's efforts in skills development.

Table 7.13.1 Training needs identified for the period 1 April 2025 and 31 March 2026

Occupational category	Gender	Number of employees as at 1 April 2025	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short Courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4	0	• Policy Development • Leadership and Communication Training • ACFE Conference • Legislative Drafting advanced • Women in Leadership • Tax/ SARS • Succession Planning and Leadership Development	0	7
	Male	8	0	• 2026 Municipal Financial Reporting Update and Audit SAICA • Leadership and Communication Training • 2026 SAICA Code of Professionals • ACFE Conference • Supply Chain Management Training • African Languages Conference • Editing • Succession Planning and Leadership Development • RData User Group workshop	• 0	15

Occupational category	Gender	Number of employees as at 1 April 2025	Training needs identified at start of the reporting period			
			Learnships	Skills Programmes & other short Courses	Other forms of training	Total
Professionals	Female	7	0	• Policy Development • Microsoft Azure Administrator – 104T00 • Microsoft 365 Administrator • Leadership and Communication Training • MS power • Platform Developer PL400 • Legislative Drafting advanced • Editing • Succession Planning and Leadership Development • RData User Group workshop	0	10

Occupational category	Gender	Number of employees as at 1 April 2025	Training needs identified at start of the reporting period			
			Learnships	Skills Programmes & other short Courses	Other forms of training	Total
	Male	10	0	• Discrimination and sexual harassment in the workplace • Digital and Social Media Marketing • Policy Development • Social Media for Government Communication • Leadership and Communication Training • Incident Investigation • Editing • Records and Archives • Succession Planning and Leadership Development • RData User Group workshop • Strategic Management, Monitoring and Evaluation		16

Occupational category	Gender	Number of employees as at 1 April 2025	Training needs identified at start of the reporting period			
			Learnships	Skills Programmes & other short Courses	Other forms of training	Total
Technicians and associate professionals	Female	19	0	• Professional Report writing • Discrimination and sexual harassment in the workplace • Digital and Social Media Marketing • Policy Development • Social Media for Government Communication • IT Web Security Summit • Communication and Stakeholders Relations • GRAP Standards • SABPP • African Tech	0	16

Occupational category	Gender	Number of employees as at 1 April 2025	Training needs identified at start of the reporting period			
			Learnships	Skills Programmes & other short Courses	Other forms of training	Total
	Male	16	0	• Professional Report writing • Digital and Social Media Marketing • Policy Development • Social Media for Government Communication • Microsoft Azure Administrator – 104T00 • Media Monitoring Training • Digital Photography • IT Web Security Summit • Communication and Stakeholder Relations • GRAP Standards • SABPP • African Tech • Editing Digital Photography		26

Occupational category	Gender	Number of employees as at 1 April 2025	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short Courses	Other forms of training	Total
Clerks	Female	33	0	- Digital and Social Media Marketing - Policy Development - Social Media for Government Communication - Digital Photography - MS Power Platform Developer PL400 - Communication and Stakeholder Relations - Legislature Capacity Building Program - ACFE Conference - Editing - Records and Archives	• 0	25
	Male	25	0	RData User Group - Discrimination and sexual harassment in the workplace - Communication and Stakeholders Relations - Legislature Capacity Building Program - Editing - ACFE Conference - Records and Archives - RData User Group workshop	• 0	18

Occupational category	Gender	Number of employees as at 1 April 2025	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short Courses	Other forms of training	Total
Service and sales workers	Female	11	0	• RData User Group workshop • Basic Computer • Control room and CCTV operator • National Key Point Training	• 0	20
	Male	16	0	• Basic Computer • Control room and CCTV operator National Key Point Training	• 0	20
Sub Total	Female	79				78
	Male	70				90
Total		149				168

Table 7.13.2 Training provided for the period 1 April 2025 and 31 March 2026

Occupational category	Gender	Number of employees as at 1 April 2024	Training provided within the reporting period			
			Learnership	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4	0	18th Annual ACFE African Conference - Legal Services Public Sector Lawyers - RData Leave Automation - CCMA- Dispute Prevention and Unfair Labour Practice	Employment Equity	3
	Male	8	0	18th Annual ACFE African Conference - CCMA- Dispute Prevention and Unfair Labour Practice - CCMA- Dispute Prevention and Unfair Labour Practice	Employment Equity	5
Professionals	Female	7	0	Protocol and etiquette	- Africa Tech - ITWEB Security Submit - RData Leave Automation - RData Payroll Systems	3
	Male	10	0	HR Auditor	- AI African Languages Conference - Employment Equity Committee - ITWEB Security Submit - RData Leave Automation - South African Society of Archivists	4

Occupational category	Gender	Number of employees as at 1 April 2024	Training provided within the reporting period			
			Learnership	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	19	0	- CCMA- Dispute Prevention and Unfair Labour Practice - Protocol and etiquette	- Public Sector Innovation Conference - Ai African Languages Conference - Employment Equity Committee - RData Leave Automation - Records Information	9
	Male	16		WSP Capacity	- Public Sector Innovation Conference - Ai African Languages Conference - CCMA- Dispute Prevention and Unfair Labour Practice - Employment Equity Committee - RData Leave Automation	11
Clerks	Female	33	0	- Ai African Languages Conference - CCMA- Dispute Prevention and Unfair Labour Practice - Protocol and etiquette	- Employment Equity - RData Leave Automation - Records Information Management Conference - SASA Annual Conference	17

Occupational category	Gender	Number of employees as at 1 April 2024	Training provided within the reporting period			
			Learnership	Skills Programmes & other short courses	Other forms of training	Total
	Male	25	0	• Ai African Languages Conference • CCMA- Dispute Prevention and Unfair Labour Practice • Protocol and etiquette • WSP Capacity Training	• Employment Equity • RData Leave Automation • Records Information Management Conference • SASA Annual Conference	11
Service and sales workers	Female	11	0	•	• Protocol and etiquette	4
	Male	16	0	• Advanced Driving	• Protocol and etiquette	5
Sub Total	Female	79				36
	Male	70				36
Total		149				72

7.14 Utilization of Consultants

Table 7.13.1 Report on consultant appointments using appropriated funds for the period 1 April 2025 and 31 March 2026

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
n/a	n/a	n/a	n/a

Table 7.13.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2025 and 31 March 2026

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
n/a	n/a	n/a	n/a

Table 7.13.3 Report on consultant appointments using Donor funds for the period 1 April 2025 and 31 March 2026

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
n/a	n/a	n/a	n/a

Table 7.13.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2025 and 31 March 2026

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
n/a	n/a	n/a	n/a

7.15 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2024 and 31 March 2025

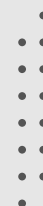
Nature of injury on duty	Number	% of total
Required basic medical attention only	1	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	0	100

7.16 Voluntary Exit Packages

Table 7.16.1 Granting of voluntary exit packages for the period 1 April 2025 and 31 March 2026

Salary band	Number of applications received	Number of packages approved by the Legislature
Lower skilled	0	0
Skilled Levels	1	1
Highly skilled production	1	1
Highly skilled supervision	0	0
Senior management	3	3
Total	5	5

FREE STATE LEGISLATURE ANNUAL REPORT 2025/26



FINANCIAL INFORMATION



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Abbreviations Used:

COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
FMPPLA	Financial Management of Parliament and Provincial Legislatures

Report of the auditor-general to the Free State Provincial Legislature on vote no. 2: Free State Legislature

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Free State Provincial Legislature as set out on pages 98 to 171, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Free State Provincial Legislature as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as issued by the Accounting Standards Board (ASB) and the requirements of the Financial Management of Parliament and Provincial Legislature Act 10 of 2009 (FMPPLA).

Basis for opinion

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

Responsibilities of the accounting officer for the financial statements

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

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

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 95 to 97, forms part of my auditor's report.

Report on the audit of the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programme presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
11. I selected the following programme presented in the annual performance report for the year ended 31 March 2026 for auditing. I selected a programme that measures the legislature's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Core business	42	To render support services in respect of the legislative oversight and accountability functions of the house and its committees.

12. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the provincial legislature's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - there is adequate supporting evidence for the achievements reported
14. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
15. I did not identify any material findings on the reported performance information for the selected programme.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets.

Report on compliance with legislation

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

Other information in the annual report

22. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported on in this auditor's report.
23. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
24. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
26. I have nothing to report in this regard.

Internal control deficiencies

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

Other reports

29. I draw attention to the following engagement conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
30. The Special Investigation Unit proclaimed an investigation on 23 February 2024 into improper procurement and contract management processes for the Ramkraal project between March 2010 and February 2024, prior to March 2010 or after February 2024. The investigation was still in progress at year-end.

Auditor-General

Bloemfontein

29 July 2026



AUDITOR-GENERAL
SOUTH AFRICA

Accounting for the Auditor-General of South Africa

Annexure to the auditor's report

1. The annexure includes the following:
 - The auditor-general's responsibility for the audit
 - The selected legislative requirements for

compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

4. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Finance Management of Parliament and Provincial Legislature Act 10 of 2009	Sections 7(b); 7(e); 14(1); 14(2)(a); 14(2)(b); 14(2)(c); 14(2)(d); 14(2)(e); 15(1); 15(2)(a); 15(2)(b); 15(2)(c); 15(2)(d); 20(5); 21(2); 22(2); 33(2)(a); 33(2)(b); 33(2)(e); 35(1)(a); 35(1)(b); 36(a); 41(b); 44; 46; 52; 53(1); 53(1)(b); 53(1)(c); 56(1); 57(a); 67(2)(a); 67(2)(b); 68(2)(a); 68(2)(b)
Financial Management of Parliament Act – Supply Chain Management Regulations, 2015	Regulations 4(3)(3)(b); 4(3)(c); 6(1)(c); 6(3)(e); 6(6); 6(6)(a)(i); 6(6)(a)(v); 6.7; 6(7)(a)(i); 6(7)(a)(ii); 6.7(b)(iii); 6.7(c)(iv); 6(8)(a)(ii); 6(8)(b)(ii); 6(8)(b)(iii); 6(9)(a)(i); 6(9)(a)(ii); 6(9)(a)(iii); 6(9)(a)(iv); 6(9)(a)(v); 6(11); 6(11)(b); 6(11)(d)(i); 6(11)(d)(ii); 6(11)(d)(iii); 6(11)(d)(iv); 6(11)(d)(v); 6(11)(d)(vi); 6(11)(e)(i); 6(11)(e)(ii); 6(11)(e)(iii); 6(11)(d)(vii); 7(8)(a); 7(9)(a)(vi); 7(9)(c)(i); 8; 8(1); 8(2); 9; 9(1)(c); 11(2); 11(2)(c); 11(3)(b)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulations 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.4; 6.6; 6.8; 7.1; 7.2; 7.4; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The acting Accounting Officer has reviewed the entity's cash flow forecast for the year to 31 March 2027 and, in the light of this review and the current financial position, she is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The acting Accounting Officer is primarily responsible for the financial affairs of the Legislature, and is supported by the Chief Financial Officer and Management. The Accounting Officer is further supported by the internal auditors who are responsible for independent review of the Annual Financial Statements.

