



prasa

PASSENGER RAIL AGENCY
OF SOUTH AFRICA



INTEGRATED
**ANNUAL
REPORT**
2024 – 2025

www.prasa.com



transport

Department:
Transport
REPUBLIC OF SOUTH AFRICA





prasa

PASSENGER RAIL AGENCY
OF SOUTH AFRICA

DRIVEN BY PURPOSE. POWERED BY PROGRESS.

Every kilometre we have restored, every passenger we have welcomed back speaks to our goal to reconnect South Africa.

ANNUAL REPORT

CONTENTS

PART A	GENERAL INFORMATION	5
PART B	PERFORMANCE INFORMATION	25
PART C	GOVERNANCE	73
PART D	HUMAN CAPITAL MANAGEMENT	93
PART E	PFMA COMPLIANCE	103
PART F	FINANCIAL INFORMATION	113



UP NEXT: **PART A** GENERAL INFORMATION

PART A

GENERAL INFORMATION

About PRASA	6
Acronyms	7
List of Tables	9
List of Figures	10
Foreword by the Board Chairperson	12
Overview by the Group Chief Executive Officer	14
Statement of Responsibility and Confirmation of Accuracy	17
Strategic Overview	18
Legislative Mandate	19
Organisational Structure	20
Group Executive Committee	21

ABOUT PRASA

PRASA is South Africa's state-owned entity, under the Ministry of Transport. Charged with connecting communities, PRASA provides metro rail services and long-distance passenger rail, including bus services and manages a substantive real estate business. With milestones that include transporting millions of commuters and creating thousands of jobs and opportunities, PRASA is dedicated to delivering a service that meets and exceeds customer expectations.

PHYSICAL ADDRESS

Umjantshi House
30 Wolmarans Street
Johannesburg
2017

POSTAL ADDRESS

Private Bag X101
Braamfontein
2017

Contact number: +27 11 013 6700

Email address: info@prasa.com

Website address: www.prasa.com

ACRONYMS

4IR	Fourth Industrial Revolution	ESG	Environmental and Social Governance
AA	Accounting Authority	EVP	Employee Value Proposition
ACSA	Airports Company of South Africa	EWP	Employment Wellness Programme
AFC	Automated Fare Collection	FAT	Factory Acceptance Test
AFS	Annual Financial Statements	FCIP	Finance, Capital Investment and Procurement
AGSA	Auditor-General of South Africa	FRMCS	Future Railway Mobile Communication System
AI	Artificial Intelligence	FY	Financial Year - 1 April 2024 to 31 March 2025
AIC	African, Indian Coloured	GBVF	Gender-Based Violence and Femicide
APP	Annual Performance Plan	GCEO	Group Chief Executive Officer
ARC	Audit and Risk Committee	GIA	Group Internal Audit
ARCCF	Area Rail Crime Combatting Forum	GIS	Geographic Information System
ARMSCOR	The Armaments Corporation of South Africa SOC Limited	GO	General Overhaul
ATT	Audit Task Team	GPS	Global Positioning System
B-BBEE	Broad-Based Black Economic Empowerment	GRAP	Generally Recognised Accounting Practice
BoC	Board of Control	GRC	Governance, Risks and Compliance
BS	Black Suppliers	GSM-R	Global System for Mobile Communications - Railway
BTS	Base Transceiver System	GSSC	Government Sector Security Council
BWO	Black Women Owned	GTS	Green Transport Strategy
C4iSTAR	Command, Control, Communications, Computers (C4), Intelligence, Surveillance, Targeting and Reconnaissance (iStar)	HC	Human Capital
CaPex	Capital Expenditure	HC&REMCO	Human Capital and Remuneration Committee
CCMA	Commission for Conciliation, Mediation and Arbitration	HCM	Human Capital Management
CCTV	Closed-circuit TV	ICT	Information, Communication and Technology
CEO	Chief Executive Officer	IMS	Integrated Management System
CIDB	Construction Industry Development Board	IOC	Intelligent Operations Centre
COT	Civils-OHTE-Track	ISO	International Organisation for Standardisation
CPF	Community Policing Forum	JCPS	Justice, Crime Prevention and Security
CRES	Corporate Real Estate Solutions	KNC	KwaZulu-Natal Nerve Centre
DOA	Delegation of Authority	KZN	KwaZulu-Natal
DoT	Department of Transport	KZN PTCS	KwaZulu-Natal PRASA Train Control System
EAS	Electronic Authorisation System	LDPT	Long-Distance Passenger Transport
ECR	Eastern Cape Region	MI	Material Irregularities
EE	Employment Equity	MLPS	Main Line Passenger Services
EMEs	Exempted Micro Enterprises	MOU	Memorandum of Understanding
EMU	Electrical Multiple Unit	MSA	Master Supply Agreement
EOI	Expression of Interest	MTA	Manual Train Authorisation
EPCM	Engineering, Procurement and Construction Management	MTEF	Medium Term Expenditure Framework
ER	Employee Relations	NATJOINTS	National Joint Operational and Intelligence Structure
ERM	Enterprise Risk Management	NDP	National Development Plan
ESD	Enterprise Supplier Development	NDRN	National Digital Radio Network Redundancy
EDSD	Enterprise Development and Supplier Development	NFMCCF	Non-Ferrous Metal Crime Combatting Forum
		NGR	North Gauteng Region



NLTA	National Land Transport Act	REMCO	Remuneration Committee
NLTsf	National Land Transport Strategic Framework	RFP	Request for Proposal
NRCCF	National Rail Crime Combatting Forum	ROMS	Rail Operations Management Systems
NRMP	National Rail Master Plan	RSFRP	Rolling Stock Fleet Renewal Programme
NRP	National Rail Policy	RSR	Railway Safety Regulator
NSP	National Strategic Plan	S&T	Signalling and Telecommunications
NT	National Treasury	SANDF	South African National Defence Force
OECD	Organisation for Economic Co-operation and Development	SAPS	South African Police Services
OHE	Overhead Traction Equipment	SCM	Supply Chain Management
OM	Operating Model	SHEQ	Safety, Health and Environment Quality
OTN	Optical Transmission Network	SLP	Service Level Plan
PAC	Preliminary Acceptance Certificate	SMS	Safety Management System
Perway	Permanent Way	SOC	State-owned Company
PFMA	Public Finance Management Act	SOE	State-owned Entity
PLD	People Living with Disabilities	SOPs	Standard Operating Procedures
PLP	Project Lifecycle Process	SPAD	Signal Passed at Danger
POS	Point of Sale	SPV	Special Purpose Vehicle
PRASA	Passenger Rail Agency of South Africa	SSM	Shared Services Model
PRCCF	Provincial Rail Crime Combatting Forum	TCO	Train Control Officer
PRIM	PRASA Infrastructure Manager	TFR	Transnet Freight Rail
PRL	Procurement Recognition Level	TRIM	Transnet Infrastructure Manager
PSP	Private Sector Participation	UA	Universal Access
PTCS	PRASA Train Control Systems (Pty) Ltd Proprietary Limited	UCV	United Commuters Voice
Q1	Quarter 1 / First quarter	VAT	Value Added Tax
Q2	Quarter 2 / Second quarter	VDU	Video Display Unit
Q3	Quarter 3 / Third quarter	VSP	Voluntary Severance Package
Q4	Quarter 4 / Fourth quarter	WCR	Western Cape Region
QSEs	Qualifying Small Enterprises	WIP	Work in Progress
RAN	Radio Access Network		

LIST OF TABLES

Table 1: CSI results: 2024/25	27
Table 2: Passenger Trips by Region	30
Table 3: Lines operated with EMUs	30
Table 4: Safety Occurrences by Region	31
Table 5: Walling Programme Implementation	46
Table 6: Electrical Programme Implementation	47
Table 7: Station summary (operational vs required stations for functionality)	47
Table 8: Capital Expenditure 2024/25	56
Table 9: Summary of service lines (with higher frequencies)	62
Table 10: Definitions: Safety Occurrence Categories	64
Table 11: Definitions: Security Occurrence Categories	65
Table 12: Revitalised stations (FY 2024/25)	67
Table 13: Summary of Performance Results (2024/25)	70
Table 14: Summary of In-year changes	70
Table 15: Board Directorships	77
Table 16: Resignations	77
Table 17: Summary of meeting attendance	77
Table 18: Risk Heat Map	84
Table 19: Implementation Status of PRASA's Risk Treatment Plan	86
Table 20: B-BBEE Performance: 2024/25 vs 2023/24	88
Table 21: EE figures	95
Table 22: Youth Employment by Division/Business Unit	96
Table 23: Grievance cases	97
Table 24: Suspensions	97
Table 25: Disciplinary cases	98
Table 26: CCMA cases	98
Table 27: Labour Court cases	99



LIST OF

FIGURES

Figure 1: Fare Revenue	31
Figure 2: Train trips	31
Figure 3: Railway Occurrences	35
Figure 4: Crime Pattern Analysis	38
Figure 5: Crime Analysis (2022/23 to 2024/25)	38
Figure 6: Monthly Delivery Programme – New Trains Provisionally Accepted 2024/2025	44
Figure 7: EMU deployment	45
Figure 8: UA Roadmap	48
Figure 9: Spectrum of stakeholders	50
Figure 10: Capital Expenditure (Q1-Q4: 2024/25)	55
Figure 11: Historical Capital Allocation VS Capital Expenditure	56
Figure 12: 2024/25 Job Statistics	57
Figure 13: 2024/25 Project Pipeline	57
Figure 14: 10-year trend on performance	61
Figure 15: Summary of Performance	62
Figure 16: Metrorail Passenger Trips (5-year period)	63
Figure 17: Metrorail Passenger Trips per month	63
Figure 18: Security Occurrences by Region	63
Figure 19: Train trips scheduled (Q1-Q4)	63
Figure 20: LDPT Passengers Transported (Nov24-Mar25)	64
Figure 21: Safety Occurrences by Region/Division (Categories A-O)	64
Figure 22: Incidents by category	64
Figure 23: 5-year trend – Safety Incidents Per 100,000 Passenger Trips (Categories A-L)	64
Figure 24: Number of Safety Occurrences (5-year period)	64
Figure 25: Security Occurrences by Region and MLPS	65
Figure 26: Incidents by Category (1-10)	65
Figure 27: Security Occurrences	65
Figure 28: New EMU Trains	66
Figure 29: Empowerment Indicators	88
Figure 30: Designated groups	89
Figure 31: Total Procurement Spend Per Product Category (BWO Suppliers)	89
Figure 32: Key roles of EWP	95
Figure 33: Employee Head Count	96

Unless otherwise stated, all tables, figures, and information presented in this annual report refer to the reporting period 2024/2025



PRASA: AT A GLANCE



77 MILLION

Successfully delivered passenger trips during the year, a **significant increase from 39.4 million** in the 2023/24 financial year



93%

Performance achieved against the Annual Performance Plan (APP), which is the strongest result in over a decade



PRASA's operating context showed disciplined execution, with

35 of 40 service lines restored



Commercial income exceeded its target of R675 million, generating

R707.82 million in revenue



PRASA received an **unqualified audit opinion** from the

Auditor-General, demonstrating a stronger governance foundation and improved audit outcomes



84,718 jobs

were created through R21.1 billion capital spending. Of the direct jobs, 67% were male, 33% were female, 47% were youth, and 2% were PLD



60 new EMU trains were delivered,

surpassing the annual target of 41. The cumulative total of new trains received since the start of the modernisation programme is

268



FOREWORD BY THE BOARD

CHAIRPERSON

"With a stronger governance foundation, demonstrated by the unqualified audit opinion from the Auditor-General, the Board of Control has delivered on its promise to strengthen governance and improve the audit outcomes at PRASA – a clear demonstration of the strides we have made in our control environment. PRASA is rebuilding a safer, more reliable and customer-centred network – one that reconnects communities and supports inclusive growth across South Africa."



As a Board, this year we have continued to focus on supporting the business by providing strong and consistent governance. Guided by our theme – *Engineering Knowledge: Building Tomorrow's Transport Through Education*, we have held management accountable for clear, measurable outcomes while strengthening oversight across service recovery, capital deployment and safety. In doing so, we endorsed the strategy, tested it against shareholder priorities and stakeholder expectations, and ensured that governance keeps pace with PRASA's operational rebuild and modernisation.

Our operating context demanded disciplined execution. PRASA restored services on 35 of 40 lines (around 70% fully), introduced 134 Electrical Multiple Units (EMUs) into service, and delivered 77 million passenger trips this year – evidence that recovery is translating into dependable mobility for South Africans. On-time performance reached 91% with cancellations limited to 3%, and Customer Satisfaction improved markedly.

This period has presented considerable constraints, especially in terms of resources. Funding gaps continue to affect the pace of recovery and modernisation, and the Board has directed management to focus on strategies to stabilise the funding environment. Projected growth in passenger numbers will bring about much-needed income from fares. Cost optimisation as a result of the new Operating Model and Shared Services Framework will drive cost discipline and deliver a leaner and more agile environment across PRASA.

Performance against the Annual Performance Plan reached 93% – our strongest in over a decade, supported by tighter internal controls, expanded audit coverage and consequence management. Looking ahead, we will back management in increasing frequencies on high-demand corridors and improving preventative maintenance (including drainage and perway upgrades). Stakeholders are a vital part of our environment, and it is pleasing to see that the Agency has been able to deepen community and other stakeholder engagement.

This year has seen the transition of Autopax into a division of PRASA and the establishment of the Long-Distance Passenger Transport division on 1 August 2024, consolidating road and long-distance rail services to improve efficiency, market responsiveness and sustainability. In parallel, the Service Level Plan with the City of Cape Town - PRASA's first with a municipality sets a cooperative governance model to make rail the backbone of integrated transport, with engagements now underway in other Metros.

Safety and security remain non-negotiable, and the ASIPHEPHE campaign has continued to deliver a safe environment. The executive team supported a phased, intelligence-led security regime, including the introduction of Artificial Intelligence components in our security environment. The Board is confident that the introduction of E-Security and CiSTAR will enhance PRASA security by integrating surveillance, access control and command capabilities as services scale.

As with each year, PRASA has remained in touch with its most important stakeholders, ensuring timely responsiveness to their priorities. Stakeholder feedback has allowed us to focus on the most important metrics, and our thanks go to the communities, commuters and employees for ensuring that the entity is aligned to their major concerns.

With a stronger governance foundation, demonstrated by the unqualified audit opinion from the Auditor-General, the Board of Control has delivered on its promise to strengthen governance and improve the audit outcomes at PRASA – a clear demonstration of the strides we have made in our control environment. PRASA is rebuilding a safer, more reliable and customer-centred network – one that reconnects communities and supports inclusive growth across South Africa.



