



TREASURER'S REPORT

For The Financial Year
Ended 31 March 2024

*WESSA 98th AGM
5 October 2024*

The year ending 31 March 2024 marked the beginning of an important journey toward achieving “One WESSA”.

This should result in better alignment between the corporate and membership functions of WESSA as well as transition the organisation to be able to educate, advocate, and act with a clear purpose and without restriction. However, as WESSA’s corporate functions shift away from a project-driven focus and move closer to engaging with our membership, while also collaborating with more donors and sponsors on impactful initiatives, it became essential to develop a revised organisational model and implement an updated control framework.

Accordingly, the WESSA finance team pivoted their efforts to better support the refreshed WESSA strategy while managing legacy challenges and cost base. The financial review (Addendum A) gives a high-level overview of the group’s performance, including operational income source mix changes. It also details the impact of the following key initiatives:

- A comprehensive review of the internal controls.
- A rigorous and detailed review of historical balance sheet items; and
- An improved framework for the management of cash resources.

While refinement of the organisational model continues, the sound governance and control frameworks implemented to support the change will provide the necessary transparency and confidence required to ensure a sustainable future for WESSA.

In the year ahead the focus will continue to be on supporting “One WESSA” as well as simplification of the corporate structure and reduction of inefficiencies. As part of this process the tough decision to sell the Bush Pigs education site was taken following commercial and safety considerations. Further work on the approach and process for sourcing new and aligned donors and sponsors in the current year is also expected.

We leave the 2023/24 year a stronger and more agile organisation and I can only complement the executive and non-executive team members for the dedication and commitment during some difficult conversations and tough decisions. I look forward to seeing the product of these efforts in the years ahead.

Debbie Millar

Treasurer
Debbie Millar



FINANCIAL REVIEW

For The Financial Year
Ended 31 March 2024

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Our commitment to good governance remains the cornerstone of our operations. We believe that robust governance is not just a regulatory requirement but a moral responsibility towards our members, employees, funders, and the broader community. By reinforcing ethical standards, fostering transparency, and nurturing a culture of accountability, we are not only safeguarding our reputation but also fostering an environment of trust that fuels sustainable growth.

GROUP GENERAL FUNDS STATEMENT OF SURPLUS OR DEFICIT

	2024	2023
	R	R
Income	29 125 811	26 285 289
Expenditure	(34 173 563)	(27 419 836)
(Deficit)/Surplus before impairment	(5 047 752)	(1 134 547)
Impairment reversal/(expense): Related party loan	(451 832)	(658 556)
Deficit before tax	(5 499 584)	(1 793 103)
Tax expense	-	-
Deficit for the year	(5 499 584)	(1 793 103)
Other comprehensive income/(loss)	(2 920 078)	1 646 639
Revaluation/(devaluation) of investments to fair value	1 646 639	1 646 639
General funds surplus/(deficit) and other comprehensive income/(loss) for the year	(8 419 662)	(146 464)
Specific funds	87 340	(102 918)
Total general funds and specific funds surplus/(deficit) and other comprehensive income/(loss) for the year	(8 332 322)	(249 382)

The group's total funds and reserves remain strong at R54 million, despite the group's deficit of R8.3 million, which is attributable to:

- a decrease in administration and management fees arising due to a reduction in the number of projects implement relative to the prior period.
- a revaluation of investments to fair value, which is a non-cash item.
- professional and consulting fees.