The annual financial statements set out on pages 98 to 171, which have been prepared on the going concern basis, were approved by the acting accounting officer on 31 March 2026 and were signed by:



ML Sefo
Acting Secretary to the Legislature



Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

General Information

Country of incorporation and domicile	Republic of South Africa
Nature of business and principal activities	The Free State Legislature is the legislative authority of the Free State Province. The constitutional mandate is to give effect to oversight and law-making through public involvement.
Registered office	41 Charlotte Maxeke street Bloemfontein 9301
Bankers	First National Bank
Auditors	Auditor-General of South Africa
Acting Secretary	C Sefo



Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Statement of Financial Position as at 31 March 2026

Figures in Rand	Note(s)	2026	2025 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	40 883 589	38 297 489
Receivables from exchange transactions	4	998 645	1 194 359
Receivables from non-exchange transactions	5	1 070 217	3 495 086
Prepayments	6	979 422	1 497 215
Inventories	7	508 819	422 037
		44 440 692	44 906 186
Non-Current Assets			
Property, plant and equipment	8	13 377 974	13 729 137
Heritage assets	9	3 185 870	3 185 870
Intangible assets	10	81 805	94 088
		16 645 649	17 009 095
Total Assets		61 086 341	61 915 281
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	24 437 671	23 266 976
Payables from non-exchange transactions	12	1 370 019	10 958 202
Employee benefit obligation	13	4 191 000	6 758 000
		29 998 690	40 983 178
Non-Current Liabilities			
Employee benefit obligation	13	28 210 000	26 789 066
Total Liabilities		58 208 690	67 772 244
Net Assets		2 877 651	(5 856 963)
Accumulated surplus		2 877 651	(5 856 963)
Total Net Assets		2 877 651	(5 856 963)

* See Note 32

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Statement of Financial Performance

Figures in Rand	Note(s)	2026	2025 Restated*
Revenue			
Revenue from exchange transactions			
Other income	14	1 348 018	1 593 116
Interest received	15	1 871 035	3 383 916
Total revenue from exchange transactions		3 219 053	4 977 032
Revenue from non-exchange transactions			
Other revenue			
Services in- kind	16	5 057 592	4 621 758
Other income	17	-	469 004
Transfer revenue			
Government grants & subsidies	18	361 727 491	334 613 537
Public contributions and donations	19	-	77 748
Total revenue from non-exchange transactions		366 785 083	339 782 047
Total revenue		370 004 136	344 759 079
Expenditure			
Employee related costs	20	(180 881 550)	(167 022 289)
Members remuneration	21	(30 635 944)	(29 717 973)
Transfers and subsidies	22	(62 680 960)	(56 155 579)
Depreciation and amortisation		(3 062 044)	(2 960 230)
Finance costs	23	(2 877 395)	(2 759 139)
Debt Impairment	24	-	(530 304)
Bad debts written off		(97 977)	(94 780)
Loss on disposal of assets and liabilities		(61 771)	(80 418)
Travel and subsistence	27	(14 538 612)	(12 532 905)
Property payments	25	(26 445 954)	(22 789 836)
General expenses	26	(39 228 680)	(43 441 546)
Total expenditure		(360 510 887)	(338 084 999)
Surplus for the year from continuing operations		9 493 249	6 674 080
Actuarial gain/(loss)		(758 634)	(5 559 187)
Surplus for the year		8 734 615	1 114 893

* See Note 32

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	2 933 410	2 933 410
Adjustments		
Prior year errors Note 32	(9 905 266)	(9 905 266)
Balance at 01 April 2024 as restated*	(6 971 856)	(6 971 856)
Changes in net assets		
Surplus for the year	1 114 893	1 114 893
Total changes	1 114 893	1 114 893
Restated* Balance at 01 April 2025	(5 856 964)	(5 856 964)
Changes in net assets		
Surplus for the year	8 734 615	8 734 615
Total changes	8 734 615	8 734 615
Balance at 31 March 2026	2 877 651	2 877 651

* See Note 32

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Cash Flow Statement

Figures in Rand

Note(s)

2026

2025
Restated*

Cash flows from operating activities

Receipts

Sale of goods and services	649 539	929 037
Grants	364 170 999	331 418 326
Interest income	1 868 160	3 383 916
	<u>366 688 698</u>	<u>335 731 279</u>

Payments

Employee costs	(183 710 811)	(167 164 742)
Members remuneration	(30 582 573)	(45 202 211)
Suppliers	(74 742 282)	(75 171 034)
Transfers and subsidies	(72 269 143)	(45 360 344)
	<u>(361 304 809)</u>	<u>(332 898 331)</u>

Net cash flows from operating activities

28

5 383 889 2 832 948

Cash flows from investing activities

Purchase of property, plant and equipment	8	(2 826 235)	(6 052 162)
Proceeds from sale of property, plant and equipment	8	28 446	724 822

Net cash flows from investing activities

(2 797 789) (5 327 340)

Cash flows from financing activities

Finance lease payments	-	(76 860)
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Net cash flows from financing activities

- (76 860)

Net increase/(decrease) in cash and cash equivalents

2 586 100 (2 571 252)

Cash and cash equivalents at the beginning of the year

38 297 489 40 868 740

Cash and cash equivalents at the end of the year

3

40 883 589 38 297 488

* See Note 32

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Other income	199 000	-	199 000	552 000	353 000	Note 30
Interest received	2 569 000	-	2 569 000	1 868 715	(700 285)	Note 30
Total revenue from exchange transactions	2 768 000	-	2 768 000	2 420 715	(347 285)	

Revenue from non-exchange transactions

Transfer revenue

Appropriation	317 306 000	53 135 000	370 441 000	364 171 000	(6 270 000)	Note 30
Total revenue	320 074 000	53 135 000	373 209 000	366 591 715	(6 617 285)	

Expenditure

Personnel	(179 901 000)	(10 881 460)	(190 782 460)	(186 159 333)	4 623 127	Note 30
Employee costs - Remuneration of members	-	(30 000 000)	(30 000 000)	(30 582 573)	(582 573)	Note 30
Transfer payments	(64 834 000)	642 143	(64 191 857)	(62 313 167)	1 878 690	Note 30
Payments for capital assets	(1 755 000)	(1 911 789)	(3 666 789)	(2 627 766)	1 039 023	Note 30
Goods and services	(70 816 000)	(10 983 894)	(81 799 894)	(74 395 450)	7 404 444	Note 30
Total expenditure	(317 306 000)	(53 135 000)	(370 441 000)	(356 078 289)	14 362 711	

Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	2 768 000	-	2 768 000	10 513 426	7 745 426	
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Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Reconciliation						
Accumulated surplus (prior period)				3 795		
Disposals				(127 637)		
PPE Disposal (receivable)				37 420		
Prepayments (Receivables)				(30 641)		
Unreconciling items (Prior year Bank)				(119 366)		
Bonus provision				222 227		
Payables Accruals				266 159		
Statutory appropriation				(2 443 509)		
Staff debt (receivable)				3 502		
Provision and accrued leave				339 204		
Capitalisation of PPE				2 826 235		
Salary Accruals				446 714		
GRAP 25 Employee benefit obligations				1 521 431		
Political payable Accrual				(1 370 019)		
Depreciation and amortisation				(3 062 044)		
Inventory adjustment				83 471		
Other				(387)		
Actual Amount in the Statement of Financial Performance				8 734 615		

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

Figures in Rand	Note(s)	2026	2025
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1. Significant account policies

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

1.1 Basis of preparation

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

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period, except for the changes set out in note 32 Changes in accounting policy.

1.2 Going concern assumption

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

1.3 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

1.4 Grants in aid

The entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the entity does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

1.5 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget covers the fiscal period from 2025/04/01 to 2026/03/31.

The annual financial statements and the budget are not on the same basis of accounting. The actual financial statement information is therefore presented on a comparable basis to the budget information. The comparison and reconciliation between the statement of financial performance and the budget for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty

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

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

Receivables

Financial instruments (GRAP 104 - 2009) (For Comparative Information)

The entity assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to balances in the portfolio and scaled to the estimated loss emergence period.

The Prescription Act 68 of 1969 is used as a basis for long outstanding receivables. Even though the prescription period is legally three years, the historical patterns are also considered in calculating impairment on long outstanding receivables.

GRAP 104 (2019) (For 2026 balances and going forward)

The legislature applies the Expected Credit Loss (ECL) model as required by GRAP 104: Financial Instruments for its financial assets. For trade receivables, the simplified approach is applied, requiring the recognition of lifetime expected credit losses from initial recognition until derecognition.

Management's methodology is as follows:

- Determine if debtor is in default
- Examine past payment behaviour
- Consider forward-looking information such as mechanisms available to recover the money.
- Calculate impairment as the amount equal to the lifetime expected losses

Bank balances are considered for impairment based on the National Scale Ratings.

The Prescription Act 68 of 1969 are used as a basis for long outstanding receivables. Even though the prescription period is legally three years, the historical patterns are also considered in calculating impairment on long outstanding receivables.

Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact the estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of non-cash generating assets:

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures relating to these provision estimates are included in Note 13.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment and other assets

In the process of applying the Legislature's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

The useful life of assets is based on management's estimation. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful life, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful life and residual values of Assets:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine the useful life.
- The useful life determined with the compilation of the 2026 fixed asset register is based on a calculation of the past useful life from date of acquisition to year end 2026 plus the calculation of the remaining useful life based on a presentation on the condition and the useful life allocated to a new asset.
- For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Legislature's asset register;
- Cost of items with a similar nature in other Legislatures' asset registers, given that the other Legislatures have the same geographical setting as the Free State Legislature and that the other Legislatures' asset registers are considered to be accurate;
- Cost as supplied by suppliers or online information.

Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 13.

Effective interest rate

The entity used the government bond rate to discount future cash flows.

Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.7 Property, plant and equipment

1.7.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Legislature. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

Where an asset is acquired by the Legislature for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

1.7.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Legislature replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.7.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful life of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful life are depreciated separately. The annual depreciation rates are based on the following estimated useful life in years:

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

Asset type	Years
Office Equipment	2-26
Lease Assets: Cell-phones	5-15
Lease Assets: Photocopiers	3
Furniture	1-30
Computer Equipment	1-25
Transport Assets	4-23

New assets bought during the year will be allocated the useful life as follows, but a remaining useful life will be allocated at the end of each reporting year:

Asset type	Years
Office Equipment	5
Lease Assets: Cell-phones	2
Lease Assets: Photocopiers	3
Furniture	10
Computer Equipment	5

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

Transport Assets

5

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error, depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

1.7.4 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.8 Intangible assets

1.8.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.
- Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

The Legislature recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Legislature and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Legislature intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Legislature has the resources to complete the project;
- it is probable that the Legislature will receive future economic benefits or service potential; and
- the Legislature can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.8 Intangible assets (continued)

1.8.2. Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.8.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful life using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful life are amortised separately. The estimated useful life, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful life:

Intangible Assets	Years
Computer Software	3-13

New assets bought during the year will be allocated the useful life as follows, but a remaining useful life will be allocated at the end of each reporting year:

Intangible Assets	Years
Computer Software	3

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error, depending on the specific circumstances.

1.8.4 Derecognition

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

1.9 Heritage assets

Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the asset will flow to the Legislature, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.9 Heritage assets (continued)

Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance. Subsequent to initial measurement heritage assets are carried at cost less any accumulated impairment losses.

Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.10 Related parties

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

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

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

1.11 Events after reporting date

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

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

Refer to note 36 for events identified.

1.12 Materiality

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

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.13 Financial instruments (GRAP 104 - 2009) (For Comparative Information)

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

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost
Cash and Cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

Initial recognition

The Legislature recognises a financial asset or a financial liability in its Statement of Financial Position when the Legislature becomes a party to the contractual provisions of the instrument.

The Legislature recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The Legislature measures a financial asset and financial liability, other than those subsequently measures at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures all other financial assets and financial liabilities initially at fair value.

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.13 Financial instruments (GRAP 104 - 2009) (For Comparative Information) (continued)

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

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

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

Impairment and uncollectibility of financial assets

The Legislature assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the Legislature, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost.