Chairperson of the Board

NOSIZWE NOKWE-MACAMO

Passenger Rail Agency of South Africa



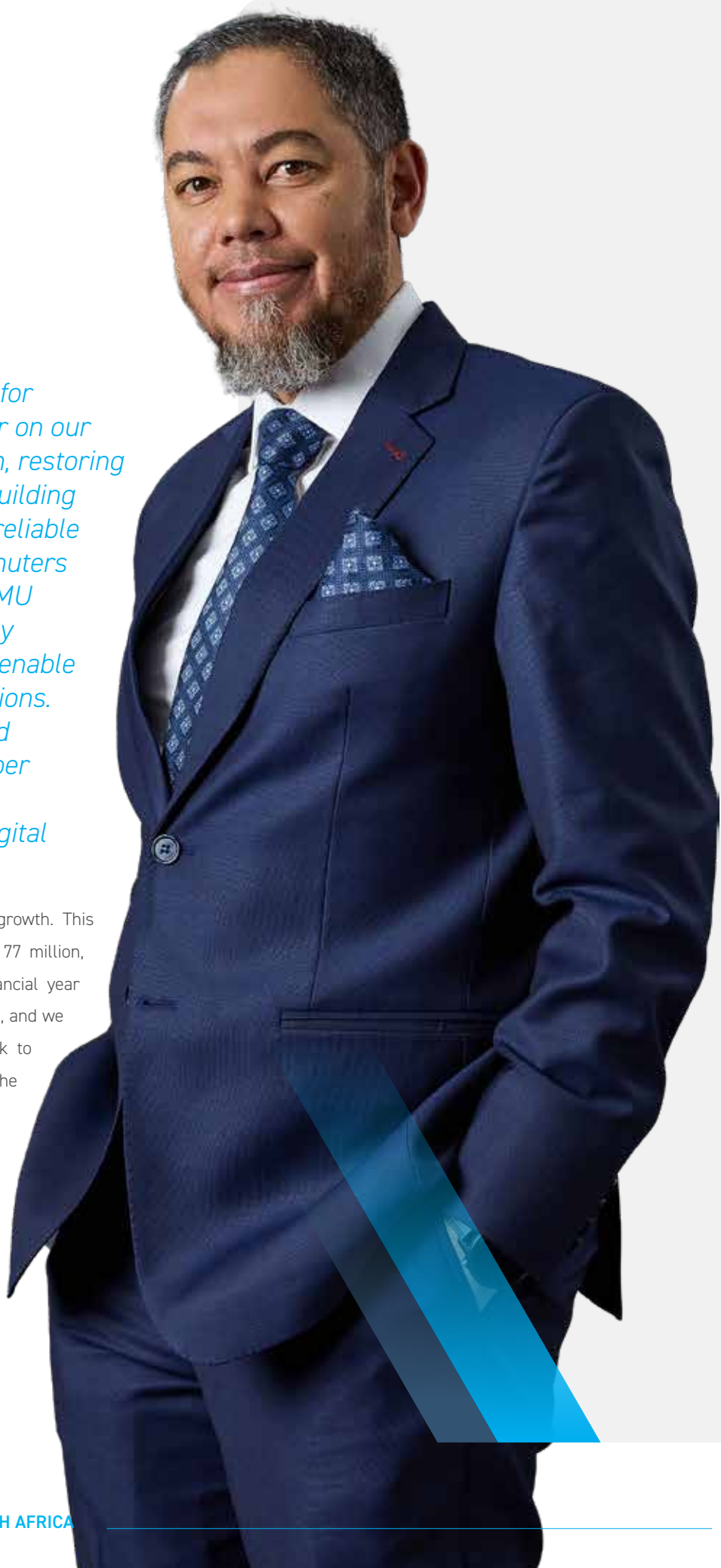
OVERVIEW BY THE

GROUP CHIEF EXECUTIVE OFFICER

This has been a defining year for PRASA. We did not just deliver on our promises – we exceeded them, restoring passenger confidence while building the foundation for a modern, reliable railway system that our commuters deserve. We are continuing EMU deployment and advancing key technology programmes that enable intelligent, data-driven operations. The future of rail is digital, and we have embarked on a number of initiatives that will harness the advantages of a largely digital environment.

The numbers tell the story of sustainable growth. This year saw an increase in passenger trips to 77 million, a significant increase from the previous financial year total of 39.4 million. Growth is important to us, and we are rebuilding and modernising our network to achieve this growth, but equally important is the confidence of those we serve.

Across every region, we have registered momentum. Gauteng delivered 40.7 million trips, the Western Cape 22.7 million, KwaZulu-Natal 12.7 million, and the Eastern Cape 670,000 trips. We expect the growth in passenger trips to grow across the PRASA network.



Of 208,254 scheduled services, we operated 202,358 – that is 91% on-time performance with cancellations held to just 3%. On-time performance is one of our most important metrics. Given that many of our passengers take the train to get to work, our on-time performance guarantees that they will get to work on time. This operational discipline, combined with our progressive deployment of modern rolling stock, is why passengers are choosing rail again.

Our service restoration tells an even better story. We have successfully returned 35 of PRASA's 40 service lines to operation, with 70% now fully operational. Strategic corridor recoveries including the phased restoration of Johannesburg–Roodepoort–Randfontein and increased frequencies on high-demand routes like Saulsville–Pretoria and Germiston–Pilot–Kwesine are directly translating into reduced travel times and higher patronage. When we restore a line, communities feel the difference immediately.

Our Customer Satisfaction scores reflect the story of our recovery: 75.8%, up from 73.0% last year, with particularly strong gains in safety perceptions and station facilities. We still have work to do, but the trajectory is a positive one.

The Rolling Stock Modernisation Programme remains on track. The majority of our corridors now run the modern EMU fleet. Our operational EMU fleet has grown from 96 to 134 units during the year, reflecting the systematic replacement of our legacy rolling stock with modern, reliable trains that passengers can depend on.

Safety remains one of our top priorities. We maintained our three-year Railway Safety Regulator permit (valid through August 2025) and closed 144 of 200 historical Improvement Directives – clear evidence that our safety management systems are maturing. The ASIPHEPHE programme – Living Safety, Shaping Tomorrow – continues to embed a proactive safety culture throughout our organisation, delivering 0.34 safety occurrences per 100,000 passenger trips, comfortably exceeding our target of <0.58.

PRASA achieved 93% performance against predetermined objectives – our strongest result in more than a decade. This is the third year of significantly high performance in terms of the APP. It reflects disciplined strategic planning, consistent weekly performance monitoring, and clear accountability for delivery across divisions and regions.

Our governance structures have shown marked improvement. The Audit & Risk Committee reports consistent compliance with PFMA requirements, enhanced audit coverage spanning 52 audits across 42 operational areas, and sustained quality assurance processes. While challenges remain in financial controls, supply chain management, and consequence management, we have implemented concrete remediation measures with visible year-on-year improvement. We received an unqualified audit opinion from the Auditor General, a clear demonstration of the strides we have made in our control environment.

Capital investment remained at the centre of our recovery strategy. We deployed R21.1 billion in capital expenditure against an allocation of R11.6 billion, reflecting the urgent priority we place on fleet renewal, infrastructure recovery, and system modernisation. This was not just spending – it was strategic investment in South Africa's economic future.

This investment programme generated significant economic benefits, creating 84,718 jobs through direct capital projects and induced through capital spending, supporting local skills development and community participation. When we invest in rail, we invest in communities.

Despite strong passenger volume growth, Metrorail revenue of R396.6 million fell short of targets due to ticketing system gaps, delay-related refunds, increased season ticket adoption, and deferred fare adjustments. We are implementing targeted interventions – stabilising ticketing systems, refining customer policies, and proceeding with planned fare adjustments to ensure patronage growth translates into sustainable revenue streams.

Our priorities for the coming year will consolidate these gains while accelerating improvement.

We are strengthening reliability through preventative maintenance programmes and critical infrastructure upgrades on priority corridors, maintaining our on-time performance standards while reducing cancellations even further.

We are increasing service frequencies and expanding operations where passenger demand supports growth, particularly on high-performing corridors showing strong patronage trends.

We are closing remaining audit findings, strengthening supply chain controls, and fully embedding consequence management systems to ensure sustainable governance standards that stand the test of time.

This progress belongs to our dedicated employees, loyal passengers, organised labour, surrounding communities, and our shareholder. Together, we are rebuilding passenger rail as the transport mode of choice for daily mobility – maintaining clear, measurable momentum toward a modern, reliable, and safe passenger railway system.

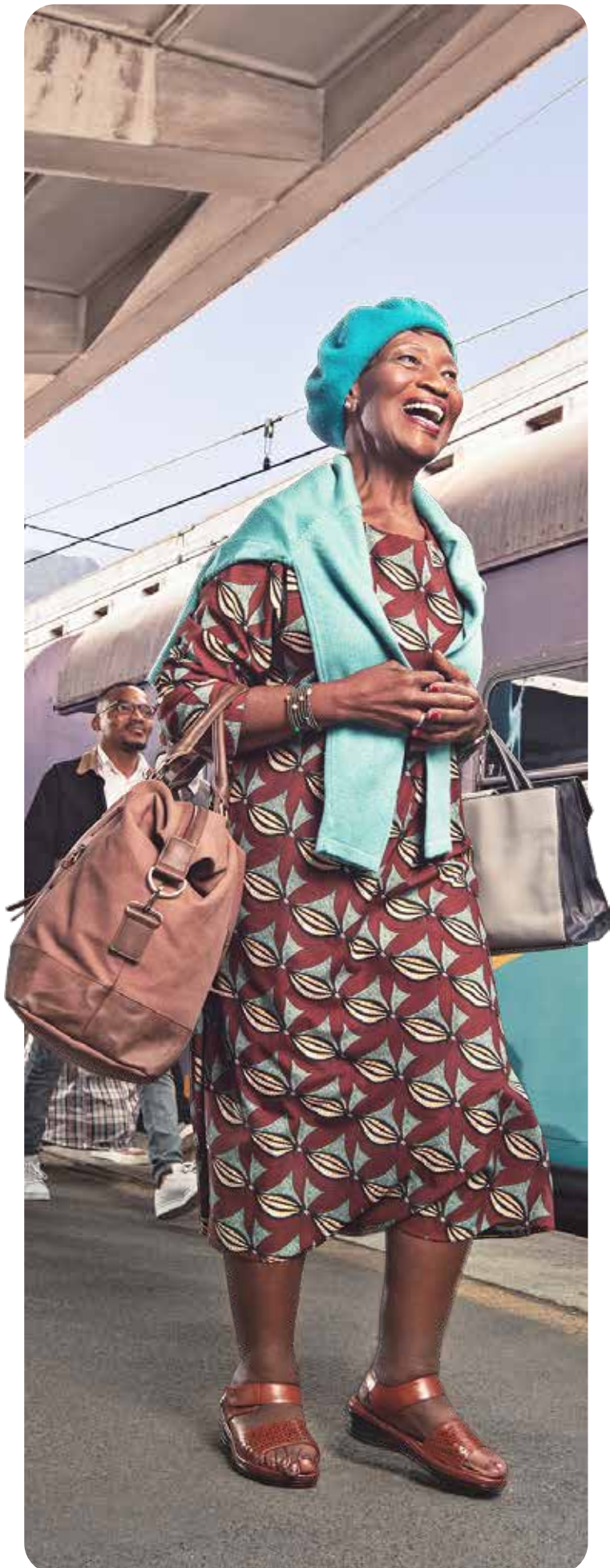
Despite the scale of our operations, we have proved remarkably focused on what matters most: serving our passengers with the reliability and quality they deserve.



Group Chief Executive Officer

HISHAAM EMERAN

Passenger Rail Agency of South Africa



STATEMENT OF

RESPONSIBILITY AND CONFIRMATION OF ACCURACY

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.

The annual report is complete, accurate and free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

The Accounting Authority (AA) is responsible for the preparation of the annual financial statements and the judgments made in this information.

The AA is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of performance information, human resources information and annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, performance information, human resources information and financial affairs of the Passenger Rail Agency of South Africa for the financial year ended 31 March 2025.

Yours faithfully

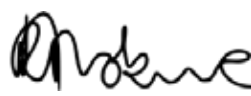


Group Chief Executive Officer

HISHAAM EMERAN

Passenger Rail Agency of South Africa

Date: 25 September 2025



Chairperson of the Board

NOSIZWE NOKWE-MACAMO

Passenger Rail Agency of South Africa

Date: 25 September 2025

STRATEGIC OVERVIEW

VISION

Delivering high-quality, sustainable transport solutions.

MISSION

At PRASA, we provide excellent rail and bus services to our passengers, invest wisely in operations, and use our properties to generate other revenue.

VALUES



FAIRNESS AND INTEGRITY

We treat our customers and our colleagues the same as we would like to be treated.



SAFETY

We ensure that we work safely, and that our customers and colleagues are safe.



TEAMWORK

We work together with our colleagues to achieve a common goal and recognise each other's strengths and contributions.



COMMUNICATION

We share information with our customers and colleagues in an open and honest way.



SERVICE EXCELLENCE

We provide the kind of service that meets and exceeds customer expectations.



PERFORMANCE DRIVEN

We are performance-driven with the ability to venture into new areas of opportunity whilst offering a quality service to our customers.





LEGISLATIVE MANDATE

The Passenger Rail Agency of South Africa (PRASA) is a Schedule 3B national government enterprise that reports to the Minister of Transport. It derives its mandate from the Legal Succession to the South African Transport Services Act (1989), as amended.

PRASA's main objectives and business are:

- + To ensure that, at the request of the Department of Transport (DoT), rail commuter services are provided within, to and from the Republic in the public interest.
- + In consultation with the DoT, to provide for long-haul passenger rail and bus services within, to and from the Republic of South Africa, in terms of the principles set out in section 4 of the National Land Transport Transition Act, 2000 (Act No. 22 of 2000, as amended).

As its secondary business or mandate, PRASA shall generate income by exploiting its acquired assets, including real estate and property portfolios. In addition, PRASA shall ensure due regard for key government social, economic and transport policy objectives, including the National Development Plan (NDP) and the National Land Transport Strategic Framework (NLTsf).

Other legislation and policies that inform PRASA's mandate are:

- + National Land Transport Act (2009);
- + National Railway Safety Regulator Act (2002);
- + National Rail Policy (NRP) White Paper (2022);
- + Public Transport Strategy; and
- + National Rail Bill.

ORGANISATIONAL STRUCTURE



GROUP

EXECUTIVE COMMITTEE

**MR HISHAAM
EMERAN**

Group Chief Executive Officer

Age: 54 (25 years of service)

QUALIFICATIONS:

MPhil (Transport), B Tech (Civil Engineering), N. Dip (Civil Engineering: Transportation)

AREAS OF EXPERTISE:

Rail Network Planning and Engineering, Rail Strategy and Policy, Public Transport Planning and Project Management

DIRECTORSHIP(S):

Intersite Asset Investments SOC Limited

**MR BRIAN
ALEXANDER**

Acting Group Chief Financial Officer

Age: 59 (13 years of service)

QUALIFICATIONS:

MBA, CA (SA), B Com (Honours), B Com

AREAS OF EXPERTISE:

Corporate Finance, Strategy, Investments, Treasury, Infrastructure, Real Estate, Resources, Advisory (Public and Private Sector)

DIRECTORSHIP(S):

Intersite Asset Investments SOC Limited

**MS NALEDI
MODIBEDI**

Group Chief Human Capital Officer

Age: 47 (2 years of service)

QUALIFICATIONS:

MBL, BA Honours (Industrial Psychology), BA (Industrial Psychology), MAP

AREAS OF EXPERTISE:

Human Resources, Industrial Psychology

DIRECTORSHIP(S):

LG Seta (Chairperson of REMCO)

**MR ASIF REHMAN**

Acting Group Chief Procurement Officer

Age: 51 (13 years of service)

QUALIFICATIONS:

B Compt (Honours), B Compt

AREAS OF EXPERTISE:

Supply Chain Management, Contract Management, B-BBEE, Compliance Management, Finance Management

**MS NWABISA
GQAMANE-NTIYANE**

Chief Executive Officer, PRASA Rail

Appointed on 1 May 2025

Age: 48

QUALIFICATIONS:

MPhil, MBA, Masters (Industrial Engineering), B Tech (Industrial Engineering)

AREAS OF EXPERTISE:

Strategic Management, Operational Leadership, Rail Freight Logistical Solutions, Policy Development, Quality Engineering Management, Locomotive Manufacturing

**MR THEMBA MOSAI**

Chief Executive Officer, Group Capital

Appointed on 1 April 2025

Age: 49

QUALIFICATIONS:

MBA, BSc (Electrical Engineering)

AREAS OF EXPERTISE:

Project development, capital raising business administration, stakeholder engagement

DIRECTORSHIP(S):

UFUDO Holdings Pty Ltd, UFUDO Limitada (Mozambique) and UFUDO Operations & Maintenance (Zambia)

GROUP

EXECUTIVE COMMITTEE

**MS ANNETTE LINDEQUE**

Chief Executive Officer, Intersite

Age: 57 (26 years of service)

QUALIFICATIONS:

MSc Real Estate

AREAS OF EXPERTISE:

Property Management, Property Development, Feasibility Studies, Property Finance & Investment