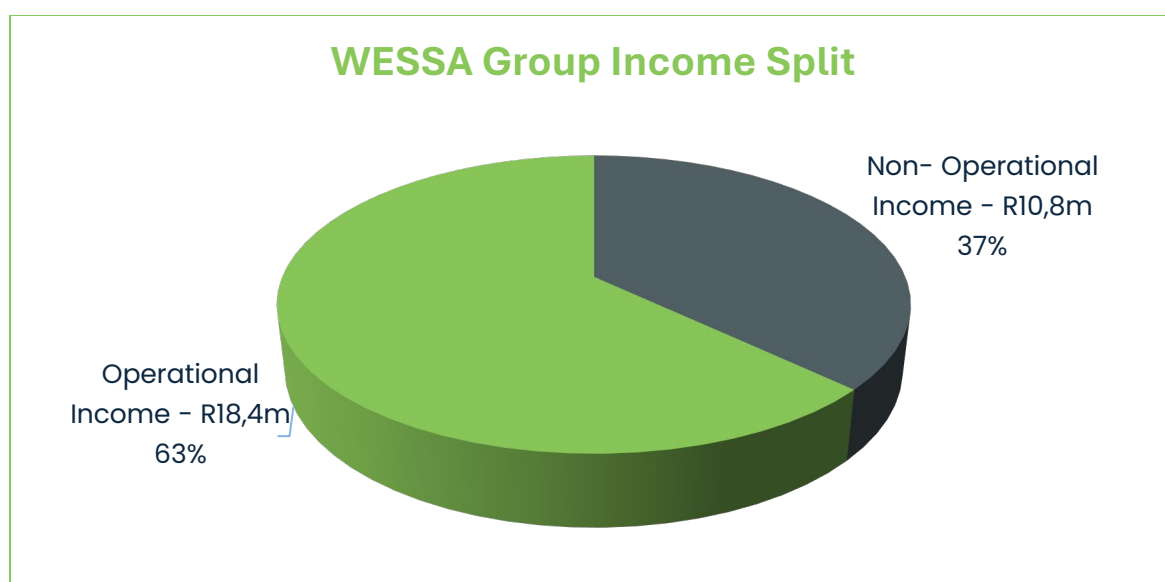
As part of our ongoing commitment to maintaining high standards of financial integrity, we conducted a comprehensive review of our internal financial controls during the year under review. This rigorous process involved a detailed review of historical balance sheet items, with the aim of refining our internal controls to ensure an accurate representation of the group's balance sheet assets and liabilities.

During this process, we identified and rectified legacy issues by writing off specific historical items and adjusting bad debt provisions, as necessary. Although these adjustments had a material effect on the group's income and expenses respectively, they had an immaterial net impact the group's overall deficit for the year.

Moving forward, we are confident that these enhancements in our internal financial controls will bolster our decision-making processes. The improved controls are designed to deliver key financial insights more efficiently, thereby strengthening our financial governance and supporting financial sustainability.

SOURCES OF OPERATIONAL INCOME

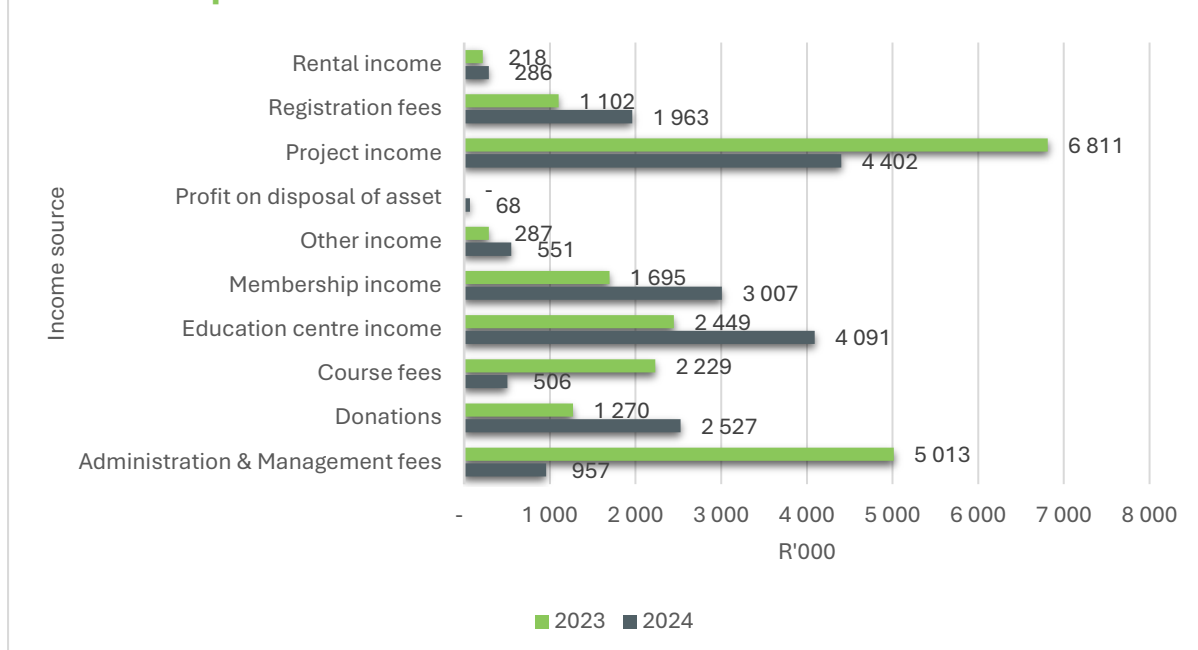
The chart below shows a summarised split of our operational income vs. our non-operational income, as disclosed on group general funds statement of surplus or deficit.