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.13 Financial instruments (GRAP 104 - 2009) (For Comparative Information) (continued)

Derecognition

Financial assets

The Legislature derecognises financial assets using trade date accounting.

The Legislature derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the Legislature transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognises the asset; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The Legislature removes a financial liability (or a part of a financial liability) from its Statement of Financial Position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.14 Financial instruments (GRAP 104 - 2019) (For 2026 information)

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

The legislature's financial assets are classified into three categories based on its management model and the contractual cash flow characteristics of the instruments.

Financial assets at amortised cost: These are financial assets held within a management model whose objective is to collect the contractual cash flows and whose contract terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal.

Financial assets measured at fair value: These are financial assets not categorised as measured at amortised cost or at cost.

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

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost
Cash and Cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

Initial recognition

The Legislature measures a financial asset and financial liability, other than those subsequently measured at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures all other financial assets and financial liabilities initially at fair value.

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

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

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Subsequent recognition

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

- Financial instruments at fair value through surplus or deficit.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

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

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

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

Impairment and uncollectibility of financial assets

The legislature recognises a loss allowance for expected credit losses on all financial assets measured at amortised cost.

Receivables are impaired following the simplified approach by measuring the loss allowance at an amount equal to lifetime expected credit losses

The Prescription Act 68 of 1969 are used as a basis for long outstanding receivables. Even though the prescription period is legally three years, the historical patterns are also considered in calculating impairment on long outstanding receivables.

Due to the relatively small receivables population, debtors are assessed on an individual basis. A provision matrix is not used.

Management's methodology is as follows:

- Determine if debtor is in default
- Examine past payment behaviour
- Consider recourses available for recovering the debt in the future
- Calculate impairment as the amount equal to the lifetime expected losses

Cash and cash equivalents are assessed according to the general approach by following the 3-step process:

The approach determines the loss allowance based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit losses. For the instruments where the credit risk has increased significantly, lifetime expected credit losses are recognised. The legislature assumes that the credit risk has increased significantly if the balance is more than 30 days past due and that the credit risk has not increased when the credit risk is assessed as low.

The legislature considers financial assets to be in default when the balance is more than 90 days past due or the debtor is unlikely to pay their credit obligations in full, without recourse by the legislature.

The legislature assesses the credit risk rating of cash and cash equivalents by using the latest published credit ratings from S&P. The legislature considers cash and cash equivalents to have a low credit risk when the credit risk rating is BB or higher.

ECLs are a probability-weighted estimate of credit losses. These probabilities of non-payment are derived from historical payment patterns and where necessary, these are adjusted for current conditions and reasonable, supportable forward-looking information. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Legislature per the contract and the cash flows that the Legislature expects to receive). The ECL is discounted using the effective interest rate of the financial asset.

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Significant Accounting Policies

Derecognition

Financial assets

The Legislature derecognises financial assets using trade date accounting.

The Legislature derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
 - the Legislature transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
 - the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.
- In this case, the entity:
- (i) derecognises the asset; and
 - (ii) recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

Financial liabilities

The Legislature removes a financial liability (or a part of a financial liability) from its Statement of Financial Position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.15 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Legislature. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Legislature uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Legislature recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Leases on a month-to-month basis are expensed when incurred.

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1.15 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

1.16 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.17 Impairment of cash-generating assets

Cash-generating assets are assets held by the Legislature with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-oriented Legislature, it generates a commercial return.

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Significant Accounting Policies

1.17 Impairment of cash-generating assets (continued)

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the entity designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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Significant Accounting Policies

1.17 Impairment of cash-generating assets (continued)

Cash-generating units

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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Significant Accounting Policies

1.17 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.18 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

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Significant Accounting Policies

1.18 Impairment of non-cash-generating assets (continued)

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an over-designed or overcapacity asset. Over-designed assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

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1.18 Impairment of non-cash-generating assets (continued)

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

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Significant Accounting Policies

1.19 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered a service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present, legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the entity provides post-employment benefits for one or more employees.

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

Post-employment benefits: Defined contribution plans

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

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within 12 months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

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1.19 Employee benefits (continued)

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises, because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability)

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

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Significant Accounting Policies

1.19 Employee benefits (continued)

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity attributes benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

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Significant Accounting Policies

1.19 Employee benefits (continued)

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.20 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

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

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Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.20 Provisions and contingencies (continued)

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

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

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

A contingent liability:

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

1.21 Revenue from exchange transactions

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

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

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

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

Interest, royalties and dividends

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

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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Significant Accounting Policies

1.22 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

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

Recognition

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

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

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

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Significant Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

Services in-kind

Services in-kind that are significant to the Legislature's operations and/or service delivery objectives are recognised as revenue and as assets when it is probable that future economic benefits or service potential will flow to the Legislature and the fair value of the assets can be measured reliably.

For services in-kind that are not significant to the Legislature's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the nature and type received during the reporting period are disclosed. Services in-kind are recognised as revenue and as assets.

The fair value of services in kind are determined as follows:

- The Rode Report for Property Markets is used to determine the fair value of the use of the 4th Raadsaal building.
- The annual gazetted salary increases for police members is used to determine the fair value of the protection services by the police.

1.23 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

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Significant Accounting Policies

1.23 Statutory receivables (continued)

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the entity is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in *Accrued interest* above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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Significant Accounting Policies

1.24 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

1.25 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

1.26 Fruitless and wasteful expenditure

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

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

Fruitless and wasteful expenditure recoverable is to be recognised as a receivable in the Statement of Financial Position, until received or written off.

1.27 Irregular expenditure

Irregular expenditure as defined in section 1 of the FMPPLA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

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

All expenditure relating to irregular expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure recoverable is to be recognised as a receivable in the Statement of Financial Position, until received or written off.

1.28 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.29 Prepayments and Advances

Prepayments and Advances are expenses incurred by an entity in connection with travel and subsistence which is expensed once proof are submitted from the Legislature officials.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, b) using fair value in certain instances was inappropriate, and c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board amended its existing Standards to deal with these issues. The IASB issued IFRS Standard on Financial Instruments (FRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS on Financial Instruments: Presentation and the IFRS Standard on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The adoption of this standard has not had a material impact on the results of the entity, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

The revisions resulted in the following impacts on the financial statements:

- The classification of financial assets and liabilities has been revised. No changes occurred from the previous measurement. All financial assets and liabilities are still being measured at amortised cost.
- The impairment methodology has been updated to the expected credit loss model, which incorporates forward looking information. Due to the immaterial financial impact, no changes to this balance will be made retrospectively. This is in accordance with the GRAP guideline on materiality.
- Additional disclosure requirements regarding credit risk, expected credit losses, and the assessment of significant increase in credit risk have been implemented.

No material impact on the financial statements occurred due to the revision, except for additional disclosures.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2026 or later periods:

GRAP 103 (amended): Heritage Assets

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as the review) in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

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2. New standards and interpretations (continued)

Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have "cultural significance" and defines a heritage asset as "an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations". "Cultural significance" has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The Minister of Finance determined the effective date 1 April 2027.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4 847	4 036
Bank balances	18 333 024	20 824 801
FNB Investment	22 545 718	17 468 652
	40 883 589	38 297 489

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 March 2026	31 March 2025	31 March 2024	31 March 2026	31 March 2025	31 March 2024
FNB BANK Corporate ServicesAccount 62113191796	18 333 023	20 824 800	3 755 412	18 333 023	20 824 801	3 755 412
FNB CALL ACCOUNT - Account Type - 62345381248	22 545 719	17 468 652	37 113 304	22 545 719	17 468 652	37 113 304
Petty Cash	4 847	4 036	24	4 847	4 036	24
Total	40 883 589	38 297 488	40 868 740	40 883 589	38 297 489	40 868 740

4. Receivables from exchange transactions

Creditors with debit balances	9 425	198 837
Deposits paid to suppliers	654 320	654 320
Staff debt	297 480	341 202
PPE disposals receivable	37 420	-
	998 645	1 194 359

Other non-financial asset receivables included in receivables from exchange transactions above are as follows:

Deposits paid to suppliers	654 320	654 320
Financial asset receivables included in receivables from exchange transactions above	344 325	540 039

Total receivables from exchange transactions	998 645	1 194 359
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4. Receivables from exchange transactions (continued)

Trade and other receivables pledged as security

None of Receivables from exchange transactions were pledged as security.

Credit quality receivables from exchange transactions

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates:

Trade and other receivables past due but not impaired

The ageing of these Receivables exchange transactions is as follows

0 to 12 months	97 075	329 857
Older than 12 months	901 570	864 502

The receivables from exchange transactions being staff debt are recoverable within 12 months from the FSL staff and political parties and not considered for impairment.

Amounts owing by suppliers are withheld from future invoices and not considered for impairment.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	474 020	-
Provision for impairment	-	474 020
	474 020	474 020

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 24).

Claims recoverable and PPE disposal receivable are long outstanding and considered for impairment. The legislature has no recourses available to collect these monies, therefore the lifetime expected losses are considered to be equal to the gross balance of these receivables.

5. Receivables from non-exchange transactions

Recoverable expenditure	487 643	469 004
Statutory appropriation	582 574	3 026 082
	1 070 217	3 495 086

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

Statutory appropriation	582 574	3 026 082
Recoverable expenditure	487 643	469 004
	1 070 217	3 495 086

Refer to note 18 for reconciliation performed.

Refer to note 32 for detail on prior period corrections performed.

Total receivables from non-exchange transactions	1 070 217	3 495 086
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5. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Statutory receivables arises from the statutory appropriation owed to the Legislature.

Determination of transaction amount

The amount is determined by the difference between statutory appropriation received during the year and amount paid to members (transferred to revenue).

Basis used to assess and test whether a statutory receivable is impaired

Statutory receivables are driven by legislation and therefore are not considered for impairment.

Discount rate applied to the estimated future cash flows

Discount rate is not applicable as statutory receivables are driven by legislation and therefore are not considered for impairment.

Management is of the opinion that the balances presented represent the fair value of the receivables.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables from non-exchange transactions past due not impaired

The ageing of amounts past due but not impaired is as follows:

0 to 12 months	582 574	3 082 366
Older than 12 months	487 643	469 004

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	56 284	-
Provision for impairment - Lifetime expected credit losses	-	56 284
Amounts written off as uncollectible	(56 284)	-
	-	56 284

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 24).

Recoverable expenditure and Department of Public Works revivable are long outstanding and considered for impairment. The legislature has no recourse to recover these monies and is therefore fully impaired at an amount equal to the lifetime expected losses. These amounts were written off in 2026 and therefore set-off against the loss allowance.

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6. Prepayments

At the beginning of the year	1 497 215	1 008 806
Advance	2 088 613	2 825 286
Repayments	(1 654 743)	(1 410 998)
Microsoft software licence paid in advance	(951 663)	(925 879)
	979 422	1 497 215

Prepayments and Advances are expenses incurred by an entity in connection with travel and subsistence which is expensed once proof are submitted to the Legislature.

Prepayments and Advances also relates to expenses paid in advance for which the services have not yet been received.

Balances classified as Receivables from exchange transactions

Prepayments	979 422	1 497 215
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7. Inventories

Consumables	508 819	422 037
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Inventories recognised as an expense during the year	774 881	511 115
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Inventory pledged as security

None of the inventories were pledged as security.