DIRECTORSHIP(S):

Intersite Asset Investments SOC Limited

**MR NIEL ROESCH**Chief Executive Officer, Autopax/
Head: Long-Distance Passenger Transport

Age: 64 (5 years of service)

QUALIFICATIONS:

B Compt (Honours), B Com (Accountancy)

AREAS OF EXPERTISE:

Transport Management, Financial Management, Operations Management

DIRECTORSHIP(S):

Autopax Passenger Services

**MS LINDIWE MTHAYISE**

Group Company Secretary

Age: 50 (3 years of service)

QUALIFICATIONS:

B Juris, LLB, Chartered Secretary

AREAS OF EXPERTISE:

Governance

**MR BONGINKOSI ZIMASE**

Group Chief Audit Executive

Age: 42 (2 years of service)

QUALIFICATIONS:

MBA, CIA, CISM, B Degree (Internal Audit), P Dip. (Risk Management), MDP

AREAS OF EXPERTISE:

Auditing, Governance, Risk Management, Financial Management, ICT Security Data Analytics

**MS NOMPUMELELO PHASHA**

Acting Group Executive: Legal, Risk & Compliance

Age: 44 (3 years of service)

QUALIFICATIONS:

LLM (Commercial and Business Law), LLB, BA (Law), Certificate (Media and Intellectual Property Law)

AREAS OF EXPERTISE:

Litigation, Public Procurement Law, Commercial Law, Contract Law, Media and Intellectual Property Law, Regulatory Law and Compliance

DIRECTORSHIP(S):

Media Diversity & Development Agency

**MR ALEXIO PAPADOPULO**

Acting Group Security Officer

Age: 43 (3 years of service)

QUALIFICATIONS:

Certificates: Essential Management Skills, Leadership and Team Development, Private Security Training

AREAS OF EXPERTISE:

Intelligence-driven Security Operations, Tactical Security Operations and Deployment, Project Planning and Implementation, Security Systems and Operational Planning

GROUP

EXECUTIVE COMMITTEE

**MS NOKUTHULA NGONYAMA**

Acting Group Chief Information Officer

Age: 49 (1 year of service)

QUALIFICATIONS:

B Com (Investment & Corporate Finance), P Dip (Management)

AREAS OF EXPERTISE:

ICT Digital and Data Strategy, Innovation and Planning, Programme Delivery, SP and Contract Management, ICT Operations and Service Management, Lean ICT Organisations

DIRECTORSHIP(S):

N. Marjorie Business Consulting (Pty) Ltd, House of Pearls Foundation

OUTGOING EXECUTIVE MEMBERS

**MR SORIN BALTAC**Acting Chief Executive Officer:
Group Capital**RESIGNED****MR NELSON
MALEFANE**

Acting Chief Executive: PRASA Rail

TERM ENDED



UP NEXT: **PART B** PERFORMANCE INFORMATION

PART B

PERFORMANCE INFORMATION

Overview of Our Service Delivery Environment	26
Organisational Highlights	29
Capital Investment	55
Annual Performance Report	61

INTEGRATED
**ANNUAL
REPORT**
2024 – 2025



OVERVIEW OF OUR SERVICE DELIVERY ENVIRONMENT

PRASA's operational environment is a dynamic interplay of economic, political, legal, social, technological and environmental factors, alongside internal capabilities, that collectively shape its trajectory and future opportunities in the public transport and the rail transportation sector, in particular.

Mandated by the South African government to deliver a safe, reliable and affordable passenger transport, external factors play a critical role in PRASA's day-to-day operations. Government policies and regulatory changes characterise the political and legal landscape. Simultaneously, social and economic considerations shape public behaviour and perceptions, demographic trends, and customer satisfaction. Funding constraints also negatively impact the overall service delivery and the pace at which services should be delivered to the public.

While technological advancements are evolving at an incredible pace, South Africa's rail transport sector adaptation still lags because of several factors. In the case of PRASA, this lag stems from several factors such as outdated technology, maintenance backlogs, and inadequate infrastructure investment. Despite the challenges, PRASA is focused on adopting innovation, utilising digital platforms for

enhanced customer service, and investing in automation and smart systems to improve efficiency.

From an environmental perspective, rail provides the most immediate relief to meet emission reduction and contributes a mere 1.6% of all transport emissions, excluding emissions from electricity consumption (GHGI, DEA, 2015). To this end, and in line with the Green Transport Strategy (GTS) driven by the DoT, PRASA will soon be reporting on its environmental impact and practices, which will ultimately lead to a comprehensive report on Environmental and Social Governance (ESG) in the medium term.

To effectively respond to the previously mentioned factors, PRASA's key strategic focus is to deliver an excellent passenger service, grow gross commercial revenue, modernise operational assets, and expand the business by exploring business opportunities. Having suffered infrastructure theft and vandalism between 2020 and 2021, PRASA has been aggressively focused on a Rebuild and Recovery Programme, which covered mainly the reconstruction of parts of infrastructure such as Permanent Way (perway), electrical, signalling and stations. This recovery has progressively enabled PRASA to resume services that could not be provided on its 2,228 km rail network.

To this end, PRASA has, in total, returned to service 35 rail service lines or sections out of 40. Approximately 70% of the services have been resumed in full, while the balance has been partially resumed. Three PRASA-owned lines listed will be recovered over the medium term:

1. Daveyton to Germiston;
2. Springs to Germiston, and
3. Midway to Residensia section.

PRASA also operates some of its services on TRANSNET-owned networks. PRASA is currently in negotiations with TRANSNET to restore some of the lines critical for passenger rail services. PRASA has identified some of the lines for acquisition from TRANSNET. With a total of 46 stations recovered, and three lines signalled and operating on higher frequencies.

In addition, PRASA's modernisation goals include the manufacturing of the state-of-the-art Electrical Modular Units (EMUs) also affectionately known as the "Peoples' Train" or "Isitimela Sabantu". These trains are "Proudly made in South Africa, by South Africans". For the year under review, PRASA deployed 60 of these trains across three of its regional operations.

The impact of PRASA's efforts on service delivery brought about by the Recovery and Rebuild Programme and the deployment of EMUs is widely felt by the users of the service: the commuters. The recent study (Customer Satisfaction Index) conducted during the year under review revealed an improvement of 2.8% from an index score of 73% in 2023/24 to 75.8% in 2024/25, against a target of 70%. The study was conducted in all regional operations apart from the Eastern Cape.

	NATIONAL	NATIONAL
Customer Satisfaction Index:	2023/24	2024/25
A. Timetables and schedules	72,3	73,1
B. Stations and staff	69,9	74,8
C. Information and communication	69,9	73,5
D. Safety and security	79,8	84,8
E. Station facilities	64,7	70,4
F. Trains and coaches	74,8	76,2
G. Trains operations	72,9	73,2
H. PRASA brand	79,3	79,9
AVERAGE INDEX	73,0	75,8

Table 1: CSI Results: 2024/25

PRASA's efforts also had an impact on Metrorail's passenger trips, as they nearly doubled the previous year's 39.4 million and increased to 77 million during the year under review, in a quest to reach 116 million passenger trips in 2025/26.

ORGANISATIONAL ENVIRONMENT

On an organisational level, the consolidation of Mainline Passenger Services (Shosholoz Meyl) and Autopax into the Long-Distance Passenger Transport (LDPT) division came into effect on 1 August 2024. The new entity will optimise economies of scale and efficiencies, and streamline operations from both road- and rail-based long-distance operations, which were previously housed in separate legal entities with limited coordination and integration. This will result in improved accessibility, connectivity and service efficiencies for long-distance travellers, thus driving operational and financial performance improvements.

The establishment of this entity supports economic growth, bolsters regional development and addresses the increasing demand for reliable, sustainable, cost-effective and high-quality intercity transport services linking major metropolitan areas with outlying towns for rural communities. PRASA needs to service and respond to the emerging needs of rural and regional development nodes, as transport links between the rural trade areas and rural regions (hinterlands) remain unreliable and costly, which renders access to services and emerging economic opportunities extremely difficult.

In addition to its primary mandate, PRASA is mandated to grow commercial revenue through the exploitation of assets. This secondary mandate, previously executed by PRASA Corporate Real Estate Solutions (CRES) division, will now be executed by PRASA's wholly owned subsidiary, Intersite Asset Investments SOC Limited.

For PRASA to continue to drive performance and operational efficiencies, a new Operating Model (OM) was developed and approved along with a Macro Structure, giving effect to the Shared Services Model (SSM), primarily focused on cost reduction and enhanced service quality by consolidating and standardising business functions.

POLICY ENVIRONMENT

PRASA has been actively involved in the National Logistics Crisis Committee in the Presidency as well as the development of the National Rail Master Plan (NRMP) as part of the National Rail Policy (NRP).

In terms of the Transnet Rail Infrastructure Manager (TRIM), PRASA actively participated in the proposed access tariff regime and will also assess the impact of the tariffs on the business.

COLLABORATION WITH THE CITY OF CAPE TOWN

A Service Level Plan (SLP) in terms of Section 11 of the National Land Transport Act (NLTA) 5 of 2009 was signed between PRASA and the City of Cape Town. This agreement, the first of its kind between PRASA and a municipality, represents a partnership designed to harness cooperative governance and effectively implement service delivery obligations under the national legislative framework of the NLTA.

This SLP is specifically designed to enhance cooperation between the City and PRASA, focusing on areas of responsibility for both parties that enable rail services to fulfil their role as the backbone of integrated transport in the city. Discussions have commenced with other metropolitan areas to conclude similar SLPs.

FUNDING LIMITATIONS

The funding challenges in the capital allocation continued to impact the delivery of key projects relating to the recovery programme. However, PRASA is exploring other funding strategies, such as Private Sector Participation (PSPs), to address shortfalls on key projects.

Despite the challenges facing PRASA, the entity's performance continues to improve year on year, with PRASA achieving 93% during the year under review. This achievement can be attributed to all PRASA employees who continued to work tirelessly and were committed to the cause.

You can see the driver

Good business Comfortable Rides More security in trains

New-technology Moves fast Confident Morden More convenient

No delays Available Information Hygienic Visible Security

New facelift Beautiful looking Safety Reliable More convenient

Moves fast Flexible **COMFORTABLE** Clean stations

Less delays Relaxed New-technology Communicates Convenient

More safe A nice design Reasonably priced Affordable

Safety and security Advanced Civilised Safe A-new-game

Convenient More informative Less expensive

Less overcrowding



ORGANISATIONAL HIGHLIGHTS

RAIL OPERATIONS

PRASA RAIL is mandated to provide a safe, reliable, predictable, and affordable service to commuters within metropolitan areas and long-distance services connecting passengers to main cities and rural areas.

METRORAIL

During the 2024/25 financial year, Metrorail has prioritised service optimisation in alignment with the varying phases of the recovery and rebuild programme. The commuter service comprises 40 lines, with 26 owned by PRASA and 14 owned by Transnet, both of which have a total of 35 commuter service lines being operated at the end of the financial year.

At the outset of the 2023/24 financial year, 32 units of the old fleet and 40 EMUs were in operation. By the conclusion of that financial year, 96 EMUs had been introduced to the service, effectively replacing the majority of the old fleet. As a result, the 2024/25 financial year began with 96 EMUs, and by the end of the financial year, 134 EMUs had been introduced into the service. However, due to the non-availability of certain elements of the rail network infrastructure, operations were still constrained. However, there are still opportunities to optimise and run more frequent and reliable services as the infrastructure improvements are being undertaken and delivered.

Metrorail services in the Eastern and Western Cape, as well as KwaZulu-Natal (KZN), have been severely impacted by extreme weather patterns, leading to disruptions in operations. However, the overall passenger experience has improved with service enhancements on key lines, such as the Saulsville - Pretoria and Germiston - Kattlehong areas in Gauteng and the Simonstown/Fish Hoek (Southern Line) in the Western Cape. However, fare revenue targets remain elusive due to below-inflation fares, delays, and cancellations of trains.

The commuter services in the country exceeded their set targets by achieving 77 million passenger trips, surpassing the 64 million target. Over 208,000 train trips were scheduled using 134 EMUs, maintaining a 91% on-time performance. Train cancellations were low at just 3%. The service performance was sustained through various operational programmes, including the recovery of services, the EMUs Roll-Out Plan, and the Locomotives War Room. Key initiatives included increasing passenger numbers, weekly performance monitoring, safety campaign, workforce optimisation, cost management, and annual operational plans for 2024/25.

SERVICE LINE RECOVERY

PRASA has shown strong operational growth, successfully transporting more passengers compared to previous years. This growth is highlighted by several key factors that contributed to the overall success:

- + **Improved Customer Experience:** The high standard of safety and comfort on the EMUs has significantly enhanced the overall travel experience.
- + **On-board Security:** The visibility of security onboard the trains have bolstered safety, providing passengers with greater peace of mind.
- + **Affordable fares:** The fares remain the lowest, offering a more affordable alternative compared to other modes of transport.

Passenger Trips (split per region)	
REGION	PASSENGER TRIPS
Gauteng	40 819 119
Western Cape	22 869 292
KwaZulu-Natal	12 709 728
Eastern Cape	672 844
Total	77 070 983

Table 2: Passenger Trips by Region

In the 2024/25 FY, PRASA transported 77 million passengers, surpassing the target of 64.3 million. This figure reflects the continued demand for services and effective operational strategies. Additionally, several stations were recovered during the year under review, especially along the Central Line, which positively impacted passenger numbers, signifying trust in PRASA and its services.

The table below indicates the lines operated with EMU train sets from FY 2023/24 including 2024/25.

REGION	LINE	TRACTION	RESUMPTION DATE
FY 2023/24			
KwaZulu-Natal	Durban-KwaMashu	Electric-EMU	25-May-23
KwaZulu-Natal	Durban-Umbongintwini-Winklespruit	Electric-EMU	26-May-23
KwaZulu-Natal	Bridge City-Duffs Road	Electric-EMU	30-May-23
Gauteng	Leralla-Germiston	Electric-EMU	27-June-23
Gauteng	Centurion-Kaalfontein	Electric-EMU	28-Sep-23
Gauteng	Germiston-Johannesburg	Electric-EMU	2-Oct-23
Western Cape	Eerste Rivier-Strand	Electric-EMU	26-Oct-23
Gauteng	Hercules-Belle Ombre	Electric-EMU	20-Dec-23
KwaZulu-Natal	Durban-Pinetown	Electric-EMU	22-Dec-23
Western Cape	Eerste Rivier-Muldersvlei	Electric-EMU	29-Feb-24
Gauteng	Hercules-Capital Park- Koedoespoort	Electric-EMU	26-Mar-24
KwaZulu-Natal	Crossmoor (Chatsglen)- Merebank	Electric-EMU	28-Mar-24
Gauteng	New Canada-Nancefield	Electric-EMU	28-Mar-24
Gauteng	Germiston-Elsburg	Electric-EMU	30-Mar-24
Gauteng	Johannesburg-Florida	Electric-EMU	30-Mar-24
FY 2024/25			
KwaZulu-Natal	Chatsglen-Crosmoor	Electric-EMU	26-Apr-24
Gauteng	Nancefield-Midway	Electric-EMU	13-May-24
Gauteng	Florida-Roodepoort	Electric-EMU	27-May-24
Western Cape	Nyanga-Nolungile	Electric-EMU	31-Oct-24
Gauteng	Roodepoort-Randfontein	Electric-EMU	17-Dec-24
Gauteng	Elsburg-Pilot	Electric-EMU	17-Dec-24

Table 3: Lines Operated with EMUs

As seen in the table above regarding the lines operated with EMU train sets for specific regions, the recovery lines for the year under review have created a significant impact on train trips. The Johannesburg to Randfontein line introduced a shuttle service between Roodepoort and Randfontein, doubling the frequency of scheduled train services. Weekly trips increased from 12 to 23, while Saturday services surged from 6 to 16 trips.

The Eastern Cape still operates with old yellow and grey sets including Vereeniging – Union line in Gauteng, Cape Town – Malmesbury in the Western Cape.