The graph below illustrates the shifts in operational income sources between the 2023 and 2024 financial years. Notably, there was a significant decrease in income from projects, which accounted for 56% of total operational income in 2023 but dropped to 29% in 2024. This decline is primarily due to the conclusion of large projects, such as the Natural Resources Management (NRM) project and the Groen Sebenza project, during the financial year.

Education centre income saw an increase, rising from 12% of total operational income in 2023 to 22% in 2024. There was also an increase in registration fees income rising from 5% in 2023 to 11% in 2024. Additionally, membership income improved, contributing 16% of total income in 2024, up from 8% in the previous year.

Operational Income Sources: F2023 vs F2024



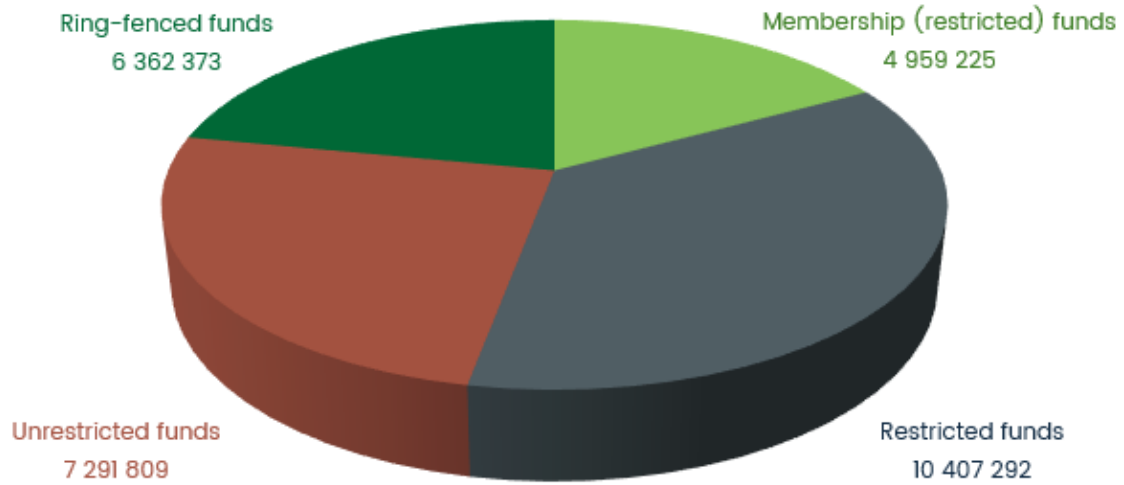
WESSA Company Cash Management and Fund Allocation framework

During the year under review, we enhanced our internal financial reporting processes by introducing a reporting framework that categorises our funds into the four distinct buckets set out below to enhance our financial oversight and financial governance framework.

Funds category	Sources and uses of funds	Financial control and governance framework
1. Unrestricted funds	<p>Unrestricted funds relate to operational and investment income generated by the company. For example, management and professional fees from project implementation; donations raised, dividend income, and interest earned on cash balances.</p> <p>These funds are used for day-to-day operations and working capital requirements to support the vision and mission of the organisation. These funds provide the flexibility needed to support ongoing operational requirements and financial stability.</p>	<p>The company's executive committee and senior managers oversee the allocation of unrestricted funds in line with the delegation of authority and budgets approved by the board.</p> <p>By isolating unrestricted funds, we gain a clearer understanding of our operational liquidity and financial health. This separation allows us to closely monitor cash flow patterns and ensure that we have sufficient resources to meet immediate operational demands. It also facilitates more accurate budgeting and forecasting for our operational activities.</p>