8. Property, plant and equipment

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	6 995 623	(5 592 976)	1 402 647	6 942 261	(5 373 402)	1 568 859
Motor vehicles	8 923 590	(2 785 888)	6 137 702	8 755 872	(2 178 396)	6 577 476
Office equipment	8 178 593	(5 817 077)	2 361 516	8 017 411	(5 731 204)	2 286 207
IT equipment	9 906 322	(6 430 213)	3 476 109	9 098 924	(5 802 329)	3 296 595
Total	34 004 128	(20 626 154)	13 377 974	32 814 468	(19 085 331)	13 729 137

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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 568 859	182 386	(18 170)	(330 428)	1 402 647
Motor vehicles	6 577 476	428 025	(95 950)	(771 849)	6 137 702
Office equipment	2 286 207	739 869	(3 074)	(661 486)	2 361 516
IT equipment	3 296 595	1 475 955	(10 443)	(1 285 998)	3 476 109
	13 729 137	2 826 235	(127 637)	(3 049 761)	13 377 974

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Work in progress additions	Disposals	Transfers from WIP	Transfers to PPE	Depreciation	Total
Furniture and fixtures	1 812 090	108 145	-	(150)	-	-	(351 226)	1 568 859
Motor vehicles	3 478 571	4 532 611	-	(710 419)	-	-	(723 287)	6 577 476
Office equipment	2 854 897	244 510	11 612	(1 300)	68 613	(68 613)	(823 512)	2 286 207
IT equipment	3 195 608	1 233 030	-	(93 369)	-	-	(1 038 674)	3 296 595
	11 341 166	6 118 296	11 612	(805 238)	68 613	(68 613)	(2 936 699)	13 729 137

Pledged as security

No Property, plant and equipment are pledged as security as at 31 March 2026.

A register containing the information required by section 30 of FMPPLA is available for inspection at the registered office of the Legislature.

Property, plant and equipment in the process of being constructed or developed

No work in progress existed as at 31 March 2026.

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8. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

	Included within Other PPE	Total
Opening balance	57 000	57 000
Additions/capital expenditure	11 612	11 612
Transferred to completed items	(68 612)	(68 612)
	-	-

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Vehicle Maintenance	619 407	540 690
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Effect of changes in accounting estimates on Property Plant and Equipment

The remaining useful life of all plant and equipment were recalculate based on the condition assessment performed. A percentage based on a NT guideline were allocated according to the condition and multiplied by the years allocated according to condition and multiplied by the years assigned to each category's new useful life. In addition, the residual value of motor vehicles was estimated in 2025 to be R3 162 237. In the current period management estimated it to be R3 273 892, taking into account the age and condition of the vehicles at the end of their useful lives.

The effect of this revision of the depreciation charges for the current and future periods by:

	2026	2027	2028
Actual Depreciation	3 049 761	3 049 761	3 049 761
Effect on Depreciation	1 356 091	950 341	423 900
Previous depreciation expected	4 405 852	4 000 102	3 473 661

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9. Heritage assets

	2026			2025		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Antiques	3 319 550	(133 680)	3 185 870	3 319 550	(133 680)	3 185 870

Reconciliation of heritage assets 2026

	Opening balance	Total
Antiques at Fourth Raadsaal	3 185 870	3 185 870

Reconciliation of heritage assets 2025

	Opening balance	Total
Antiques at Fourth Raadsaal	3 185 870	3 185 870

10. Intangible assets

	2026			2025		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 238 198	(1 156 393)	81 805	1 238 198	(1 144 110)	94 088

Reconciliation of intangible assets - 2026

	Opening balance	Amortisation	Total
Computer software, other	94 088	(12 283)	81 805

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software, other	117 619	(23 531)	94 088

11. Payables from exchange transactions

Trade payables	1 208 615	1 289 425
Subsistence & Travelling Accruals	154 799	178 666
Salary 3rd party payable	2 452 758	55 832
Unallocated deposits	-	118 409
Accrued leave pay	4 769 314	5 027 882
Accrued bonus provision	4 441 830	4 664 058
Provision for leave	2 801 151	2 881 786
Accrued payroll expense	7 890 169	8 336 883
Social and Sport Club	719 035	714 035
	24 437 671	23 266 976

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11. Payables from exchange transactions (continued)

Refer to note 32 for detail explanation on prior period corrections performed.

12. Payables from non-exchange transactions

Political Parties	1 370 019	10 958 202
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Refer to note 32 for detail explanation on prior period corrections performed.

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13. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Reconciliation of employee benefit obligations 2026

	Opening balance	Movement	Closing balance
Long service awards	11 326 000	339 000	11 665 000
Gratuity	6 870 000	226 000	7 096 000
Exit gratuity	3 583 000	6 000	3 589 000
Management gratuity	11 768 066	(1 717 066)	10 051 000
	33 547 066	(1 146 066)	32 401 000

Reconciliation of employee benefit obligations 2025

	Opening balance	Movement	Closing balance
Long service awards	12 191 856	(865 856)	11 326 000
Gratuity	7 031 000	(161 000)	6 870 000
Exit gratuity	13 071 000	(9 488 000)	3 583 000
Management gratuity	10 055 266	1 712 800	11 768 066
	42 349 122	(8 802 056)	33 547 066

Current Liabilities

Long service awards	1 160 000	1 140 000
Management gratuity	3 031 000	5 618 000
	4 191 000	6 758 000

Non-Current Liabilities

Long service awards	10 505 000	10 186 000
Gratuity	7 096 000	6 870 000
Exit gratuity	3 589 000	3 583 000
Management gratuity	7 020 000	6 150 066
	28 210 000	26 789 066

Long service awards: Movements

Opening balance	11 326 000	12 191 856
Benefits paid	(1 407 000)	(3 420 000)
Net expense recognised	1 746 000	2 554 144
	11 665 000	11 326 000

Long service awards: Net expense recognised

Current-Service cost	1 132 000	1 204 144
Interest cost	1 052 000	971 000
Actuarial Loss/(Gains)	(438 000)	379 000
	1 746 000	2 554 144

The gain on the defined benefit obligation is largely as a result of the change in membership over the valuation period.

The current service cost for the ensuing year is expected to be R1 201 000. The interest cost for the ensuing year is expected to be R987 000. The total projected expense for 2026/2027 is R2 188 000.

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13. Employee benefit obligations (continued)

Gratuity: Movements

Opening balance	6 870 000	7 031 000
Benefits paid	-	(4 487 000)
Net expenses recognised	226 000	4 326 000
	7 096 000	6 870 000

Gratuity: Net expense recognised

Current-Service cost	572 000	143 000
Interest cost	584 000	428 000
Actuarial Loss/(Gains)	(930 000)	3 755 000
	226 000	4 326 000

The gain on the defined benefit obligation is largely as a result of the actual versus expected experience over the valuation period.

The current service cost for the ensuing year is expected to be R465 000. The interest cost for the ensuing year is expected to be R209 000. The total projected expense for 2026/2027 is R674 000.

Exit gratuity: Movements

Opening balance	3 583 000	13 071 000
Benefits paid	-	(11 083 762)
Net expenses recognised	6 000	1 595 762
	3 589 000	3 583 000

Exit gratuity: Net expense recognised

Interest cost	305 000	182 000
Actuarial Loss/(Gains)	(299 000)	1 413 762
	6 000	1 595 762

The gain on the defined benefit obligation is largely as a result of the actual versus expected experience over the valuation period.

The interest cost for the ensuing year is expected to be R112 000.

Management gratuity: Movements

Opening balance	11 768 066	10 055 266
Benefits paid	(5 618 000)	-
Net expenses recognised	3 900 934	1 712 800
	10 051 000	11 768 066

Management gratuity: Net expense recognised

Current-Service cost	543 300	525 375
Interest cost	932 000	1 176 000
Actuarial Loss	2 425 634	11 425
	3 900 934	1 712 800

The loss on the defined benefit obligation is largely as a result of the change in membership over the valuation period.

The current service cost for the ensuing year is expected to be R522 000. The interest cost for the ensuing year is expected to be R810 000. The total projected expense for 2026/2027 is R1 332 000. Actual payments to beneficiaries are expected to be R3 031 000.

Free State Legislature

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13. Employee benefit obligations (continued)

Long service awards

Nature of the liability

The employers LSA consist of an obligation (liability) to pay out a bonus in the year of the employee attaining the required service. The obligation is determined by calculating the present value of the possible long service bonus awards payable throughout the employee's service guided by FSL's LSA policy.

Per the policy the benefits payable are:

For 5 completed years of services, a 5% bonus of annual salary. For 10, 20, 25 years of service a 10% bonus of annual basic salary.

The risks faced by the Legislature as a result of the defined benefit obligation can be summarised as follows:

- Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.
- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for the Legislature.
- Administration: Administration of this liability poses a burden to the Legislature.
- Liquidity Risk: Given that the benefit is unfunded the Legislature would need enough liquid assets in order to pay the Political Office Bearers Long Service Awards.
- Salary Increases: Higher than expected future salary increases would adversely affect the liability of salary related benefits, thus increasing the liability and the risk that the Legislature may not be able to pay the higher Political Office Bearers Long Service Awards.

Valuation method

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been used to value the liabilities. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 301, and meets the requirements of GRAP 25.

Valuation of Assets

The Long service award liability is not a funded arrangement. No assets has been set aside for LSA benefits that qualify as plan assets in terms of requirements of GRAP 25. As such we have ascribed a nil value to fair value of plan assets.

Statistics on eligible employees

Number of participants	151	157
Average age (years)	48,60	46,74
Average past service (years)	14,30	13,3

Results of Valuation

Accrued liability

Total value of liabilities	11 665 000	11 326 000
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Unfunded accrued liability

11 665 000	11 326 000
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Key actuarial assumptions used

The key assumptions used in the valuation, with the prior year's assumptions shown for comparison, are summarised below.

Financial assumptions

Discount rate	8,90 %	9,90 %
Salary inflation	4,90 %	5,60 %

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13. Employee benefit obligations (continued)

The rate used to discount post-employment benefit obligations should be determined by reference to market yields at the reporting date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the reporting date) on government bonds should be used. In our opinion, there is no deep market in corporate bonds in South Africa and as such we have set our recommended assumption with reference to the Nominal Bond Curve, as compiled by the Johannesburg Stock Exchange of South Africa and obtained from Inet Bridge, at the duration of the liabilities of 5 years. This converts into an effective yield of 8.90% as at 31 March 2026. In terms of the accounting standards historical yields are less important and we consequently consider it appropriate to use the discount rate 8.90% per annum.

We have assumed that the level of annual salary increases to be awarded in the long-term will, on average, be equal to annual inflation plus 1.0%.

Demographic Assumptions

Normal retirement age (years)	65	65
Withdrawal from service: age 20 - 24	15,00 %	15,00 %
Withdrawal from service: age 25 - 29	10,00 %	10,00 %
Withdrawal from service: age 30 - 34	7,00 %	7,00 %
Withdrawal from service: age 35 -39	4,00 %	4,00 %
Withdrawal from service: age 40 - 44	2,00 %	2,00 %
Withdrawal from service: age 45+	0,00 %	0,00 %

Pre-retirement mortality: Males and females: SA85-90.

The withdrawal of service is expected to be the same for females and males.

Sensitivity analysis

The valuations results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

	1% decrease	31 March 2026 Valuation basis	1% increase
Inflation rate	10 987 000	11 665 000	12 409 000
Discount rate	12 342 000	11 665 000	11 057 000

There is a direct relationship between salary inflation and accrued liability since the benefits paid are related to the salaries of the members. As such an increase in salary inflation will lead to an increase in the accrued liability, whereas a decrease in salary inflation will lead to a decrease in the accrued liability.