FARE REVENUE

There has been a significant increase in passenger numbers; however, despite this increase, fare revenue, as seen in the graph below for the 2024/25 FY, was R396.6 million, falling short of the target of R438.8 million. This shortfall can be attributed to several factors:

- + Gaps in the ticketing system;
- + Refunds due to heavy delays;
- + Transition from single tickets to seasonal tickets; and
- + Delays in the implementation of the fare increase.

While these issues have affected revenue, they highlight areas for improvement that the business can address moving forward.

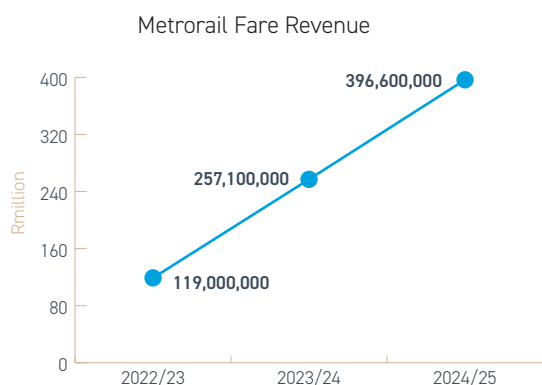


Figure 1: Fare Revenue

TRAIN TRIPS

During the year under review, the target for train trips was 170 420. A total of 208 254 train trips were scheduled, representing an overachievement of 37 834 scheduled trips. However, a total of 202 358 trips were operated.

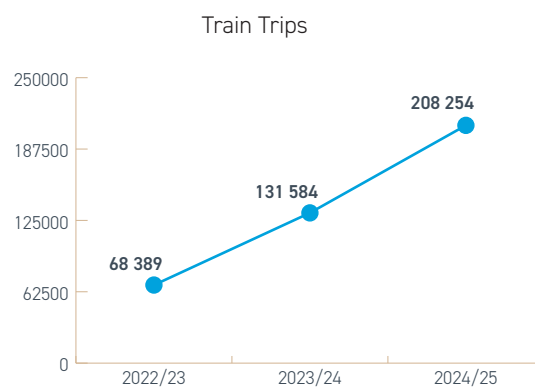


Figure 2: Train Trips

SAFETY OCCURRENCES

The financial year saw 259 safety occurrences against the target of less than 372 per 100 000 passenger trips, a ratio of 0.34 occurrences per 100 000 trips, and a target of 0.58 occurrences per 100 000 trips. The table below shows the number of safety occurrences in each Region as well as the Mainline Passenger Services trips.

REGIONS & MLPS	NO. OF OCCURRENCES
Gauteng	119
Western Cape	82
KwaZulu-Natal	43
Eastern Cape	3
Main Line Passenger Services (MLPS)	12
Total	259

Table 4: Safety Occurrences by Region

OUTLOOK FOR 2025/26

Metrorail continues to implement preventative maintenance programmes using on-track machines. This approach, along with the delivery and replacement of defective rails, is expected to significantly improve the quality of the tracks and perway, prevent service breakdowns, and help achieve acceptable sectional speeds. To further support this initiative, the rollout of drainage projects in priority corridors and critical hotspot areas is essential to minimise cancellations and delays, while maintaining on-time train departures and arrivals.

In an effort to improve service quality and increase passenger numbers, the business will continue to implement several strategic interventions. These include increasing train frequencies, introducing Saturday services, reducing

off-peak fares, conducting extensive advertising campaigns, and establishing a dedicated Locomotives War Room.

Additionally, PRASA Rail Regions will optimise service offerings by deploying more trains and reducing travel times through shorter intervals on recovered lines. The focus will be on several key programmes aimed at enhancing overall performance. These include enhancing customer service

and satisfaction, improving operational efficiency, fostering innovation and technology integration, reducing decision-making turnaround times, ensuring safety and security in rail operations, improving workflow processes, mitigating the high costs of running the business, developing optimal and productive structures, and promoting a high-performing, skilled workforce.





LONG-DISTANCE PASSENGER TRANSPORT

AUTOPAX PASSENGER SERVICES SOC LTD: BUSINESS RESCUE AND TRANSITION TO PRASA

Autopax continued to operate under business rescue during the year under review, which significantly impacted its performance. A critical step in rebuilding the company and enabling PRASA to continue bus operations as mandated by the Legal Succession Act, was the approval of the Business Rescue Plan by Autopax creditors.

In April 2024, PRASA submitted an offer to the Business Rescue Practitioners to purchase Autopax assets and transfer employees. The details of this offer were incorporated into the revised Business Rescue Plan, published on 10 May 2024, and the third meeting of creditors was held on 22 May 2024, during which the revised plan was adopted. The sale transaction became effective on 1 August 2024, with all assets and required employees transferred from Autopax to PRASA.

Autopax operations ceased on 31 July 2024, and 49 excess employees were retrenched in accordance with Section 189 of the Labour Relations Act. On 31 October 2024, the business rescue practitioners paid a dividend of 15 cents in the rand to independent creditors who had submitted bank confirmation letters.

The timeline for the substantial implementation of the business rescue plan remains undetermined, as it depends

on factors beyond the control of the business rescue practitioners. The Autopax Board of Directors remains in place to ensure corporate governance compliance and will be dissolved once the business rescue practitioners file for substantial implementation. Thereafter, Autopax will be de-registered.

ESTABLISHMENT OF PRASA LONG-DISTANCE PASSENGER TRANSPORT DIVISION

The Long-Distance Passenger Transport (LDPT) division was established on 1 August 2024 to fulfil its mandate of providing seamless, integrated long-distance road and rail passenger services within South Africa and to neighbouring countries, as required by the Legal Succession Act and Section 4 of the National Land Transport Act, 2009.

Both Autopax and Mainline Passenger Services (MLPS) faced loss-making operations, placing pressure on PRASA's cash resources. This prompted PRASA to reassess its approach to long-distance operations, leading to the formation of LDPT. An in-depth analysis of operational and financial hindrances was conducted, and corrective steps are being taken to ensure the sustainability of long-distance passenger services.

The primary aim of LDPT is to offer integrated long-distance passenger transport services by road and rail. Historically, integration between these modes lacked strategic focus, limiting the ability to respond to evolving passenger needs and market demands. Key segments include migrant workers,

students, tourists, and occasional travellers. The integration is expected to yield economies of scale through resource consolidation, optimisation and operational efficiencies.

Bus operations have continued under the newly established PRASA Long-Distance division since 1 August 2024.

Performance Results (2024/25)

The division fell slightly short of its target to transport 651 670 passengers, achieving 647 969 passengers and generating revenue of R264.4 million. The shortfall was primarily due to an average of only 63 buses being available for operation, compared to the planned 75.

Additionally, only 22 long-distance train trips were operated (8 fewer than planned). The reduced availability of buses and trains was attributed to ageing locomotives and buses, high mileage, lack of preventative maintenance in previous years, and the absence of replacement or refurbishment programmes.

OUTLOOK FOR 2025/26

Since its establishment, the LDPT has positioned itself to effectively execute PRASA's long-distance passenger transport mandate over the medium to long term. This will

enable PRASA to meet evolving passenger needs, enhance revenue, drive sustainable growth in the intercity travel market, and integrate transport modes to support the government's vision for integrated services.

Key enablers:

- + Rightsizing and optimising staff and operational structures;
- + Securing finance to procure approximately 78 new buses through a financial lease;
- + Delivery of 17 buses procured through outright purchase within 12 months;
- + Addressing locomotive requirements;
- + Finalising engagements to optimise and reduce trip running times;
- + Conclusion of the long-distance train station requirements and strategy;
- + Introducing a digitally integrated online booking platform and electronic ticketing to enable 80% cashless operations; and
- + Implementation of real-time passenger information systems and establishing a train and bus control centre.





OPERATIONAL SAFETY

PRASA consistently showcases its unwavering commitment to enhancing its safety performance as evidenced by the discernible reduction in key safety incidents.

Although there has been an increase in the number of high-risk safety incidents such as train-on-train collisions, derailments and signals passed at danger, level crossing incidents have remained low. The incidents have, however, remained curtailed when compared to the increase in operational activities over the same period, which has doubled.

The graph below depicts the number of incidents over a three-year period in the four categories of high-risk incidents.

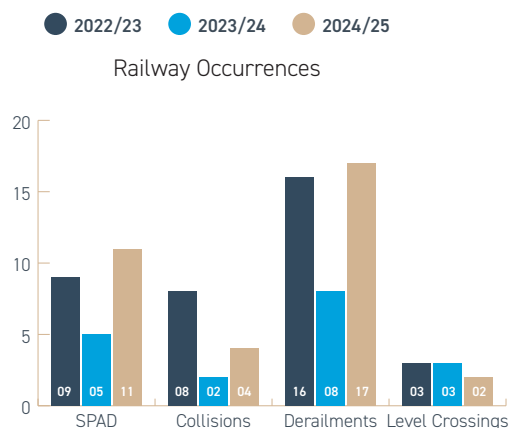


Figure 3: Railway Occurrences

The PRASA Safety Management System (SMS) is a risk-based framework aligned with the Enterprise-Wide Risk

Management Framework. It is designed to promote continuous safety improvement through both preventative and corrective measures.

The successful implementation of the SMS control framework, along with the Annual Safety Improvement Plan, reinforces PRASA's commitment to legal and regulatory compliance. Emphasis is placed on enforcing operational, technical, and engineering norms and standards, with targeted interventions aimed at improving safety awareness in real time. Particular attention is given to safety-critical employees, their supervisors, and managers, ensuring they remain focused on consistent safety practices.

To ensure accountability across all leadership levels, the effectiveness and adequacy of the SMS and Safety Improvement Plan will be monitored at the depot, regional, and divisional levels. This structured oversight will contribute to a steady and measurable reduction in safety incidents.

RAIL SAFETY PERMIT

PRASA is operating on a three-year safety permit, which will expire on 31 August 2025. Over the tenure of the safety permit, PRASA has been able to comply with all the safety permit special conditions successfully, and the Railway Safety Regulator (RSR) issued a compliance letter to that effect.

In addition to this, PRASA has closed 144 of the 200 Improvement Directives issued by the RSR from the 2016/17

financial year to date. 56 Improvement Directives remain open, with 16 being CapEx-related and are being closed through CapEx Projects implementation. The closure of these directives is being monitored in collaboration with the RSR.

ASIPHEPHE CAMPAIGN

The Asiphephe Campaign, launched by the Group CEO in the first quarter of 2023, remains the pivotal point of PRASA's operational activities. It has now been elevated through the tag line, ASIPHEPHE - LIVING SAFETY, SHAPING TOMORROW. "Living Safety" means making safety the cornerstone of all our operations and should be seen as a deeply ingrained value. Our commitment to Living Safety guides our actions, shapes our awareness, and ensures that we prioritise safety in every aspect of our work. Complemented by Shaping Tomorrow," safety must be seen as the ultimate priority, not just today, but every day.

Through the Asiphephe Programme, risk awareness forms the foundation of our safety culture. All PRASA staff are encouraged to recognise, identify and act to reduce risk, and

not just those on the front line. Accident prevention is the duty of every employee, on the tracks or away from them.

The railway industry is constantly changing and evolving, and so are the risks. The entity is continually monitoring, learning and innovating in order to reduce risks across the network.

The following actions demonstrate PRASA's commitment to safety and "Living Safety".

1. Ensure that PRASA obtains another 3-year RSR safety permit following the new 3-year safety permit submission by 31 May 2025;
2. Drive the improvement of safety and environment in the Group by:
 - › entrenching a safety-first corporate culture characterised by leadership commitment;
 - › reducing the number of Railway and Road accidents;
 - › reducing the number of passenger, public and workplace injuries, public fatalities; and
 - › conducting regular safety inspections and audits.





SECURITY

PRASA Protection Services has embarked on an ambitious and multi-faceted security strategy aimed at safeguarding rail infrastructure and ensuring the safety of commuters and assets. Phase 1 of the strategy was initiated in June 2022 through a deviation process that involved appointing security companies from the Airports Company of South Africa (ACSA) panel of service providers. This also included the security complement from companies linked to the Judge Hlophe ruling and the PRASA in-house security complement. This marked the beginning of a comprehensive approach that integrates physical security, strategic stakeholder engagement, and intelligence-led operations.

The strategy has been developed in response to escalating threats, including malicious damage to property, theft, and the emergence of new crimes such as stone throwing, which is essentially reported as malicious damage to property. PRASA Protection Services' protective security interventions were critical in ensuring the recovery of the 35 rail corridors that have been achieved to date.

The initiation of the two pivotal technology-driven projects, namely E-Security and Command, Control, Communication, Computers, Intelligence, Surveillance, Target Acquisition, and Reconnaissance (C4iSTAR), is earmarked for the next five years and represents the second phase of the security strategy. These projects form the backbone of the Agency's long-term security posture, integrating force multipliers such as smart surveillance, armoured response units, drones, and tactical communications.

PROGRESS ON SECURITY STRATEGY

The first phase of the security strategy (initiated in June 2022) was characterised by the rapid deployment of physical security resources to mitigate security risks. This included:

- + The appointment of security companies via the ACSA panel;
- + Use of in-house security personnel;
- + Deployment of companies aligned with the Judge Hlophe Ruling; and
- + Strategic operational security support in the recovery of 35 rail corridors, marking a significant success.

The security incidents recorded over the Medium Term Expenditure Framework (MTEF) period must be viewed in the context of historic data, as PRASA had to reintroduce corridor operations for the first time since the era of the South African Railways. This followed the unprecedented surge in security incidents after the termination of security services in October 2019 and April 2020. As corridors reopened and passenger numbers increased, security risks and threats also shifted. The historic data provides essential context for understanding current security trends in relation to periods of similar operational activity.

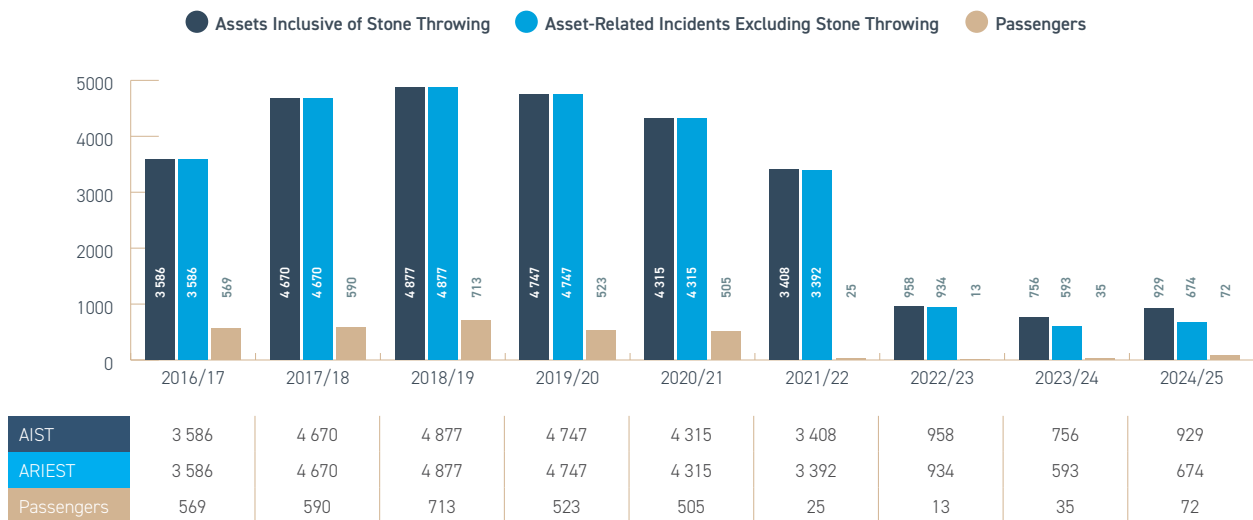


Figure 4: Crime Pattern Analysis

The crime pattern analysis across the MTEF period (2022/23 to 2024/25) revealed worrying trends, including the emergence of stone throwing by minors, resulting in increased asset-related crime over the period. Listed below are the contributions of stone throwing to the increase in asset-related crime:

- + 3% increase (2022/23)
- + 22% increase (2023/24)
- + 27% increase (2024/25)

The graph below depicts the crime patterns experienced over the MTEF 2022/23 to 2024/25:

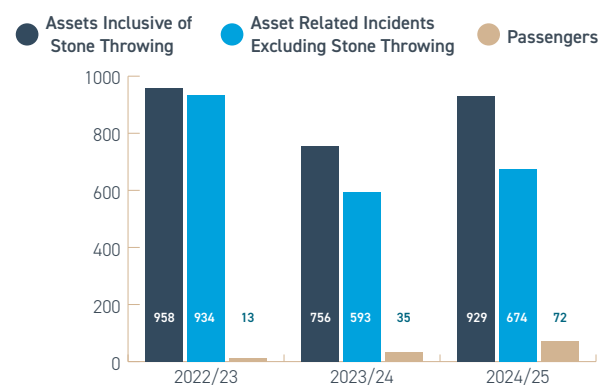


Figure 5: Crime Analysis (2022/23 to 2024/25)

PRASA has put in place effective plans to combat stone throwing, and these include community awareness campaigns and engagement with PRASA Engineering teams to explore engineering solutions.