<p>2.</p> <p>Ringfenced funds</p>	<p>Ringfenced funds are unrestricted funds that are reserved for the following purposes:</p> <ul style="list-style-type: none"> a) as a safety net for unforeseen financial requirements; or b) for allocation to special projects or initiatives that are not funded by external funders. 	<p>The oversight and allocation of ringfenced funds is as follows:</p> <ul style="list-style-type: none"> a) Allocation towards unforeseen financial requirements is guided by the Audit and Risk Committee; and b) Allocation towards special projects or initiatives is guided by the Business Development Committee. <p>This approach to funds allocation provides a robust governance framework to ensure financial sustainability and alignment to the group's strategic imperatives.</p>
<p>3.</p> <p>Restricted funds</p>	<p>Restricted funds are funds received from donors and funders for the implementation of specific projects or initiatives as agreed with donors and funders.</p> <p>These funds are used exclusively for the purposes specified in the funding agreements.</p>	<p>Allocation of these funds is overseen by the relevant Senior Manager, in line with the respective donor and funder agreements. Separating restricted funds from other funds allows for precise tracking of fund utilization in line with donor restrictions and project requirements.</p> <p>This segregation improves compliance requirements and ensures that project expenditures are aligned with the intended use of funds. Detailed reporting on these funds provides transparency and accountability, facilitating accurate reporting and fostering trust with our donors and stakeholders.</p>
<p>4.</p> <p>Membership funds</p>	<p>Membership funds relate to funds generated through:</p> <ul style="list-style-type: none"> a) WESSA membership subscriptions and b) Donations raised at regional and branch levels. <p>These funds are used for the groundwork required at regional and branch levels in line with the company's strategy.</p>	<p>While these funds are managed by specific membership branches and regions, oversight over regional and branch activities is governed by the Membership Regional Representatives and Exco Committee (RR/ExCo Committee).</p> <p>This oversight framework enhances the company's ability to report on branch and regional financial activities, ensuring that funds are used appropriately and aligned with the company's strategy. It also promotes greater accountability and transparency into the financial performance of individual branches and regions.</p>

WESSA COMPANY CASH ANALYSIS



WESSA'S 10 MOST FINANCIALLY SIGNIFICANT PROJECTS IMPLEMENTED DURING F2024

Funder	Project	Value R	%
South32 Hillside Aluminium (Pty) Ltd	South32 Hillside Aluminium	9 555 509	42%
EPR Waste Association of South Africa	eWASA	2 601 837	12%
Sun International Limited	Sun International	1 583 069	7%
World Childhood Foundation	Childsafety	1 488 174	7%
The Environmental Education Association of Southern Africa (EEESA)	EEASA	1 189 282	5%
Department of Forestry, Fisheries and the Environment	SANBI GS2	1 150 000	5%
Orion Engineered Carbons	Orion	886 000	4%
Nedbank Foundation	Nedbank	772 445	3%
The Greencape Sector Development Agency	Greencape	675 000	3%
Glencore Operations South Africa (Pty) Ltd	Glencore	627 022	3%
Subtotal: Top 10 significant projects		20 528 338	91%
Smaller various projects	Various	1 975 013	9%
Total project values of projects implemented in F2024		22 503 351	100%

^The above graph indicates project value.

CONCLUSION

While the financial results for FY 2024 reflect a challenging year, our dedication to financial resilience and operational excellence remain unshaken. We have conducted a comprehensive review and enhancement of our financial controls and proactively addressed financial reporting legacy issues, thus bolstering our financial reporting capabilities. With strengthened cash and financial management controls, coupled with our unwavering commitment to good governance, we are well-positioned for future growth.

We continue to focus on building a solid foundation for long-term sustainability. By fostering a culture of accountability and upholding high ethical standards, we are tackling immediate challenges while also paving the way for future opportunities. Our commitment to transparency and prudent financial management will remain our guiding principles as we move forward. Looking ahead, we are optimistic about our prospects. By leveraging our strengthened position and the lessons learned from past experiences, we are well-positioned to drive sustainable growth in the years to come."



Nana Msomi
Senior Financial Manager