There is an inverse relationship between the discount rate and the accrued liability. As such a decrease in the discount rate will lead to an increase in the accrued liability, whereas an increase in the discount rate will lead to a decrease in the accrued liability.

Mortality	1 year decrease	31 March 2026 Valuation basis	1 year increase
1-year change	11 711 000	11 665 000	11 616 000

Gratuity benefits

Nature of the liability

The Free State Legislature ("the Legislature") rewards members with gratuity benefit by remunerating them with a lump sum when the members retire according to the gratuity benefit policy published in the Government Gazette on 12 November 2008.

Free State Legislature

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13. Employee benefit obligations (continued)

According to the Legislature's gratuity benefit policy published in the Government Gazette dated 12 November 2008, members of a Provincial Legislature who served more than 5 years and whose term of office has ended should be entitled to a once-off gratuity equal to 4 months' pensionable salary for every 5 years of service or a pro rata part of the five-year period.

The Political Office-Bearers' Gratuity Arrangement is a benefit controlled by the Legislature and hence do not operate under a regulatory framework. The benefits are unfunded under GRAP25.

The risks faced by the Legislature as a result of the defined benefit obligation can be summarised as follows:

- Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.
- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for the Legislature
- Administration: Administration of this liability poses a burden to the Legislature.
- Liquidity Risk: Given that the benefit is unfunded, the Legislature would need enough liquid assets in order to pay the Political Office Bearers Gratuity Arrangement.
- Salary Increases: Higher than expected future salary increases would adversely affect the liability of salary related benefits, thus increasing the liability and the risk that the Legislature may not be able to pay the higher Political Office Bearers Gratuity Arrangement.

Valuation method

The Projected Unit Credit (PUC) method is used in calculations, as required by GRAP 25.

Valuation of Assets

No assets have been set aside to match the above mentioned liabilities. (no plan assets per GRAP 25).

Statistics on eligible retirees

Number of participants	20,00	20,00
Average age (years)	51,70	50,90
Average service (years)	6,70	5,70

Key actuarial assumptions used

The key assumptions used in the valuation, with the prior year's assumptions shown for comparison, are summarised below:

Financial assumptions

Discount rate	7,70 %	8,50 %
Inflation rate	3,50 %	3,70 %

While not used explicitly in the valuation, we have assumed the underlying future rate of consumer price inflation (CPI) to be 3.50% per annum. This assumption is in line with the SA Government's Monetary Policy target of 3% to 6% per annum.

GRAP25 requires that the discount rate be set with regards to the market yield on government bonds at the reporting date. In countries where there is no deep market in such bonds, the market yields (at the reporting date) on government bonds should be used. In our opinion, there is no deep market in corporate bonds in South Africa and as such we have set our recommended assumption with reference to the Nominal Bond Curve, as compiled by the Johannesburg Stock Exchange of South Africa and obtained from Inet Bridge, at the duration of the liabilities of 1 year. This converts into an effective yield of 7.70% as at 31 March 2026. In terms of the accounting standards historical yields are less important and we consequently consider it appropriate to use the discount rate 7.70% per annum.

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13. Employee benefit obligations (continued)

Demographic Assumptions

Normal retirement age:

The next national election date is assumed to be the date the employee's office ceases.

Mortality:

SA85-90

Withdrawal and Early Retirement:

Age group	Annual withdrawal rate of males	Annual withdrawal rate of females
20-24	16.0%	24.0%
25-29	12.0%	18.0%
30-34	10.0%	15.0%
35-39	8.0%	10.0%
40-44	6.0%	6.0%
45-49	4.0%	4.0%
50-54	2.0%	2.0%
55-59	1.0%	1.0%
60+	0%	0%

Gratuity arrangement end date

It was assumed that any remaining member will be paid their full gratuity by the 4 November 2026 election.

Sensitivity analysis

The valuations results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below:

	1% decrease	31 March 2026 Valuation basis	1% increase
Discount rate	7 127 000	7 096 000	7 065 000

There is an inverse relationship between the discount rate and the accrued liability. As such a decrease in the discount rate will lead to an increase in the accrued liability, whereas an increase in the discount rate will lead to a decrease in the accrued liability.

Mortality

No mortality assumption is assumed as the next election date is assumed to be the date that the employee's office ceases.

Exit gratuity benefits

Nature of the liability

The Free State Legislature ("the Legislature") has a liability towards members in respect of the Political Office Bearers Gratuity Arrangement. We were requested to calculate the value of the Legislature's liability towards qualifying members, as prescribed in GRAP 25.

Prior to 7 May 2019 (previously thought to be 29 February 2016), all members who were political office bearers (as defined in the Fund's rules), received the Fund benefits outlined below upon ceasing to be a political office bearer.

Free State Legislature

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13. Employee benefit obligations (continued)

The Basic Fund Credit comprising the retirement-funding contributions paid by the member (including any additional voluntary contributions) plus contributions paid by the employer on her/his behalf (including any transfer value received from another fund) plus net Fund returns.

The Additional Service Benefit, of 20% per year of qualifying service (up to a maximum of 10 years) multiplied by the member's Revalued Pensionable Salary as at date of leaving office. Qualifying service is all contributory service except for service as a diplomat.

In case of a member who has completed more than one full term of office (or more than 5 years in office), the Equalisation Amount. This amount is calculated as the accumulated value of deemed employer contribution of 20% of the members pensionable salary over the member's full period of contributory service (but excluding any service as a diplomat), accumulated with Fund returns, but subject to a maximum of the difference between (a) an amount termed the Maximum Benefit and (b) the sum of (i) the members basic Fund Credit, being the accumulated value of the member's own ordinary contributions (but excluding any such contributions made after completing 15 years of qualifying service) and the State's ordinary retirement-funding contributions, and (ii) the member's Additional Service Benefit. The Equalisation Amount has a minimum of zero.

The Political Office-Bearers' Gratuity Arrangement is a benefit controlled by the Legislature and hence do not operate under a regulatory framework. The benefits are unfunded under GRAP25.

The risks faced by the Legislature as a result of the defined benefit obligation can be summarised as follows:

- Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.
- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for the Legislature.
- Administration: Administration of this liability poses a burden to the Legislature.
- Liquidity Risk: Given that the benefit is unfunded, the Legislature would need enough liquid assets in order to pay the Political Office Bearers Gratuity Arrangement.
- Salary Increases: Higher than expected future salary increases would adversely affect the liability of salary related benefits, thus increasing the liability and the risk that the Legislature may not be able to pay the higher Political Office Bearers Gratuity Arrangement.

Valuation method

The Projected Unit Credit (PUC) method is used in calculations, as required by GRAP 25.

Valuation of Assets

No assets have been set aside to match the above mentioned liabilities. (no plan assets per GRAP 25).

Statistics on eligible retirees

Number of participants	3,00	3,00
Average age	53,78	52,78
Average service (years)	14,67	13,39

Key actuarial assumptions used

The key assumptions used in the valuation, with the prior year's assumptions shown for comparison, are summarised below:

Financial assumptions

Discount rate	7,70 %	8,50 %
Inflation rate	3,50 %	3,70 %

While not used explicitly in the valuation, we have assumed the underlying future rate of consumer price inflation (CPI) to be 3.50% per annum. This assumption is in line with the SA Government's Monetary Policy target of 3% to 6% per annum.

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13. Employee benefit obligations (continued)

The rate used to discount post-employment benefit obligations should be determined by reference to market yields at the reporting date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the reporting date) on government bonds should be used. In our opinion, there is no deep market in corporate bonds in South Africa and as such we have set our recommended assumption with reference to the Nominal Bond Curve, as compiled by the Johannesburg Stock Exchange of South Africa and obtained from Inet Bridge, at the duration of the liabilities of 1 year. This converts into an effective yield of 7.70% as at 31 March 2026. In terms of the accounting standards historical yields are less important and we consequently consider it appropriate to use the discount rate 7.70% per annum.

We have assumed that the Political Office Bearers Gratuity Arrangement will increase annually in line with inflation.

Demographic Assumptions

Normal retirement age:

The next national election date is assumed to be the date the employee's office ceases.

Mortality:

SA85-90

Withdrawal and Early Retirement:

Age group	Annual withdrawal rate of males	Annual withdrawal rate of females
20-24	16.0%	24.0%
25-29	12.0%	18.0%
30-34	10.0%	15.0%
35-39	8.0%	10.0%
40-44	6.0%	6.0%
45-49	4.0%	4.0%
50-54	2.0%	2.0%
55-59	1.0%	1.0%
60+	0%	0%

Sensitivity analysis

The valuations results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below:

	1% decrease	31 March 2026 Valuation basis	1% increase
Discount rate	3 593 000	3 589 000	3 585 000

No mortality assumption is assumed as the next national election date is assumed to be the date the employee's office ceases.

Management gratuity

Nature of the liability

The gratuity benefit is payable upon retirement or withdrawal from service. The benefit is defined as two weeks' pensionable salary at the date of exit for each completed year of service. Accordingly, the total benefit accrues linearly over the period of service and is determined with reference to the member's final pensionable salary at the point of exit.

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13. Employee benefit obligations (continued)

The risks faced by the Legislature as a result of the defined benefit obligation can be summarised as follows:

- Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.
- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for the Legislature.
- Administration: Administration of this liability poses a burden to the Legislature.
- Liquidity Risk: Given that the benefit is unfunded the Legislature would need enough liquid assets in order to pay the Political Office Bearers Gratuity Arrangement.
- Salary Increases: Higher than expected future salary increases would adversely affect the liability of salary related benefits, thus increasing the liability and the risk that the Legislature may not be able to pay the higher Political Office Bearers Gratuity Arrangement.

Valuation method

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been used to value the liabilities. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 301, and meets the requirements of GRAP 25.

Valuation of Assets

The liability is not a funded arrangement. No assets has been set aside for benefits that qualify as plan assets in terms of requirements of GRAP 25. As such we have ascribed a nil value to fair value of plan assets.

Statistics on eligible employees

Number of participants	25	25
Salary weighted average age	50,90	50,90
Salary weighted average past service	15,20	15,20

Results of Valuation

Accrued liability

Total value of liabilities	10 051 000	11 768 066
Value of assets	-	-

Unfunded accrued liability

10 051 000 11 768 066

Key actuarial assumptions used

The key assumptions used in the valuation, with the prior year's assumptions shown for comparison, are summarised below.

Financial assumptions

Discount Rate	9,30 %	10,40 %
Fixed Benefit Increase Rate	4,10 %	4,80 %

Methodology of setting the financial assumptions

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13. Employee benefit obligations (continued)

The rate used to discount post-employment benefit obligations should be determined by reference to market yields at the reporting date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the reporting date) on government bonds should be used. In our opinion, there is no deep market in corporate bonds in South Africa and as such we have set our recommended assumption with reference to the Nominal Bond Curve, as compiled by the Johannesburg Stock Exchange of South Africa and obtained from Inet Bridge, at the duration of the liabilities of 7 years. This converts into an effective yield of 9.30% as at 31 March 2026. In terms of the accounting standards historical yields are less important and we consequently consider it appropriate to use the discount rate 9.30% per annum.

While not used explicitly in the valuation, we have assumed the underlying future rate of consumer price inflation (CPI) to be 4.10% per annum. This assumption is in line with the SA Government's Monetary Policy target of 3% to 6% per annum. This assumption has been based on the relationship between the current Nominal and Real Bond Curves, as compiled by the Johannesburg Stock Exchange of South Africa. The real bond yield was rounded to the nearest 0.1% as in the case of the discount rate.