PRASA's deployment strategy has evolved from a reactive to a proactive model, characterised by an intelligence-led

approach. This approach involves physical deployment, which combines in-house personnel and private security firms, and corridor recovery, resulting in 35 service lines recovered.

Due to its sporadic nature and involvement of minors, stone throwing remains a challenge. However, it is countered through awareness programmes, and engineering interventions are under review.

Aimed at long-term sustainability through extended contractual agreements, an open tender process for security services commenced in July 2024, closed and is currently in the evaluation phase. The tender will establish 3-year contracts, extendable by 2 years to ensure long-term service stability.

E-Security and C4iSTAR are two cornerstone technology projects underpinning PRASA's modern security posture.

E-SECURITY

This project covers the protection of mission-critical assets, including relay rooms, substations, high sites, and warehouses, with key features including CCTV surveillance, alarm and access control systems, smoke fogging and pepper gas deterrents, smart locks, public address systems and control room infrastructure.

Project specifications have been finalised with the next steps including a presentation to the Architecture Review Committee for approval, after which the procurement process will resume.

C4iSTAR

The project focuses on tactical and operational command, integrated technology, mobility, and advanced monitoring. It is highly sophisticated security technology that integrates all security activities into one interface for monitoring and critical decision making, delivering a pre-emptive, fully integrated security solution that delivers high situational awareness for the teams and management. Thus, providing an enabling environment for PRASA to deliver on its primary mandate, saving the lives of operational security whilst ensuring minimum impact of crime on operations.

The following are key components of this project:

1. 57 Armoured Forward Bases to support personnel in remote areas with shelter and facilities;
2. 114 armoured vehicles for armed response;
3. Drone capability for each forward base and vehicle for virtual patrols and surveillance;
4. Command and control vehicles with drone capabilities for flexible deployment;
5. Firearms and ammunition with full compliance with the Firearms Control Act; and
6. Tactical communications encompassing integration of military-grade communications and Geographic Information System (GIS)-based monitoring (crime maps, personnel Global Positioning System (GPS) tracking).

To this end, PRASA Security recommended a single-source procurement through ARMSCOR due to their expertise and role as national custodian of armoured solutions. The solution is highly specialised, and ARMSCOR possesses the necessary experience, including subject matter experts, to ensure swift and successful implementation. The State-Owned Entity (SOE) has already delivered similar solutions to the South African National Defence Force (SANDF), South African Police Services (SAPS), and various Metropolitan Police Departments nationally.

TRAINING AND SKILLS TRANSFER

Training and skills transfer are critical components embedded within all security technology and equipment-related projects undertaken by PRASA Protection Services. Recognising that the long-term success and sustainability of advanced security solutions depend not only on infrastructure but also

on human capability, the department has mandated that all project deliverables specifically for the C4iSTAR, firearms, and e-security initiatives include comprehensive training programmes and structured skills transfer plans, inclusive of a change management process.

This ensures that internal personnel, including in-house security teams and operational staff, are fully equipped to operate, maintain, and adapt to evolving technologies independently over time. The approach goes beyond basic operational instruction and incorporates ongoing capacity building, tactical training, technical competency, and change management support. By institutionalising skills development within each project phase, PRASA is building a self-sufficient, knowledgeable security workforce capable of maximising the value of modern security infrastructure and responding effectively to dynamic security threats.

COLLABORATION WITH SECURITY CLUSTER

PRASA Protection Services maintains active representation in several national and regional security forums, ensuring integrated law enforcement collaboration.

NATIONAL FORUMS

PRASA participates in the following security forums:

1. National Joint Operational and Intelligence Structure (NATJOINTS);
2. Security Management Forum (a forum chaired by SSA);
3. Government Sector Security Council (GSSC); and
4. Justice, Crime Prevention and Security (JCPS) Cluster.

Rail-Specific Forums

1. National Rail Crime Combatting Forum (NRCCF);
2. Provincial Rail Crime Combatting Forums (PRCCF); and
3. Area Rail Crime Combatting Forums (ARCCF).

Industry-specific forums

1. Industry Copper Forum; and
2. Non-Ferrous Metal Crime Combatting Forum (NFMCCF)

This inter-agency collaboration enables rapid information sharing, coordinated enforcement, and intelligence-driven deployments.

COMMUNITY ALIGNMENT AND INITIATIVES

PRASA's community-centric approach is vital for long-term sustainability and social license. Initiatives include:

1. Community Policing Forums (CPF);
2. United Commuters Voice (UCV) – a platform for commuter engagement;
3. Safety and Security Awareness Campaigns; and
4. Stakeholder engagements during project rollouts.

This grassroots engagement is essential for building trust and mobilising communities as allies in combating crime.

Commuter Protection

PRASA's security strategy places strong emphasis on commuter safety through:

1. Physical Security Presence: Deployed across high-risk corridors.
2. Technology Enhancements: closed-circuit television (CCTV), smart surveillance, and access control for safer commuting environments.
3. Armed Response Readiness: Quick reaction capability via forward bases and armoured units.
4. Drones for Virtual Patrols: Ensuring early detection of threats and enhancing response times.
5. Public Address and Awareness: Real-time updates and incident communication.
6. Training and Change Management: Ensuring frontline staff are equipped to respond effectively to incidents.

The urgent need to expedite the delivery of the E-Security and C4iSTAR project for PRASA is underpinned by its pivotal role as a force multiplier, enhancing situational awareness, operational efficiency, and proactive threat mitigation in a rail network that has historically been vulnerable to systemic security breaches, infrastructure vandalism, and service disruptions. The rapid deployment of this integrated system will directly strengthen the operational capability of PRASA's security and rail operations units, transforming a reactive security approach into an intelligence-led, coordinated, and predictive model.

C4iSTAR provides a strategic technological framework that enhances decision-making, resource deployment, and threat response across the passenger rail environment. When integrated with a robust e-security infrastructure, including smart surveillance, intrusion detection, access control, and cyber resilience, it acts as a critical enabler of rail safety, reliability, and public trust.

Expediting this project ensures the early realisation of key benefits, including:

1. Reduction in cable theft, vandalism, and infrastructure sabotage, which have severely impaired service delivery;
2. Improved coordination and real-time situational awareness across operational teams, security personnel, and law enforcement partners;
3. Enhanced protection for passengers and staff, reinforcing safety as a fundamental pillar of the commuter experience;
4. Optimised use of limited resources, allowing PRASA to do more with less by leveraging technology over manual, reactive interventions.
5. Restoration of commuter confidence and ridership, which directly impacts fare revenue, operational sustainability, and PRASA's mandate to serve as a catalyst for inclusive public mobility.

Moreover, the reputational impact of a modern, digitally secure, and efficiently secured rail network cannot be understated. It positions PRASA not only as a responsive public transport provider but as a leader in smart mobility solutions aligned with the Fourth Industrial Revolution (4IR) and the Department of Transport's modernisation goals.

Failure to fast-track the implementation, PRASA risks continued degradation of infrastructure, persistent public dissatisfaction, and increasing security incidents that will further erode passenger patronage and public trust. Conversely, accelerating the deployment timeline of E-Security and C4iSTAR directly supports the economic, social, and developmental role of rail transport by fostering a safer, smarter, and more reliable commuter rail system.

The timely and decisive delivery of the E-Security and C4iSTAR project is not merely a technical upgrade; it is a strategic necessity. It holds transformative potential to restore operational integrity, enhance public safety, boost commuter confidence, and catalyse the revitalisation of passenger rail services in South Africa. Delays in implementation equate to lost opportunities for impact. Swift execution is therefore paramount.

The comprehensive integration of technology, infrastructure, and community engagement positions PRASA Protection Services as a proactive and capable force in securing South Africa's rail network.





GROUP CAPITAL

Despite funding challenges, PRASA has significantly accelerated its recovery efforts over the past 2 years. Several projects have now entered the implementation phase, aimed at enhancing rail network capacity and safety, enabling optimal operation of train services.

Open access to the railway network remains a concern, highlighting the need to prioritise walling and fencing initiatives. Although reducing year on year, incidents of theft and vandalism continue, necessitating further interventions to safeguard recovered infrastructure and equipment. As such, vandal-proofing measures are integrated into the broader recovery and restoration projects.

PRASA remains focused on establishing an efficient maintenance regime through the reconstruction and completion of the Depot Modernisation Programme. This initiative aims to deliver state-of-the-art depots capable of supporting the maintenance of new EMUs as they are rolled out from the factory and deployed into service.

By the end of March 2025, PRASA had received a total of 268 trains, with 60 trains delivered in the 2024/25 financial year and over 70% deployed in the Regions.

RE-SIGNALLING PROGRAMME

The Re-signalling and Restoration Programme has achieved the 2024/25 targets, marking key milestones in the Western Cape and KwaZulu-Natal with the completion of work on three key lines in these Regions:

- + **Re-signalling:** Langa – Nyanga, and Nyanga – Sarepta (Western Cape)
- + **Restoration:** Durban – Merebank (KwaZulu-Natal)

Strategic infrastructure upgrades are aimed at digitising rail operations, enhancing safety and laying the foundation for next-generation train control technology.

WESTERN CAPE: RE-SIGNALLING AND SIGNALLING RESTORATION PROGRAMMES

The Central Line re-signalling, which is yet to be completed, is from Nyanga (Philippi) to Chris Hani and Kapteinsklop, including the broader Western Cape Signalling Restoration Programme, which is scheduled to begin in the second quarter (Q2) of 2025/26.

GAUTENG: SIGNALLING RESTORATION PROGRAMME

The Gauteng Signalling Restoration Programme has passed all formal procurement stages. At the time of reporting, the project was awaiting final approval from the Finance, Capital Investment and Procurement Committee (FCIP) and the Board of Control (BoC).

It includes:

- + Restoration of the signalling system
- + Implementation of the PRASA Train Control System (PTCS)
- + Full integration with new EMUs and trackside signalling

Timelines:

- + Restoration phase: 18 months
- + PTCS design and implementation: 36 months

KWAZULU-NATAL: PRASA TRAIN CONTROL SYSTEM (KZN PTCS)

Commenced on 1 December 2023, the KZN PTCS project has progressed significantly with:

- + Long-lead material orders placed;
- + Offshore validation lab established in Beijing, China;
- + Factory Acceptance Tests (FAT) and inland validation completed; and
- + Concluding safety certification prior to installation of Section 1 (Merebank – Crossmoor)

Next Steps:

- + Civils-OHTE-Track;
- + Optical Transmission Network (OTN) works;
- + Sections of preliminary and detailed designs for approval;
- + Finalise designs; and
- + Begin construction of Section 1 and the KwaZulu-Natal Nerve Centre (KNC)

NATIONAL DIGITAL RADIO NETWORK REDUNDANCY FOR THE GLOBAL SYSTEM FOR MOBILE COMMUNICATIONS – RAILWAY (GSM-R) AND FUTURE RAILWAY MOBILE COMMUNICATION SYSTEM (FRMCS)

Initiated in December 2023, the National Digital Radio Network Redundancy (NDRN) project has completed FAT in China, including all site surveys. It has commenced upgrading the three core network systems in Gauteng, KwaZulu-Natal, and the Western Cape.

Progress:

- + **Gauteng & KwaZulu-Natal:** GSM-R core system upgrades completed, and functionality confirmed;
- + **Western Cape:** GSM-R core system upgrade completed with the power supply scope in progress;

- + The restoration phase to the Radio Access Network (RAN) equipment Base Transceiver System (BTS) is prioritised in accordance with key operational areas identified in each region.
- + The validation of the GSM-R system has been completed, and preparations are underway for a 4G technology pilot section of the FRMCS between Pretoria Station and Rissik Station in Gauteng to assess potential interference levels;
- + A 4G FRMCS pilot between Pretoria Station and Rissik Station (Gauteng North) is being conducted to assess potential interference, preparing for a full transition from 2G (GSM-R) to 4G/5G (FRMCS). Subsystems integration with EMU trainsets for train dispatching is in progress; and
- + The project is scaling up resources to accelerate Phase 1 of the network restoration and to advance Phase 2 design efforts for implementing a redundancy system, including the transition from GSM-R (2G technology) to FRMCS (4G/5G technology). Detailed preparations are underway to enable full integration of the GSM-R system and EMU trainsets for efficient train dispatching.

ELECTRONIC AUTHORISATION SYSTEM

The Electronic Authorisation System (EAS) is a national project and has completed the re-advertisement, evaluation, and adjudication processes, and was recommended to the FCIP for final Board approval.

The system is a vital solution designed to:

- + Digitise the current manual Train Authorisation (MTA) process;
- + Support the Train Control Officer (TCO) through a Visual Display Unit (VDU), enhancing visibility and safety of train movements across designated sections, and
- + Improve safety and uphold the integrity of train operations.

The project scope encompasses the planning, design, supply, construction, installation, testing, commissioning, and maintenance of a new, fully integrated, functional, and future-proofed PRASA EAS across PRASA's Gauteng, KwaZulu-Natal, and Western Cape regions.

ROLLING STOCK FLEET RENEWAL PROGRAMME

PRASA has successfully received a cumulative total of 268 new train sets through this programme, starting from the delivery of the very first unit. During the year under review, 60 trains were delivered—surpassing the annual performance plan target of 41.

A total of 62 trains were manufactured in line with contractual obligations under the Master Supply Agreement (MSA). However, two train sets could not be provisionally accepted due to budgetary constraints.

To sustain the programme, an estimated R38 billion is required over the Medium-Term Expenditure Framework (MTEF). Based on the latest budget allocation, a funding shortfall of approximately R20 billion is projected.

The total funding gap to complete the procurement of 380 new trains, in present value terms, is estimated at a minimum of R60 billion. When factoring in indexation, inflation, and foreign exchange fluctuations, the total cost is expected to reach between R92 billion and R94 billion. Maintaining

the current or slightly reduced delivery schedule despite the associated costs of storage, maintenance, and delayed network recovery, remains more cost-effective than the financial and legal consequences of extending the contract.

Failure to meet contractual obligations could result in PRASA being in default, exposing the organisation to protracted and costly litigation, along with potential findings of fruitless and wasteful expenditure.

Alstom, a globally listed infrastructure provider, would be compelled to disclose any significant reduction or perceived breach in the contract, potentially triggering negative market sentiment. This could adversely affect investor confidence and lead to increased risk pricing on South African debt and services far outweighing any short-term financial savings. However, the Rolling Stock Fleet Renewal Programme (RSFRP) is among the programmes being prioritised for PSPs. Preparations for issuing a Request for Information (RFI) are currently underway.

The bar chart below presents a Monthly Delivery Programme relating to the new trains accepted.