We calculated our inflation assumption as the difference between the discount rate and the real bond yield and adjusted for an inflation risk premium which we assumed to be 0.5%. The yield on a conventional bond is assumed to equal inflation plus the real yield on an index-linked bond plus an inflation risk premium. There is a premium to compensate the conventional bondholder for the uncertainty regarding future inflation. If inflation is higher than expected, their real yield will be lower than expected. The index-linked bondholder does not require such a premium as their yield is protected against higher than expected inflation.

We have assumed that the Gratuity Arrangement will increase annually in line with inflation.

Demographic Assumptions

Normal retirement age (years)	65	65
Withdrawal from service: age 20	15,00 %	15,00 %
Withdrawal from service: age 25	10,00 %	10,00 %
Withdrawal from service: age 30	7,00 %	7,00 %
Withdrawal from service: age 35	4,00 %	4,00 %
Withdrawal from service: age 40	2,00 %	2,00 %
Withdrawal from service: age 45 - 60	- %	- %

Pre-retirement mortality: Males and females: SA85-90.

The withdrawal of service is expected to be the same for females and males

Sensitivity analysis

	1% Decrease	31 March 2026 Valuation basis	1% Increase
Discount rate	10 811 000	10 051 000	9 382 000

14. Other income (exchange)

Insurance Claims and other income	786 587	1 593 116
Reversal of bonus and leave provisions	561 431	-
	1 348 018	1 593 116

15. Interest received

Interest revenue

Staff debt	8 867	4 696
Cheque Account	673 548	723 872
Investment Account	1 188 620	2 655 348
	1 871 035	3 383 916

Free State Legislature

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Notes to the Annual Financial Statements

Figures in Rand	2026	2025
16. Service in-kind		
Department of Public Works - 4th Raadsaal	3 594 855	3 235 277
South African Police Services	1 462 737	1 386 481
	5 057 592	4 621 758

The Free State Legislature makes use of the Fourth Raadsaal building, which is the property of the Department of Public Works.

The service in kind relating to the Fourth Raadsaal building is based on the Rode's Report on Property Markets.

The South African police service provides national key point access control and protection services to the Free State Legislature. These services were provided for the entire reporting period

17. Other income (non-exchange)

Legal fees recovered	-	469 004
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Refer to note 32 for detailed explanation of prior period corrections performed.

18. Government grants & subsidies

Operating grants

Annual Appropriation	331 144 918	289 411 326
Statutory Appropriation	30 582 573	45 202 211
	361 727 491	334 613 537

Statutory appropriation

Balance unspent at beginning of the year	(3 026 083)	169 129
Current-year receipts	33 026 083	42 007 000
Transferred to revenue	(30 582 573)	(45 202 212)
Statutory (Receivable)/Unspent appropriation	(582 573)	(3 026 083)

Annual appropriation:

FSL used its retained revenue amounting to R6 270 000 (2025: R16 292 674) in terms of Section 23(1) of Financial Management of Parliament and Provincial legislatures Act, 2009.

19. Public contributions and donations

Donated PPE	-	77 748
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Transfer of movable assets from the Office of the Premier to the Free State Legislature.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand	2026	2025
20. Employee related costs		
Accrual Service bonus	-	535 978
Accrual leave expense	-	1 244 278
Acting allowances	1 305 681	399 009
Basic	111 570 943	105 809 582
Bonus	9 500 841	8 703 458
Car allowance	7 360 084	7 544 462
Cellphone allowance	979 620	812 845
Defined contribution plans	18 948 209	18 009 255
Early retirement settlement	5 630 465	-
Employee benefit obligation - Current service cost	1 115 300	668 375
Head of department allowances	24 677	334 889
Housing benefits and allowances	7 205 200	7 031 791
Leave payments	6 270 054	5 475 318
Long-service awards	930 339	1 265 936
Medical aid - company contributions	7 284 651	7 093 187
Non-pensionable allowance	324 145	248 704
Overtime payments	1 639 525	1 427 311
UIF	334 934	332 358
Uniform allowance	456 882	85 553
	180 881 550	167 022 289

Remuneration of the Secretary

Annual Remuneration	1 624 452	2 052 116
Car Allowance	452 386	663 588
Bonus	135 371	171 010
Contributions to UIF, Medical and Pension Funds	278 282	427 906
Cellphone Allowance	20 400	28 200
Housing Allowance	57 981	55 320
HOD allowance	-	334 041
Acting allowance	179 719	-
Leave payout	62 479	118 391
	2 811 070	3 850 572

During 2025/26 the legislature had an Acting Secretary, whereas in 2024/25 the position was filled.

Remuneration of Deputy Secretary

Annual Remuneration	1 688 614	1 611 273
Car Allowance	298 749	285 060
Cellphone allowance	24 600	24 600
Contributions to UIF, Medical and Pension Funds	320 587	297 186
Housing Allowance	57 981	50 710
Bonus	140 718	100 429
Leave Payout	45 463	43 380
Acting allowance	128 170	-
	2 704 882	2 412 638

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand

2026

2025

20. Employee related costs (continued)

Remuneration of Chief Finance Officer

Annual Remuneration	1 988 351	1 897 282
Car Allowance	597 506	570 144
Cellphone Allowance	24 600	24 600
Contributions to UIF, Medical and Pension Funds	384 470	366 952
Housing Allowance	57 981	55 320
Bonus	165 696	158 107
Long service: Bonus and Rebate	-	189 728
Leave payout	114 713	109 459
	3 333 317	3 371 592

Remuneration of Senior Management

Annual Remuneration	12 409 739	13 560 003
Car Allowance	3 368 051	3 950 314
Cellphone Allowance	141 963	164 063
Contributions to UIF, Medical and Pension Funds	2 482 822	2 624 761
Housing Allowance	356 286	433 200
Bonus	1 106 215	912 278
Gratuity	10 213 795	-
Long service: Bonus and Rebate	359 710	486 775
Leave payout	1 071 364	684 103
	31 509 945	22 815 497

Certain managers were acting as secretary in 2025/26, which is the main contributor to the decrease in certain payouts. These salaries are disclosed under Remuneration of the Secretary.

Director Institutional Support Services remuneration previously not included.

Amount previously reported: R20 343 172.

2026 Remuneration of Directors

	Package	Retirement/Gratuity	Total
Director: Human Resources	3 267 567	2 614 106	5 881 673
Director: Supply Chain Management	2 604 383	-	2 604 383
Director: Risk Management and Strategy	2 693 171	-	2 693 171
Director: Financial Management	2 569 641	-	2 569 641
Director: Institutional Support Service	1 450 726	-	1 450 726
Director: Chief Audit Executive	1 859 646	-	1 859 646
Director: Procedural Services	3 733 339	4 314 467	8 047 806
Director: Public Participation and Education	3 117 677	3 285 222	6 402 899
	21 296 150	10 213 795	31 509 945

2025 Remuneration of Directors

	Package	Retirement/Gratuity	Total
Director: Human Resources	2 664 208	-	2 664 208
Director: Supply Chain Management	2 445 868	-	2 445 868
Director: Risk Management and Strategy	4 073 224	-	4 073 224
Director: Financial Management	2 464 433	-	2 464 433
Director: Institutional Support Service	2 472 325	-	2 472 325
Director: Legal Services	2 511 856	-	2 511 856
Director: Procedural Services	3 323 616	-	3 323 616
Director: Public Participation and Education	2 859 967	-	2 859 967
	22 815 497	-	22 815 497

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand	2026	2025
21. Members remuneration		
Basic Salary	15 986 571	15 428 735
Basic Backdated	290 566	49 625
Non-Pensionable allowance	4 358 250	4 439 103
Car Allowance	2 010 000	1 899 970
Public office bearer allowance	2 390 000	2 400 000
Medical allowance	1 465 828	1 566 042
Political pension fund	4 134 729	3 934 499
	30 635 944	29 717 974

Exit Gratuity amounting to R0 (2025: R15 570 762) was paid to members during the year. Refer to note 13 for more detail.

Refer to breakdown of members remuneration below:

Members remuneration paid	30 582 574	29 631 450
Accrual payroll expense	53 370	86 524
	30 635 944	29 717 974

Remuneration of the Speaker - NB Sifuba

Annual remuneration	-	321 215
Public office-bearer allowance	-	30 000
Medical and pension fund	-	98 623
Non pensionable allowances	-	135 520
	-	585 358

Speakers term ended - National Election May 2024.

Remuneration of the Speaker - MA Dukwana

Annual remuneration	1 285 689	887 583
Public office beared allowance	120 000	90 000
Medical and pension fund	456 561	321 541
Non pensionable allowances	445 530	332 431
	2 307 780	1 631 555

Honourable Speaker got elected at the first sitting after the national election dated 29 May 2024.

22. Transfers and subsidies

Constituency allowance	30 845 639	27 313 790
Office allowance	26 229 101	23 575 603
Study allowance	304 988	283 298
Research allowance	5 301 232	4 982 888
	62 680 960	56 155 579

Transfers and subsidies as disclosed for an amount of R62 680 960 (2025: R56 155 579) relates to transfers to political parties to enable the political parties to establish and maintain their own administrative infrastructure and general support services to members and party leadership. The expenditure vest with political parties and must be accounted for annually to the Legislature. In terms of Section 5.8 of the Policy on Funding of the Political Parties policy requires that the books and records of account of every represented political party must be audited by a public accountant and auditor registered and practicing as such in terms of the Public Accountants and Auditors Act 1991 (Act no 80 of 1991) within the prescribed timeframes.

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Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand	2026	2025
23. Finance costs		
Trade and other payables	4 395	-
Finance leases	-	2 139
Interest cost - Employee benefit obligation	2 873 000	2 757 000
	2 877 395	2 759 139
24. Debt impairment		
Receivables from exchange transactions	-	474 020
Receivables from non-exchange transactions	-	56 284
	-	530 304
Refer to note 4 and 5.		
25. Property Payments		
Office rent	21 209 357	17 072 244
Garden services	95 588	98 400
Municipal services	5 141 009	5 619 192
	26 445 954	22 789 836
26. General expenses		
Advertising	1 119 284	5 586 517
Assets expensed	118 304	53 554
Audit fees	3 995 470	4 196 046
Bank charges	91 188	95 072
Catering	3 269 475	4 009 191
Cleaning	1 796	8 627
Communications	1 817 240	1 779 020
Compensation for injury on duty	127 191	-
Consulting and professional fees	11 620 856	9 647 770
Consumables	739 647	821 825
Donations	50 000	-
Donations – Speaker's Activities	917 162	794 291
Events management	549 434	953 193
Flowers	16 098	4 953
Fuel and oil	1 013 056	848 247
Insurance	1 365 108	1 278 004
License and Subscriptions	2 875 249	2 471 399
Maintenance costs	244 651	243 684
Member electricity claims	127 990	-
Motor vehicle expenses	619 407	540 690
Performers and artists	279	45 000
Printing and publications	268 415	460 646
Protective clothing	164 082	150 958
Relocation cost	25 000	357 240
Rental: equipment and facilities	3 188 214	4 709 947
Study aid	1 111 662	916 434
Subscriptions and membership fees	1 782 279	1 164 459
Telephone and fax	794 964	806 149
Training	479 089	235 573
Transport and freight	716 008	1 103 965
Uniforms	20 082	159 092
	39 228 680	43 441 546

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Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand	2026	2025
27. Travel and Subsistence		
Travel - Local	11 612 992	10 275 914
Travel - Overseas	2 925 619	2 256 991
	14 538 611	12 532 905
28. Cash generated from operations		
Surplus	8 734 615	1 114 893
Adjustments for:		
Depreciation and amortisation	3 062 044	2 960 230
(Profit) / loss on disposal of property, plant and equipment	(61 771)	80 418
Public contributions and donations	-	(77 748)
Bad debts written off	97 977	94 780
Actuarial (gain)/Loss	758 634	5 559 187
Leave pay Provision	(339 203)	1 244 278
Accrued Bonus Provision	(222 228)	535 979
Accrued Payroll	(446 714)	891 143
Subsistence & Travelling Accruals	(23 867)	56 932
Salary suspense	2 396 926	12 463
Finance costs	2 877 395	2 759 139
Interdepartmental Claim-Police	-	(97 878)
Debt impairment	-	530 304
Movements in operating lease	-	(1 233 176)
Employee benefit obligations	(4 777 699)	(17 118 243)
Unallocated deposits	(118 409)	-
Social and Sport club	5 000	(94 101)
Changes in working capital:		
Inventories	(86 782)	26 489
Receivables from exchange transactions	296 566	156 440
Other receivables from non-exchange transactions	2 406 230	(3 495 086)
Prepayments	517 793	(488 409)
Unspent conditional grants and receipts	-	(169 129)
Payables	(104 435)	(1 211 192)
Payables from non-exchange transactions	(9 588 183)	10 795 235
	5 383 889	2 832 948
29. Commitments		
Authorised expenditure		
Already contracted for but not yet recognised for:		
• Agobokwe Trading	514 754	-
• Bidvest Steiner	97 789	-
• AFRISIX	-	24 514
• Microsoft Ireland	5 388 672	-
• Isaac Pest	-	106 600
• Mubesko Africa (PTY) Ltd	650 670	144 256
• Sanitech	-	68 707
• SNG Grant Thornton Advisory service (PTY) LTD	2 907 266	3 908 598
	9 559 151	4 252 675
Total commitments		
Total commitments		
Authorised expenditure	9 559 151	4 252 675

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Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand	2026	2025
30. Budget differences		
Basis difference - Cash Flow		Reconciliation
Profit as per budget statement		10 513 424
Payables Accruals		348 127
S&T Accrual		(23 867)
Political party payable		(10 958 202)
Salary 3rd Party Payable		2 396 926
Sport club		5 000
Staff debt		46 597
PPE disposals receivable		37 420
Capitalisation of PPE		220 677
Net increase/(decrease) in cash and cash equivalents		2 586 100

Material differences between budget and actual amounts

Variances above 10% and above R1 000 000 are considered to be material.

30.1 Other income: Sale of assets and Unallocated deposits surrendered not budgeted for.

30.2 Interest received: Own funds were used to support budgetary requirements and ensure availability of sufficient cashflow to fund operational commitments and approved expenditure, resulting in less interest being received on the investment account.

30.3 Annual appropriation: FSL used its retained revenue amounting to R6 270 000 in terms of Section 23(1) of Financial Management of Parliament and Provincial legislatures Act, 2009.

30.4 Employee related cost: Certain vacancies that were budgeted for were not filled during the year, resulting in less expenditure than budgeted for.

30.5 Members Remuneration: Variance not considered to be material.

30.6 Transfers and subsidies: Allowances were forfeited due to non-compliance with the applicable policy requirements by the ANC..

30.7 Payment for capital assets: Capital purchases could not be finalised during the year as the required procurement and approval processes were not completed.

30.8 Goods and services: Certain programs were planned to occur in March 2026 but only occurred in April 2026.

Changes between the approved and final budgets.

The under-allocation of budget to the Legislature, resulted in adjustments been appropriated through the Adjustment and Special Adjustment Appropriation to reach a final budget allocation which addressed critical areas where budget pressures occurred.

The number of non-returning MPLs who received gratuity pay outs at the end of the 6th term, constituent grant increase to political parties, software licensing and replacement of mobile assets are recorded as the main cost drivers.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand

2026

2025

31. Financial instruments disclosure

Categories of financial instruments

2026

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	344 325	344 325
Cash and cash equivalents	40 883 589	40 883 589
	41 227 914	41 227 914

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1 363 414	1 363 414
Payables from non-exchange transactions	1 370 019	1 370 019
	2 733 433	2 733 433

2025

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	540 039	540 039
Cash and cash equivalents	38 297 489	38 297 489
	38 837 528	38 837 528

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	1 468 091	1 468 091
Payables from non-exchange transactions	10 958 202	10 958 202
	12 426 293	12 426 293

Removed Salary 3rd Party payable previously included as a financial instrument, as it is specifically excluded in terms of GRAP 104.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand

2026

2025

32. Prior year error /adjustments

The following prior period restatements occurred due to errors identified in 2026 relating to previous years:

1. During 2025 a legal case was finalised in favour of the legislature. The outcome was that the legislature is entitled to recover their legal fees from the appellant. Since this case was decided during the 2025 financial year, a prior period correction was processed by increasing Receivables from non-exchange transactions by R469 004 and increasing Other income from non-exchange transactions (legal fees recovered) by the same amount.
2. Long service awards amounting to R220 000 were incorrectly integrated into the general ledger from the payroll system. The error resulted in an overstatement of long service awards expenditure in the financial statements. R150 000 related to the 2023/24 financial year and is therefore corrected against opening accumulated surplus. R70 000 relates to the 2024/25 financial year and is therefore corrected against Employee related cost of 2024/25. The corresponding entry results in a decrease in Payables from exchange transactions (Salary suspense) by R220 000.
3. Political parties did not receive their full backpay during 2024/25. As a result prior year Transfers and subsidies and Payables from non-exchange transactions are both increased by R108 851.
4. The opening balance for 2025 fruitless and wasteful expenditure was restated by an amount of R17,145 due to transactions relating to catering being incorrectly omitted from the previously reported opening balance. The impact of this correction is disclosed in note 37.
5. Management recognised a liability for an employee benefit plan relating to management gratuities. Management determined that a constructive obligation existed in 2025 as the following was in place:
 - (a) It has been past practice to remunerate the employees for their services
 - (b) A valid expectation has been created and the legislature would have had no alternative than to pay its employees.
 Refer to note 13 for more information on the management gratuity.

The correction results in the increase in Current employee benefits by R5,618,000, increase in Non-current employee benefits by R6,150 066, decrease in Opening accumulated surplus by R10,055 266, increase in Employee related costs by R525 375, increase in finance costs by R1 176 000 and increase in Actuarial losses by R11 425.

The above corrections resulted in a adjustment in the deficit for the year amounting to R1,282 647.

Statement of financial position

2025

	Note	As previously reported	Correction of error	Restated
Current Assets				
Cash and cash equivalents		38 297 489	-	38 297 489
Receivables from exchange transactions		1 194 359	-	1 194 359
Receivables from non-exchange transactions		3 026 082	469 004	3 495 086
Prepayments		1 497 215	-	1 497 215
Inventories		422 037	-	422 037
Non-Current Assets				
Property, plant and equipment		13 729 137	-	13 729 137
Heritage assets		3 185 870	-	3 185 870
Intangible assets		94 088	-	94 088
Current Liabilities				
Payables from exchange transactions		(23 486 976)	220 000	(23 266 976)
Payables from non-exchange transactions		(10 849 351)	(108 851)	(10 958 202)
Employee benefit obligation		(1 140 000)	(5 618 000)	(6 758 000)
Non-Current Liabilities				
Employee benefit obligation		(20 639 000)	(6 150 066)	(26 789 066)
Net Assets				
Opening accumulated surplus		(2 933 410)	9 905 266	6 971 856
		2 397 540	(1 282 647)	1 114 893

Free State Legislature

Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand

2026

2025

32. Prior year error /adjustments (continued)

Statement of financial performance

2025

	Note	As previously reported	Correction of error	Restated
Revenue from exchange transactions				
Other income		1 593 116	-	1 593 116
Interest received		3 383 916	-	3 383 916
Revenue from non-exchange transactions				
Service in-kind		4 621 758	-	4 621 758
Other income		-	469 004	469 004
Transfer revenue				
Government grants & subsidies		334 613 537	-	334 613 537
Public contributions and donations		77 748	-	77 748
Expenditure				
Employee related costs		(166 566 914)	(455 375)	(167 022 289)
Members remuneration		(29 717 973)	-	(29 717 973)
Transfers and subsidies		(56 046 728)	(108 851)	(56 155 579)
Depreciation and amortisation		(2 960 230)	-	(2 960 230)
Finance costs		(1 583 139)	(1 176 000)	(2 759 139)
Debt Impairment		(530 304)	-	(530 304)
Bad debts written off		(94 780)	-	(94 780)
Loss on disposal of assets and liabilities		(80 418)	-	(80 418)
Travel and subsistence		(12 532 905)	-	(12 532 905)
Property payments		(22 789 836)	-	(22 789 836)
General expenses		(43 441 546)	-	(43 441 546)
Actuarial gain/(loss)		(5 547 762)	(11 425)	(5 559 187)
Surplus for the year		2 397 540	(1 282 647)	1 114 893

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Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand

2026

2025

32. Prior year error /adjustments (continued)

Cash flow statement

2025

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Receipts - Sale of goods and services		929 037	-	929 037
Receipts - Grants		331 418 326	-	331 418 326
Receipts - Interest income		3 383 916	-	3 383 916
Payments - Employee costs		(167 164 742)	-	(167 164 742)
Payments - Members remuneration		(45 202 211)	-	(45 202 211)
Payments - Suppliers		(75 171 034)	-	(75 171 034)
Payments - Transfers and subsidies		(45 360 344)	-	(45 360 344)
		2 832 948	-	2 832 948
Cash flow from investing activities				
Purchase of property, plant and equipment		(6 052 162)	-	(6 052 162)
Proceeds from sale of property, plant and equipment		724 822	-	724 822
		(5 327 340)	-	(5 327 340)
Cash flow from financing activities				
Finance lease payments		(76 860)	-	(76 860)
Reconciliation of Cash generated from operations				
(Deficit)/surplus		2 397 540	(1 282 647)	1 114 893
Adjustments for				
Depreciation and amortisation		2 960 230	-	2 960 230
Loss on sale of assets and liabilities		80 418	-	80 418
Public contributions and donations		(77 748)	-	(77 748)
Bad debts written off		94 780	-	94 780
Actuarial (gain)/Loss		5 547 762	11 425	5 559 187
Leave pay Provision		1 244 278	-	1 244 278
Accrued Bonus Provision		535 979	-	535 979
Accrued Payroll		891 143	-	891 143
Subsistence & Travelling Accruals		56 932	-	56 932
Salary suspense		82 463	(70 000)	12 463
Finance costs		1 583 139	1 176 000	2 759 139
Debt impairment		530 304	-	530 304
Movements in operating lease		(1 233 176)	-	(1 233 176)
Social and Sport club		(94 101)	-	(94 101)
Employee benefit obligations		(17 643 618)	525 376	(17 118 242)
Interdepartmental Claim - Police		(97 878)	-	(97 878)
Changes in working capital				
Inventories		26 489	-	26 489
Receivables from exchange transactions		156 441	-	156 441
Other receivables from non-exchange transactions		(3 026 082)	(469 004)	(3 495 086)
Prepayments		(488 409)	-	(488 409)
Unspent conditional grants and receipts		(169 129)	-	(169 129)
Payables		(1 211 193)	-	(1 211 193)
Payables from non-exchange transactions		10 686 384	108 850	10 795 234
		2 832 948	-	2 832 948

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Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand 2026 2025

32. Prior year error /adjustments (continued)

Change in accounting policy

The following change in accounting policies occurred:

GRAP 104 Financial Instruments (Revised 2019)

GRAP 104 (Revised 2019) was issued in April 2019 and has an initial promulgated implementation date of 1 April 2025. The legislature adopted the standard on 1 April 2025.