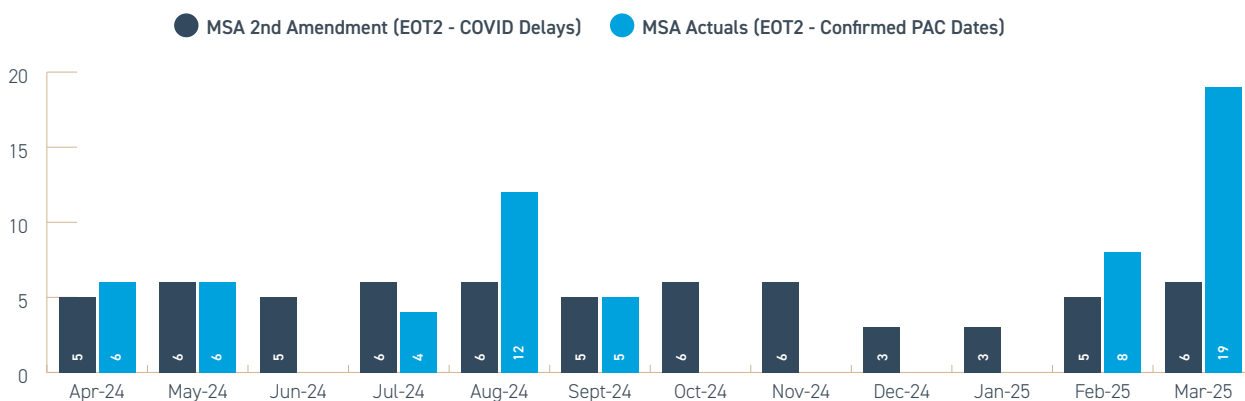


Figure 6: Monthly Delivery Programme – New Trains Provisionally Accepted 2024/2025

From April to July 2024, MSA actuals closely matched or slightly lagged behind MSA adjusted Master Delivery Programme. A notable surge occurred in August, with 12 Preliminary Acceptance Certificates (PACs) indicating accelerated effort. September maintained steady progress and February saw moderate alignment, and March concluded with a significant spike of 19 actual deliveries, the highest in the year.

The deployment of the 268 EMUs is illustrated in the figure below. A total of 127 sets in Gauteng (86: Gauteng North; 41: Gauteng South); 72 sets in the Western Cape and 69 in KwaZulu-Natal.

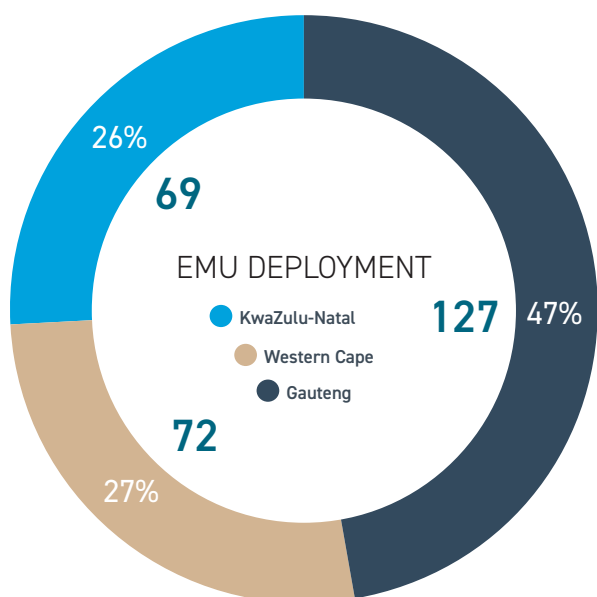


Figure 7: EMU Deployment

DEPOT MODERNISATION PROGRAMME

The depot strategy is being revised to ensure that the depot upgrade is aligned with the delivery of the new trains. Furthermore, a review is underway to determine what work could be done in the existing depots to accommodate the new trains.

The Wolmerton Depot Upgrade has been selected for Private Sector Participation (PSP) as an alternative procurement and funding strategy due to budget constraints. PRASA, in collaboration with the Department of Transport (DoT), is preparing to issue an Expression of Interest (EOI) to the market to initiate the PSP process. This initiative aims to modernise the Wolmerton Rolling Stock Depot to accommodate 65 new train sets, with infrastructure enhancements including new running and lifting sheds, expanded staging yards, and a 1.6 km electrified test track. The PRASA team is currently gathering relevant information in anticipation of the first PSP meeting with the DoT, scheduled for Quarter 1 of the 2025/26 financial year.

Benrose: Contract negotiations are anticipated to commence in the first quarter (Q1) of 2025/26, based on a potential phased delivery approach due to budget constraints.

Paarden Eiland Depot Upgrades: Contract negotiations are anticipated to commence in Q1 of 2025/26, based on a potential phased delivery approach due to budget constraints.

Braamfontein: The work is ongoing. The professional team is contracted, and the project kicked off in September 2024. Detailed site surveys have been conducted, and the project team is reviewing the condition assessment reports. The project will also be submitted as a PSP trial. The team is now gathering information for the PSP process in anticipation of the PSP meeting with DoT in Q1 of 2025/26.

Salt River Depot Upgrade, Durban Yard and Springfield Depot: A review application was brought to the High Court. PRASA is awaiting the court order on whether the contracts are set aside or a just and equitable remedy is granted. On hold until litigation is resolved.

Durban Yard Maintenance Lifting Shed: An Interim project to cater for some of PRASA's needs, and was allocated to an Engineering, Procurement and Construction (EPCM) services provider for design development. Designs have been completed, and bid specification documents are being reviewed, given that the needs may have changed in respect of PRASA's future fleet and operational strategies. However, procurement may be hindered by litigation matters and this is being addressed by the legal team.

WALLING PROGRAMME

Initially, PRASA appointed contractors to execute the Corridor Walling Programme in Mabopane and Central Lines as part of what was termed the "Presidential Corridors". The walling and fencing programme is a transition from an open rail system to a closed, secure and controlled environment for all priority corridors, and the programme is currently in execution.

The table below indicates the status of implementation.

PROGRAMME	PROJECT	STATUS
Substations and High Sites Walling	Mabopane Line WP 1 (Mabopane-Akasi)	The project is 20% complete, with termination of the contract underway.
	Mabopane Line WP 2 (DeWildt-Pretoria North CTC)	The project is incomplete, and termination of the contract is being considered due to the contractor's poor performance.
	Mabopane Line WP 3 (Mountain View – Pretoria CBD)	Complete.
Corridor Walling	Mabopane Line WP 4 (Mabopane-Kopanong)	In execution.
	Mabopane Line WP 5 (Kopanong-Mountainview)	In execution.
	Mabopane Line WP 6 (Mountainview – Pretoria)	Contracted and pending budget allocation.
	Mabopane Line WP 7 (Pretoria – Wolmerton)	In execution.
	Mabopane Line WP 8 (Wolmerton-Lebaleng)	Contracted and pending budget allocation.
	Mabopane Line WP 9 (Wolmerton Depot)	Procurement stage.
	Central Line WP 1 (Cape Town – Langa via Maitland)]	The three central line corridor walling packages (1-3) have been contracted, with each package ranging between 26 and 37km in length.
	Central Line WP 2 (Cape Town – Nyanga via Mutual)	
	Central Line WP 3 (Bonteheuwel – Bellville)	
	Central Line WP 4 (Nyanga – Chris Hani)	
	Central Line WP 5 (Nyanga – Kapteinsklop)	Pending allocation of budget for the tender process to commence.

Table 5: Walling Programme Implementation

PERWAY INFRASTRUCTURE

The goal of perway maintenance is to strive for the most economical, but safe balance between resource input, track condition and required level of operational readiness. This is done by ensuring that the infrastructure is available and reliable to support committed train cycle times. To provide an affordable service, productivity must continuously be improved.

Some of the perway projects in execution are summarised below: Boksburg Bridge: the bridge is a link connecting the train service from Germiston to Dunswart, from which the network splits towards Daveyton and Springs Stations.

The recovery of both the Daveyton and Springs lines is delayed by the limited capital funding. Once the funding is secured, the recovery works (infrastructure and stations) will be accelerated.

ON-TRACK MACHINES

On-Track Machines services have been deployed on the Naledi-Johannesburg and the Western Cape lines to improve perway conditions. Perway condition is an enabler of running the train service at normal section speed, while the Signalling system is an enabler of increasing the headways between trains. Both systems, together with the electric

traction network, are crucial for a well-functioning commuter rail service.

PLATFORM RECTIFICATION

The platform rectification programme aims to ensure that the misalignment between the train and the platform is addressed. This will allow PRASA to comply with universal access requirements and avert potential injuries due to the misalignment between the train and the platform. The number of high-priority platforms to be rectified is 533 at 186 stations nationally. The estimated budget required for the programme is approximately R10 billion.

The allocation for 2024/2025 was R62,9 million and only sufficient to cover professional fees for designs for 98 platforms (18% of the 533). Significant progress has been made in Gauteng South, KwaZulu-Natal and Western Cape. Due to budget constraints, no work could commence in the Eastern Cape and Gauteng North.

The implementation of stop-gap measures in the form of wheelchair-assisted passenger ramps is at an advanced stage. The demonstration unit will be delivered to Berea Station in KwaZulu-Natal in Q2 of 2025/2026.

GENERAL OVERHAUL (GO PROGRAMME)

In the year under review there was no allocation made for the general overhaul programme. The focus was on the delivery of the balance of the coaches that were not completed (work in progress) from the previous year. Based on this, 63 coaches were delivered nationally.

ELECTRICAL RECOVERY PROGRAMME

During the 2024/25 financial year, several electrical projects experienced delays. Despite these setbacks, several projects were in the final stages of completion by March 2025. An average of 54% OHTE and 74% substations have been completed on the lines listed above.

The construction of Overhead Traction Equipment (OHTE) and substations faced challenges due to delays in material and equipment deliveries, ongoing perway reconstruction, theft and vandalism, as well as issues related to line occupations on the Transnet Freight Rail (TFR) and PRASA corridors. These occupations impacted key service lines, including the Roodepoort, Kwesine, and Phase 2 projects within the Gauteng region.

Regarding substations, the contract for the Residensia corridor had previously not been awarded; however, the project is undergoing re-scoping for commencement of the procurement process, expected to resume by Q1 of 2025/26.

Although several projects are on track for completion within the current financial year, it is important to note that some of these projects listed below are scheduled for completion in 2025/26.

LINE	OHTE % COMPLETE	SUBSTATIONS % COMPLETE
Germiston/Kwesine	99%	100%
Dunswarts/Springs	0%	79%
JHB/Randfontein	83%	89%
New Canada/ Residensia	96%*	0%
Nyanga/Chris Hani	74%	-
Philippi/Chris Hani	-	86%
Philippi/Kapteinsklip	15%	-
Winkelspruit	-	84%
Naledi/Johannesburg (Phase 2)	45%	-
Kaalfontein/Johannesburg (Phase 2)	19%	-
Braamfontein Complex	-	62%

* Excludes Midway washaway section

Table 6: Electrical Programme Implementation

STATION RECOVERY PROGRAMME

The station recovery programme is aligned with the recovery of corridors and service lines as required by Rail Operations. This programme has effectively delivered 311 stations with basic to operational functionality, increasing the number of stations recovered by 48 compared to 263 stations recovered in the previous year. However, 143 stations still need to be recovered.

REGION	NUMBER OF STATIONS	OPERATIONAL	REQUIRED FOR FUNCTIONALITY
Gauteng North	59	38	15
Gauteng South	158	71	79
Western Cape	121	104	17
KwaZulu-Natal	102	74	28
Eastern Cape	28	24	4
Total	468	311 (66%)	143 (31%)

Table 7: Station Summary (Operational vs Required Stations for Functionality)





UNIVERSAL ACCESSIBILITY OF STATIONS AND FACILITIES

PRASA has embarked on a drive to create a transportation system that is inclusive and equitable for all. This includes ensuring that infrastructure such as stations, platforms, as well as trains and buses are usable by everyone regardless of their physical or cognitive abilities.

To initiate this project, several key activities have already been undertaken. These include conducting condition assessments of station facilities to evaluate their level of accessibility. The Central Line, which comprises 19 stations, has been selected as the first corridor for the implementation of Universal Access (UA), with all associated costs finalised. Additionally, assessments of lifts, escalators, and signage

have been completed. A comprehensive service plan for the maintenance and replacement of lifts, escalators, and signage has also been concluded. Furthermore, a signage improvement programme has been integrated into all capital projects to ensure consistent upgrades across the board. To this end, the LDPT next purchase of buses will have a dedicated number of UA compliant buses to ensure inclusion and comfort for all passengers.

The figure below outlines the project's implementation phases. The focus for 2025/26 to 2026/27 will be on executing phases 2 to 6.

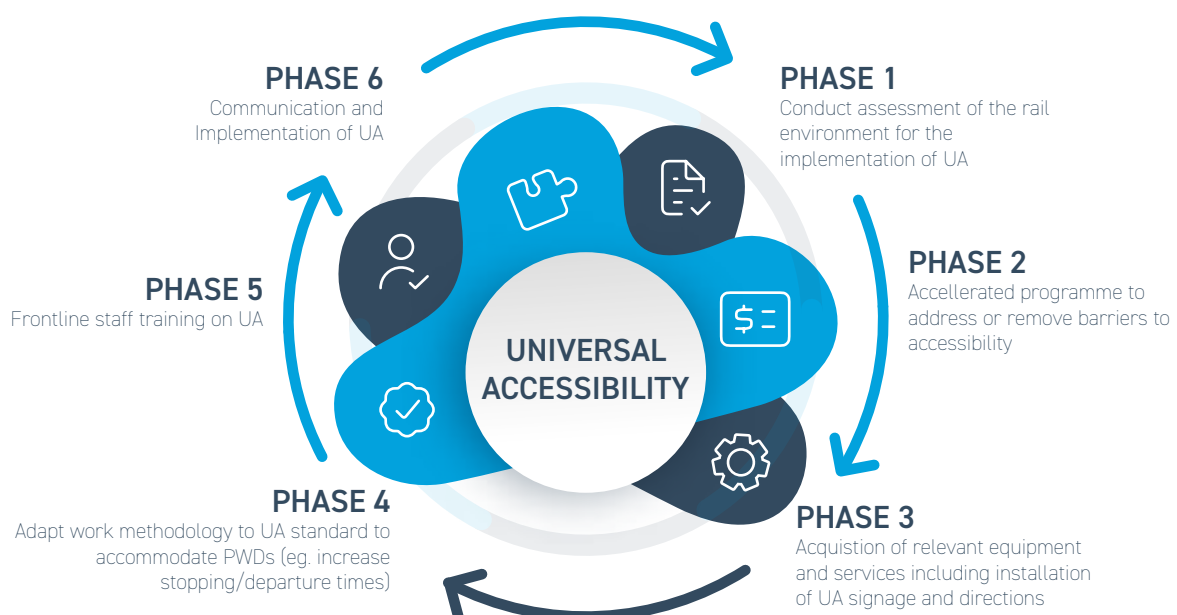


Figure 8: UA Roadmap



CLEANING AND MAINTENANCE SERVICES

Facilities Management is responsible for providing clean and functional railway stations to serve commuter rail, long-distance passenger rail, and bus services. Station cleaning is an essential daily task, with an annual budget of approximately R300 million allocated to this function. However, the levels of cleanliness and the condition of these facilities vary due to factors such as community protests, theft, and vandalism, mainly by the surrounding communities.

In line with the country's goals for economic growth and reducing poverty in communities and stations, PRASA has employed cooperatives through a competitive market procurement process to provide cleaning services. In the 2024/25 FY, PRASA had a total of 78 stations being cleaned by cooperatives, surpassing the annual target of

20, with the majority being appointed in KZN and Gauteng South. Daily cleaning services were provided in line with the Customer Service Charter level C to operational areas with appointed service providers and allocated budgets, including horticulture services at stations. The expectations for cleaning all station facilities could not be met due to budget constraints in PRASA's operational budget. Stations in operations are prioritised to ensure commuters and passengers experience a clean environment.

Facilities Management has successfully provided statutory maintenance for operational lifts and escalators, firefighting equipment, and generators in all operating and staffed corridor areas with appointed service providers and allocated budgets.

STAKEHOLDER MANAGEMENT

With over 170 stakeholder engagements taking place during the year under review, the stakeholder management function worked to ensure that key stakeholders remained informed about developments pertaining to PRASA's service recovery programme that directly affect their interests. This initiative was dedicated to fostering awareness, enhancing understanding, and garnering support and commitment from stakeholders. Furthermore, it sought to establish strategic partnerships aimed at addressing significant challenges and improving the conditions of communities impacted by PRASA's service recovery efforts. The discussions primarily involved key stakeholders from national, provincial, and local governments, as well as interest groups, transport organisations, and regulatory bodies.

As the diagram below shows, PRASA's operational landscape calls for engagement with a broad spectrum of stakeholders.

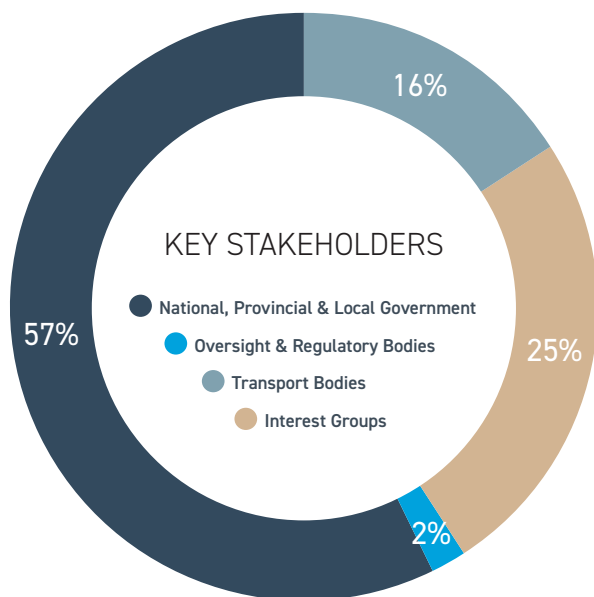


Figure 9: Spectrum of Stakeholders

Key milestones achieved during the year under review include:

1. The establishment of the PRASA Disability Sector Forum is designed to enhance PRASA's universal accessibility initiatives across train manufacturing, platform upgrades, and station modernisation. The goal is to ensure all efforts align with recognised universal accessibility standards and requirements;

2. Facilitation of the United Commuters Voice National Elective Conference and formulation of a National and Provincial Structure focused on forming a diverse and representative National Commuter Organisation with regional presence. This organisation will support PRASA in building stronger relationships, boosting ridership, and advancing customer-centric strategies for commuters and passengers;
3. Adoption of the memorandum of understanding (MOU) between PRASA and the UCV is intended to formalise the partnership between the parties, fostering open communication, building trust, and enhancing service excellence for the benefit of commuters and passengers, and
4. Finalisation of MOUs with taxi organisations aimed at reinforcing collaboration between PRASA and taxi associations to create an integrated transport system. This system will provide seamless, efficient, and affordable services by using taxis as feeder transport to and from PRASA stations, and as emergency support during train or bus delays.

In the forthcoming year, stakeholder management initiatives will prioritise enhancing awareness and understanding of PRASA's Enterprise Development and Supplier Development Policy. Furthermore, the establishment of the PRASA Enterprise Development networking initiative will be a key focus. These efforts will support PRASA's business optimisation strategies through the implementation of proactive engagement tactics and the cultivation of strategic partnerships with essential stakeholders. Additionally, there will be a concerted effort to adopt and execute the MOU with the UCV and various taxi organisations.



MARKETING AND COMMUNICATION

During the 2024/25 financial year, PRASA's Marketing and Communications function played a pivotal role in strengthening the organisation's brand presence, enhancing stakeholder engagement, and supporting service recovery initiatives efforts aligned with PRASA's strategic objectives, ensuring consistent and impactful messaging across all platforms, informed by the needs of passengers and communities.

STRATEGIC FOCUS AREAS

The following priorities guided Marketing and Communications activities:

- + **Service Recovery Messaging:** Communicating operational improvements, rolling stock, increased availability, and timetable updates to regain passenger confidence.
- + **Integrated Campaigns:** Leveraging print, broadcast, digital, and community channels to drive awareness of PRASA's modernisation programme and new train rollouts.
- + **Brand Positioning:** Showcasing PRASA as a safe, reliable, and customer-focused transport provider.

KEY ACHIEVEMENTS

- + **Public Awareness Campaigns:** Launched nationwide campaigns that highlighted improved train availability, reduced delays, and station upgrades, reaching millions of South Africans through radio, television, and social media.
- + **Digital Growth:** PRASA's social media platforms recorded a 35% increase in followers and a 42% growth in engagement compared to the previous financial year, driven by more frequent service updates and passenger-centred content.
- + **Passenger Information Systems:** Enhanced communication at stations through upgraded public address systems, real-time digital displays, and improved signage.
- + **Crisis Communication:** Implemented a rapid-response protocol for service disruptions, enabling accurate, timely updates to passengers via multiple channels.
- + **Media Relations:** Increased proactive media engagement through press briefings, interviews, and feature stories about PRASA's modernisation projects, resulting in an increase in positive media sentiment.

LOOKING AHEAD

For 2025/26, PRASA's Marketing and Communications strategy will:

- + Roll out revenue collection campaigns.
- + Strengthen customer relationship management through personalised digital engagement.
- + Expand multilingual communication to better serve diverse passenger groups.
- + Deepen collaboration with community organisations to improve public trust and rail safety.
- + Through consistent and transparent communication, PRASA continues to reinforce its commitment to restoring rail as a transport mode of choice for millions of South Africans.

HIGHLIGHTS 2024/25

Building on our strategic priorities, PRASA's Marketing and Communications Department achieved significant milestones during the year under review. Our approach blended data driven insight, creative execution, and community-focused outreach to strengthen PRASA's reputation and reconnect with passengers.

CAMPAIGN PERFORMANCE

- + Service Recovery Campaign – Delivered a sustained media presence showcasing the steady improvement in rolling stock set availability, infrastructure upgrades and station modernisation.
- + #RebuildingRail Initiative – A high-visibility campaign in urban hubs, combining commuter competitions, station activations, and digital storytelling to promote new train services and highlight PRASA's investment in passenger experience.

DIGITAL AND MEDIA PRESENCE

- + Expanded real-time service update capabilities via social media, reducing misinformation and improving passenger journey planning.

- + Introduced visual storytelling across platforms, using shortform videos and infographics to simplify complex operational updates.
- + Achieved earned media coverage through positive editorial content on modernisation projects, safety initiatives, and community partnerships.

INTERNAL COMMUNICATION

Recognising employees as PRASA's brand ambassadors, internal communication was prioritised to align staff with organisational goals:

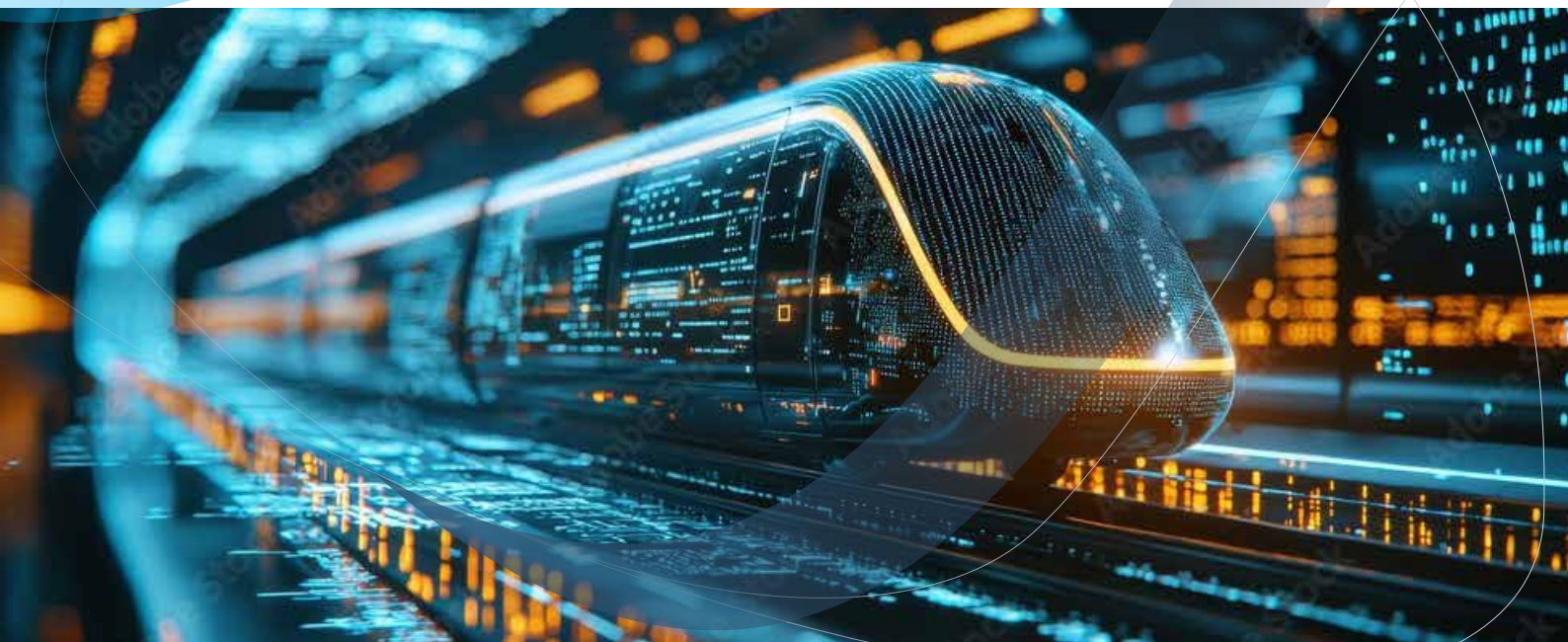
- + Implemented a monthly newsletter (Wheels in Motion) highlighting operational successes, employee achievements, and safety reminders.
- + Launched staff engagement roadshows to reinforce service excellence culture and gather feedback from front-line teams.
- + Provided media training for senior operational staff to enhance confidence and consistency in public-facing communication.

IMPACT AND OUTLOOK

PRASA's marketing and communication activities contributed directly to rebuilding passenger trust by increasing transparency in operational updates; enhancing brand visibility in competitive transport markets; and creating a cohesive organisational voice that reflects PRASA's vision of delivering safe, reliable, and modern rail services.

Looking forward, the department will invest in:

- + Advanced passenger feedback analytics to inform targeted communication.
- + Interactive digital platforms for more personalised commuter engagement using AI.
- + Broader partnerships with different stakeholders to amplify PRASA's transformation story.



INFORMATION AND COMMUNICATION TECHNOLOGY

In 2024/25, PRASA information and communication technology (ICT) was characterised by significant challenges, including delayed projects, ageing infrastructure, cybersecurity vulnerabilities, and a need for rehabilitation. These challenges created a burning platform for change. As such, PRASA ICT formulated an ICT strategic plan focusing on stabilisation, strategic alignment with business objectives, and building a future-ready ICT ecosystem.

The plan is structured around three strategic themes, namely, planning ICT, building ICT, and running ICT. These themes guide the organisation in stabilising its foundation, driving innovation, and sustaining operational excellence. In alignment with PRASA's vision and its strategic objectives, PRASA ICT defined five key performance areas to measure and monitor progress towards the ICT goals. These include:

1. Building internal capacity and capability;
2. Drive ICT operational efficiency;
3. Improved customer experience, both passenger and user;
4. Enhanced cybersecurity and compliance; and
5. Lead through innovation and development.

To date, PRASA ICT has made significant strides towards the realisation of its objectives, mostly in laying the groundwork for the implementation and rollout.

Key strategic development projects focusing on developing data and information analytics strategy, architectures and plans commenced at the end of the third quarter (Q3). During the fourth quarter (Q4), major deliverables from these initiatives were realised, positioning ICT for a transformative journey ahead in driving data and Information requirements for PRASA.

The commencement of the ICT operating model and resourcing strategy could not have come at a better time when the organisation was finalising the newly defined Shared Services Structure. The initiative will address ICT's people and human capital challenges, constraints, and requirements while at the same time taking advantage of opportunities to reposition ICT as a formidable business-enabling function.

Governance, Risk and Compliance was instrumental in spearheading the Auditor-General's ICT findings. The team achieved an impressive 81% compliance and a significant risk reduction, which had been a major red flag at the end of Q3 2024/2025. The movements were significantly attributed to initiatives in other areas of ICT, including the migration of most core applications from the old Oracle environment to the new private cloud. The migration of applications naturally addressed findings around non-compliance with standards and running business applications on unsupported versions

of operating systems. Security exposures were also eliminated during this process. The process of migrating business functions between applications was also achieved, where SAP Land Use and Real Estate took over from Manhattan. The latter is now subject to decommissioning.

The upgrade of SAP from version EhP7 to EhP8, including the NetWeaver platform to 7.5, was a significant achievement for ICT. The upgrade meant that, apart from the benefits of the latest SAP functionality, daily and weekly backups can now also be performed using the Commvault tool in the new infrastructure environment.

ICT project governance has also addressed critical elements of governance requirements for Project Management. The Project Management Office and delivery teams activated the steering committees for strategic ICT projects, i.e., SAP Upgrade and Migration, Enterprise Network, and Rail Operations Management System (ROMS).

Core business applications initiated exciting proof of concept projects aimed at exploring digital ticket sales, eliminating revenue leakage, and enhancing fare collection and passenger experience. The proof of concepts continues to demonstrate business value through efficiencies and effectiveness of the mobile point of sale (POS) devices. The testing of the PRASA card has also demonstrated value in this digital innovation, proving that the future of PRASA lies in digitalisation.

OUTLOOK 2025/26

PRASA's ICT journey ahead is anchored on strategic transformation programmes and projects, which seek to realise a digital transformation of how PRASA conducts business. This involves transforming the ways of working within PRASA and, most importantly, modernising the service capabilities to ensure an improved and enhanced customer experience.

The Ticketing Programme remains at the heart of PRASA's transformation in driving ticket sales and protecting the organisation's revenue. The Ticketing Programme is the vehicle driving the delivery of the Automated Fare Collection (AFC). Because the journey towards a fully-fledged AFC may be a long one, PRASA ICT has intentionally structured the programme in phases – from an interim ticketing solution, which will aim to deliver among other things digital service agent capabilities, bringing to life the use of handheld devices and mobile phones to safely and seamlessly purchase tickets and interact with PRASA's customer service agents.

The drive towards improved cybersecurity remains at the heart of PRASA's ICT strategic intents. Our partnership with SNODE Technologies and other strategic partners continues to provide secure transaction environments for PRASA, including measures to enhance email security and ransomware capabilities. To date, there has not been any major breach of PRASA's network through a cyber-attack, proving that our state-of-the-art protection systems are well designed to protect PRASA's intellectual property and systems.

Other strategic programmes that form part of PRASA ICT's long-term plans are the implementation of smart technologies through the establishment of an Intelligent Operations Centre (IOC). The IOC plans to provide smart monitoring and control for train operations, as well as other core business operations support systems. The IOC will bring to life smart operations and maintenance, giving the technical and engineering divisions the ability to monitor, among other things, traction power supply and incident management. Intelligent Security Systems will enable smart dispatching, smart travel and smart energy management. The ICT Operations will also have proactive monitoring capabilities under the IOC, giving the ICT Operations teams the means to conduct intelligent cybersecurity monitoring, intelligent connectivity and disaster recovery.



CAPITAL INVESTMENT

The Department of Transport (DoT) allocated PRASA a capital budget of R11.6 billion for the 2024/25 financial year, R1.3 billion less than the previous year's annual funding allocation. This budget is mainly used to invest in the procurement of new rolling stock, technology enhancement projects, modernisation projects, rehabilitation of infrastructure, corridor recovery and rolling stock refurbishments. PRASA's capital investment has focused heavily on recovering and rebuilding rail infrastructure.