The legislature applied the new Standard retrospectively, except for the transitional provisions applied as set out below.

However, in line with the Transitional Provisions for the Standards of GRAP on Financial Instruments (Revised 2019), the Legislature did not restate the prior periods.

There are no differences between carrying amounts previously recognised and the revised GRAP 104 measurement requirements.

Transition - classification and measurement

The legislature assessed the objective of its management models for financial assets based on the facts and circumstances that existed on 1 April 2025.

All financial assets and liabilities are measured at amortised cost, which is consistent with the previous accounting treatment.

Transition - Impairment

The Legislature measured the impairment losses using the expected credit losses on 1 April 2025. No changes due to the ECL model were deemed necessary. Impairment already recognised was considered to be compliant with the revised accounting standard.

Impact on measurement categories

The nature and effects of the key changes to the legislature's accounting policies resulting from the adoption of GRAP 104 (Revised 2019) are summarised below.

The table shows the measurement categories per GRAP 104 (2009) and the new measurement categories per GRAP 104 (Revised 2019) on 1 April 2025:

As per transitional provisions, comparative figures are not adjusted. The change is therefore disclosed as at 1 April 2025. Amounts disclosed have been restated after accounting for correction of prior period errors listed above.

As mentioned, no changes in measurement or categories of financial instruments occurred as a result of the revised accounting standard.

	Measurement category		Carrying value	
	GRAP 104 (2009)	GRAP 104 (2019)	GRAP 104 (2009)	GRAP 104 (2019)
Financial asset classes				
Cash and cash equivalents	Amortised costs	Amortised costs	38 297 489	38 297 489
Receivables from exchange transactions	Amortised costs	Amortised costs	540 039	540 039
	Measurement category		Carrying value	
	GRAP 104 (2009)	GRAP 104 (2019)	GRAP 104 (2009)	GRAP 104 (2019)
Financial liability classes				
Payables from exchange transactions	Amortised costs	Amortised costs	1 468 091	1 468 091
Payables from non-exchange transactions	Amortised costs	Amortised costs	10 958 202	10 958 202

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32. Prior year error /adjustments (continued)

The table reconciles the carrying amounts of financial assets under GRAP 104 (2009) to the new carrying amounts under GRAP 104 (Revised 2019) on 1 April 2025.

Financial asset classes	Carrying amount GRAP 104 (2009)	Reclassifications	Change in measurements	New amount GRAP 104 (Revised 2019)
Cash and cash equivalents	38 297 489	-	-	38 297 489
Receivables from exchange transactions	540 039	-	-	540 039
	38 837 528	-	-	38 837 528

The table reconciles the carrying amounts of financial liabilities under GRAP 104 (2009) to the new carrying amounts under GRAP 104 (Revised 2019) on 1 April 2025.

Financial liability classes	Carrying amount GRAP 104 (2009)	Reclassifications	Change in measurements	New amount GRAP 104 (Revised 2019)
Payables from exchange transactions	1 468 091	-	-	1 468 091
Payables from non-exchange transactions	10 958 202	-	-	10 958 202
	12 426 293	-	-	12 426 293

The table reconciles the carrying amounts of impairment losses under GRAP 104 (2009) to the new carrying amounts under GRAP 104 (Revised 2019) on 1 April 2025:

	Receivables from exchange transactions	Receivables from non-exchange transactions	Total
Impairment loss balance under GRAP 104 (2009)	474 020	56 284	530 304
Reclassifications to FVTSD	-	-	-
Change in measurement	-	-	-
New impairment loss under GRAP 104 (2019)	474 020	56 284	530 304

33. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk) and credit risk.

The only interest-bearing asset relates to bank accounts, and the risk relating to interest-rate fluctuations is not considered to be significant to warrant hedging against interest-rate movements.

The entity mainly transacts in local currency and is therefore not exposed to significant foreign exchange risk.

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33. Risk management (continued)

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The balances that are exposed to risk are disclosed below, not only balances that meet the definition of financial liability:

At 31 March 2026	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	1 363 414	-	-	-
Payables from non-exchange transactions	1 370 019	-	-	-
At 31 March 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	1 468 091	-	-	-
Payables from non-exchange transactions	10 958 202	-	-	-

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33. Risk management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the legislature.

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

Receivables comprise mainly of staff debt, which is recovered monthly from salary deductions.

The following measures are implemented to reduce potential credit losses from receivables:

- Actively monitoring payment performance through monthly ageing reports;
- Recovery of debts through salary deductions
- Legal proceedings where the cost is justified
- Strict requirements as per study aid policy

The carrying amount of financial assets recorded in the audited annual financial statements, which is net of impairment losses, represents the legislature's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

	2026	2025
Financial instrument		
Cash and Cash Equivalents	40 883 589	38 297 489
Receivables from exchange transactions	344 325	540 039

The following table provides information about the exposure to credit risk and ECLs for receivables as at 31 March 2026:

Group	Staff debt	Creditors with debit balances	Recoverable expenditure	PPE disposals receivable	Gross balance	Loss allowance
Active employees / suppliers - Low risk	280 382	9 425	-	37 420	327 227	-
In dispute - Medium risk	15 598	-	-	-	15 598	-
Staff no longer employed - High risk	1 500	-	-	-	1 500	-
Default - Impaired	-	-	471 520	2 500	474 020	474 020

Receivables are analysed according to debtor type and whether the legislature has an active recourse to recover the debt.

Active suppliers and employees: An active relationship exists and the legislature has recourse to withhold payments from future salaries or payments.

In dispute: While an active relationship exists, the amount is being disputed by the debtor. Therefore medium risk in management's assessment.

Staff no longer employed: The legislature does not have the recourse to withhold the debt from salaries, but other mechanisms for enforcement are available, such as legal steps. Active payments are being made for recoverable expenditure.

Default impaired: Long outstanding balances where there is a high probability that money will not be recovered.

The loss allowance disclosed in the table above is representative of lifetime expected credit losses.

Balances are considered to be in default when no payments have been made for more than 90 days and the legislature has no recourse to recover payment.

The following table provides information about the exposure to credit risk and ECLs for cash and cash equivalents as at 31 March 2026:

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33. Risk management (continued)

Institution	Account number	Account type	External credit rating	Gross carrying amount	Loss allowance
First National Bank	62113191796	Corporate services account	AA+	18 333 023	-
First National Bank Petty Cash	62345381248	Call account	AA+	22 545 719 4 847	- -
				40 883 589	-

Market risk

Interest rate risk

Potential concentrations of interest rate risk on financial assets consist mainly of fixed deposit investments and bank and cash balances

As the entity has no significant interest-bearing assets, the entity has no significant exposure to interest rate risk. No formal policy exists to hedge volatilities in the interest rate market.

The legislature does not incur interest on its trade and other payables. In accordance with legislative requirements, these payables are settled within a 30-day payment period. Any interest that would arise from late payments is considered fruitless and wasteful expenditure. Therefore, a sensitivity analysis for interest rate risk is not presented.

A reasonably possible change of 100 basis points in interest rates at the reporting date for variable-rate instruments would have increased (decreased) surplus or deficit by the amounts shown below. This analysis assumes that all other variables remain constant.

	100 bp decrease	100 bp increase
Interest earned on cash and cash equivalents	(395 905)	395 905

Foreign exchange risk

The entity does not hedge foreign exchange fluctuations.

The entity mainly transacts in local currency and is therefore not exposed to significant foreign exchange risk.

Other price risks

The legislature is not exposed to equity price risks arising from equity investments as the legislature does not trade these investments.

The entity reviews its foreign currency exposure, including commitments on an ongoing basis. The entity expects its foreign exchange contracts to hedge foreign exchange exposure.

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34. Contingencies

Contingent liabilities

Qu-Investment Trust	4 063 985	4 063 985
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Claims against the Legislature.

Qu-Investment Trust;

The contract was canceled and a notice in terms of clause 17.2 of the agreement was issued by Qu-Investment Trust. Subsequently, the Legislature received a letter of demand relating to the cancelled contract award. The Legislature is disputing the demand, and a case has been opened. At this stage, no financial exposure can be reliably estimated as the matter has not progressed to a stage where such an assessment can be made.

The prior year amount relates to a letter of demand for the 2024/25 rental charges in respect of the contract referred to above.

Prior period error

Based on the approval letter dated 30 April 2024, management approved the removal of the following contingencies from the contingency register and accordingly corrected the prior year contingencies previously disclosed.

The cases removed is as followed:

Thandiwe Reachable amounted to R350 000

Central plaza Investment amounted to R250 000

35. Related parties

Relationships

Department of Public Works

South African Police Services

Key management and members

Occupation of the Fourth Raadsaal free of charge

Refer to the note on Services in kind 17

National key point protection services. Refer to note on Service in kind 16

Refer to note 20 and 21

36. Events after the reporting date

Management is not aware of any events after the reporting that warrant disclosure or adjustment in the financial statements.

37. Fruitless and wasteful expenditure

Opening balance as previously reported	39 667	33 759
Correction of error	-	17 145
Restated opening balance	-	50 904
Add: Fruitless and wasteful expenditure identified - current	80 726	37 090
Less: Amount recovered - current	(8 250)	-
Less: Amount written off - current year	(27 814)	-
Less: Amount condoned - current year	(41 775)	(28 030)
Less: Amount written off - prior period	-	(20 297)
Closing balance	42 554	39 667

Fruitless and wasteful expenditure is presented inclusive of VAT.

The opening balance for 2025 was restated by an amount of R17,145 due to transactions relating to catering being incorrectly omitted from the previously reported opening balance.

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37. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Catering	None	-	18 680
Car Rental: Accident	None	3 093	-
Accommodation	None	47 289	9 350
Traffic fines	None	400	810
Cancelled sitting	None	-	8 250
Flights		29 944	-
		80 726	37 090

38. Irregular expenditure

Opening balance as previously reported	-	3 174 427
Add: Irregular Expenditure - current	359 075	316 584
Less: Amount written off - current	(142 139)	(316 584)
Less: Amount written off - prior period	-	(3 174 427)
Closing balance	216 936	-

Irregular expenditure is presented inclusive of VAT

Incidents/cases identified included those listed below:

	Disciplinary steps taken/criminal proceedings		
PPR not advertised	None	-	316 584
Three written quotations not invited	None	359 075	-
		359 075	316 584

Details of irregular expenditure written off by the Speaker after year-end

SCM Process - Non-compliance	142 139	3 491 011
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39. Going concern

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

We draw attention to the fact that at 31 March 2026, the entity had an accumulated surplus of R2 877 651 and the entity's current assets exceed current liabilities by R14 442 002.

Events such as a surplus for the year of R8 734 615, current assets exceeding current liabilities by R14 442 002, long-service recognition and provision of benefits for non-returning MPLs do impact as liabilities. However the core of these benefits such as gratuities are statutory in terms of the Constitution of RSA. In terms of planning, budget provision are made for realisation and settlement of liabilities such as mentioned staff benefits.

The going concern assumption is based on the probability that a going concern will continue to exist for at least 12 months after the reporting date. Although some financial results may raise concerns on the going concern assumption of the Legislature, it must be highlighted that the institution is reliant on government funding and it is highly unlikely that movement will not fulfil its obligations in terms of funding requirements.

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40. Segment information

General information

Identification of segments

The entity has no segments which generates economic benefits or service potential. The divisions are divided into administrative units with no revenue earning activities. Therefore no segment information is disclosed as none of the divisions meets the definition of segments as per GRAP 18.05 and GRAP 18.08.

The Legislature operates mainly in Bloemfontein Free State with no other geographical regions.

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FREE STATE LEGISLATURE



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