CAPITAL BUDGET AND EXPENDITURE

The expenditure on the Capital Programme as at end March 2025 is R21.1 billion, thus exceeding the annual budget allocation of R11.6 billion by R9 billion. This translates to a performance of 77% above the target. Funds beyond the allocation came from rollover capital from the previous financial year, 2023/24. The table below shows the allocated capital budget and expenditure per quarter during the year under review.

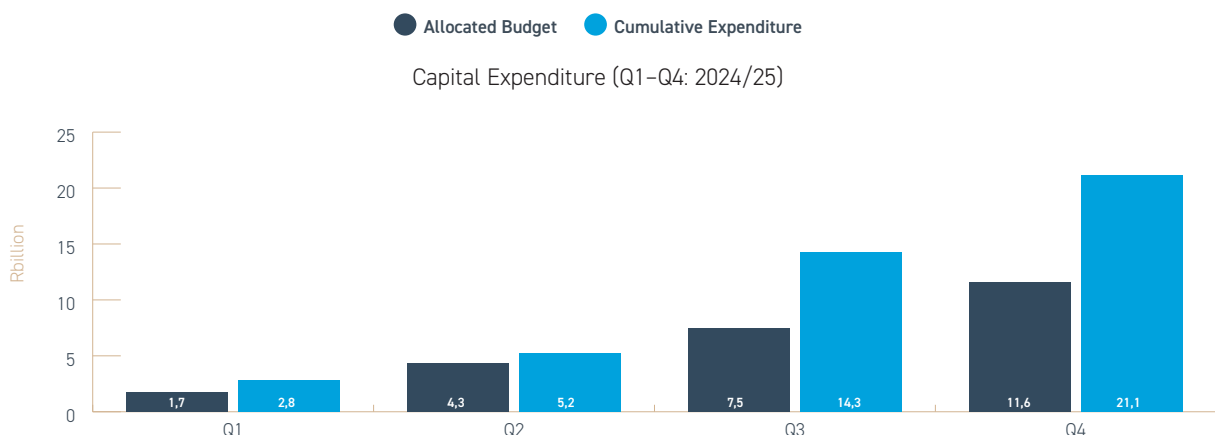


Figure 10: Capital Expenditure (Q1-Q4: 2024/25)

HISTORICAL CAPITAL EXPENDITURE TREND

Over the last 4 years, PRASA has had an increase in capital expenditure. This trend is driven mainly by Rolling Stock Fleet Renewal and Service Recovery Programmes. As can be noted, from 2022/23, PRASA has spent beyond its funding allocation. This indicates that PRASA has been under-funded, and the continued trend means PRASA may need to reassess the execution of its Capital Programme. Rollover funds covered the difference between the allocation and spend. These funds have been depleted.

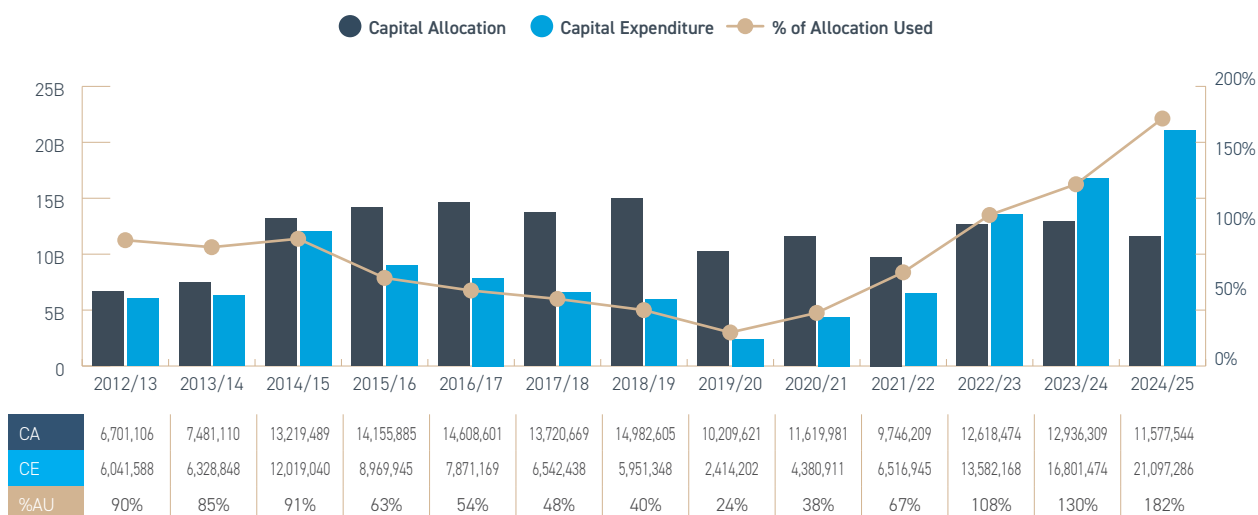


Figure 11: Historical Capital Allocation VS Capital Expenditure

BUDGET SPEND PER CAPITAL PROGRAMME

The Rolling Stock Fleet Renewal Programme (RSFRP) and Other Capital categories have expenditure above the allocated budget for March 2025. Funds were depleted for the RSFRP in FY 2024/25 and General Overhaul (GO), and the signalling funds were used to supplement the RSFRP shortfall. On the Other Capital Programme, the expenditure covered mostly the Infrastructure Recovery Programme. Signalling expenditure was below target, the capital spend was primarily driven by the Central Line and KwaZulu-Natal re-signalling recovery projects. KwaZulu-Natal PRASA Train Control System (PTCS) and GSM-R projects were in the early design phases. General Overhaul funds were only used to pay invoices for Work in Progress (WIP), as no allocations were given to contractors in FY2024/25.

CAPEX PROGRAMME	OPENING CASH BALANCE	FY2024/25 BUDGET	EXPENDITURE FY 2024/25	VARIANCE FY2024/25
Rolling Stock Fleet Renewal Programme	651,966,941	7,779,213,000	13,288,459,723	-4,857,279,782
Signalling and Telecommunications Programme	3,658,652,407	584,292,000	1,890,766,751	2,352,177,656
General Overhaul of Coaches	566,593,038	585,660,147	825,060,000	327,193,185
Other Capital	4,306,991,332	2,626,378,853	5,093,000,000	1,840,370,185
Total	9,184,203,718	11,575,544,000	21,097,286,474	-337,538,756

Table 8: Capital Expenditure 2024/25

JOB CREATION

By the end of FY 2024/25, a total of 3,585 jobs were created through PRASA's Capital Programme and sustained through infrastructure projects in the execution stage in Asset Protection, Signalling & Telecommunications, Group Capital (PRASA Tech) and Intersite (PRASA CRES – through Cooperatives). Of the 3,585 jobs created, males occupied 67%, females 33%, youth 47%, and People Living with Disabilities (PLD) 2%. The job statistics are sourced from capital projects in the execution stage. It can be noted that the trends have been decreasing during the last Quarter of the year, and this can be attributed to the completion of some of the programmes, such as the recovery of service lines.

3 585
Total Jobs

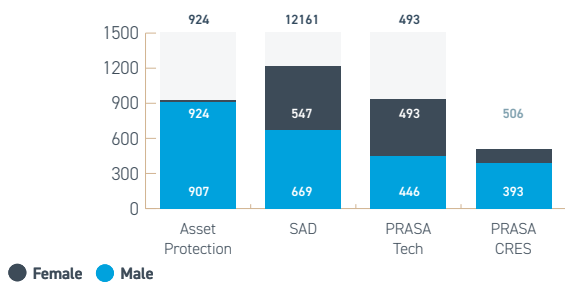
67%
Male
Percentage

33%
Female
Percentage

47%
Youth
Percentage

2%
PLD Percentage

Male and Female by Business Unit



Male and Female by Date

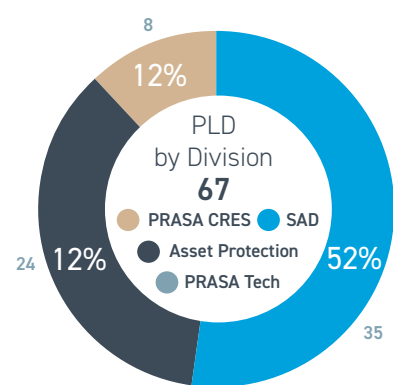
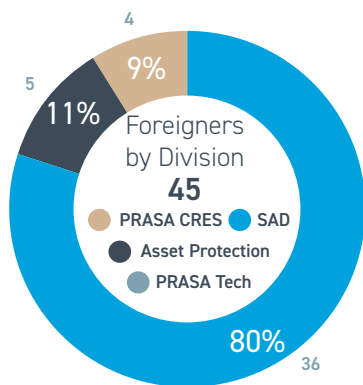
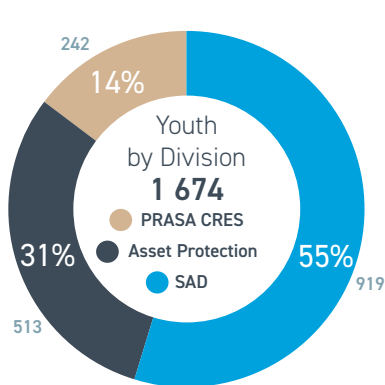
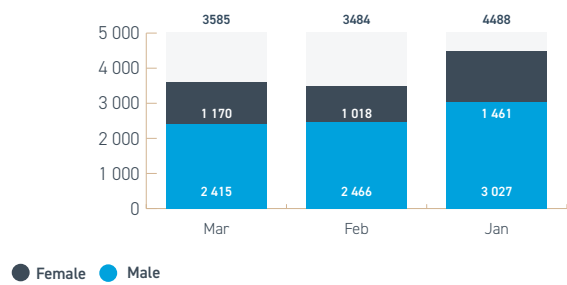
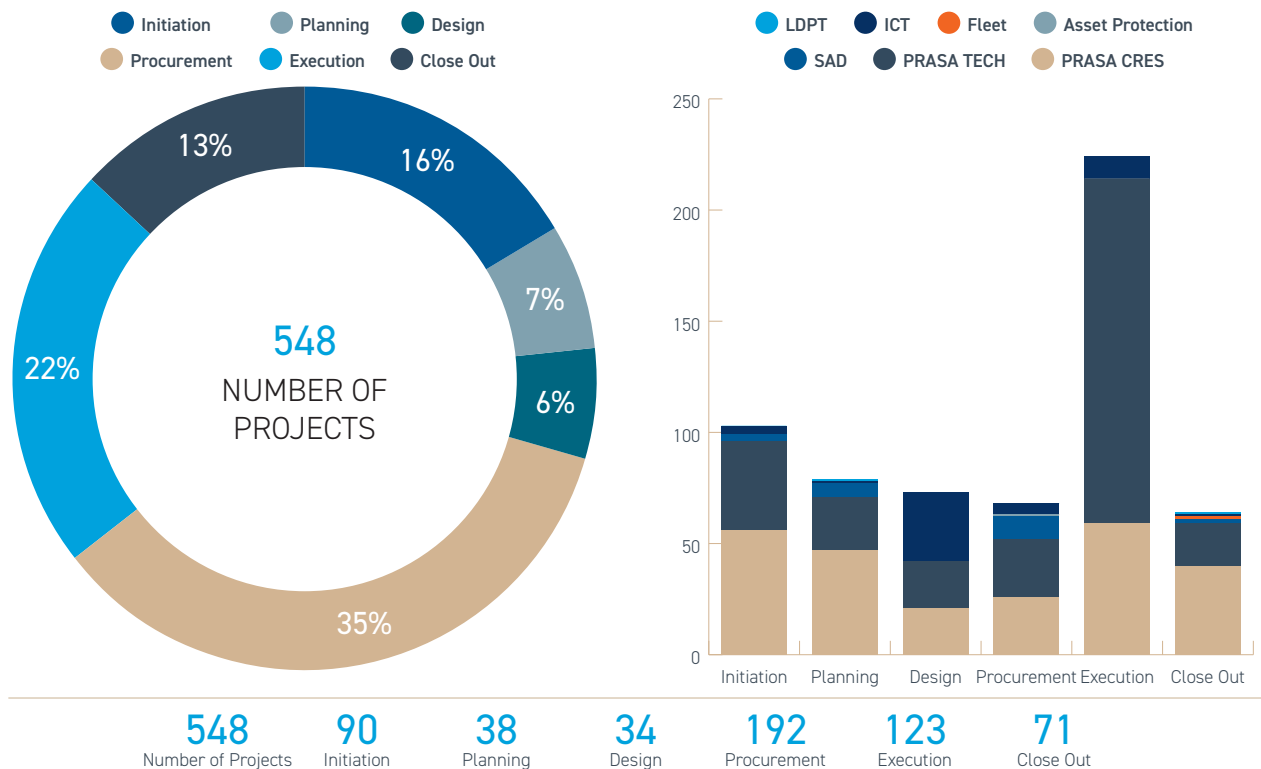


Figure 12: 2024/25 Job Statistics

PROJECT PIPELINE

Out of 548 projects, 65% were at pre-execution stages by the end of 2024/25. Procurement accounts for at least 35% of these projects. Due to budget constraints, it is unlikely that projects in the procurement stage will proceed to execution in the short term. This will largely depend on the availability of additional funds and the use of PSPs amongst other funding alternatives.





SECONDARY MANDATE - INTERSITE

The secondary mandate under the management of Corporate Real Estate (CRES), inclusive of the Intersite SPV has been focusing the 2024/25 financial year on all the leasing and rental management pertaining to the commercial leases, land management, GIS and property management system, development planning and station commercialisation whilst the Intersite SPV focused on all investment opportunities.

The objectives of the secondary mandate entail the development of the property portfolio by increasing the retail and commercial sectors to grow the revenue whilst meeting the needs of the commuters and the communities in which stations are located whilst spreading the revenue risk outside of station precinct with off-site developments not dependant on commuters only and ensure tenant mix at stations attract surrounding communities. The aim is to densify the rail corridor and contribute to the growth of patronage through residential and mixed-use developments close to the rail system.

PROPERTY AND OTHER REVENUE STREAMS

Operating lease income from CRES and Intersite achieved R750 million against a target of R714 million for the year ending 2024/25. Rental revenue continues to be under pressure in all regions to improve to pre-pandemic levels. Every effort is being made to retain and/renew tenants. The introduction of a limited train service resulted in a slight

revenue improvement compared to the previous financial year. However, once the rail service reaches its optimal capacity, it is anticipated that foot traffic at the stations will increase, positively impacting the viability and sustainability of the shops in the rail precincts. This might take another year or two to reach satisfactory levels, which will ultimately improve the footprint and revenue.

DEVELOPMENT PROPERTIES

The division finalised 24 out of the 26 development leases in the pipeline, worth approximately R7.8 billion of private sector investment to be deployed on PRASA land within the MTEF period. Five of these are expected to break ground in 2025/26:

- + 139 open market units at Tippet Building Conversion;
- + 688 beds at Geo-Strata Building student accommodation, Tshwane;
- + 155 open market units in Woodstock New Market, Cape Town;
- + 309 open market units at Elsie's River, Cape Town; and
- + 750m² Springfield Drive-Thru (in construction).

Another 18 sites have been offered to the market for redevelopment, and the closing date is 9 May 2025. In KZN, 8 sites, WCR 9 sites, and one site in the Eastern Cape Region (ECR) have been advertised in terms of the other concluded

development leases. The town planning process is underway for most of these sites.

The Cape Town Station flagship development is a true reflection of how Intersite, in partnership with the private sector, demonstrate the true objective of the secondary mandate. Having commenced trading in December 2023, the 6,700sqm retail offering, anchored by SPAR, has performed beyond the 95% occupancy rate.

The student accommodation intake, which commenced in January 2024, was also at 90% occupation by the end of November 2024. It is important to note that the student leases are valid for 10 months only. An initiative to lease the vacant premises for the tourism market has been explored during the festive period, while the universities are closed. The new intake of students started in January/February 2025, and the occupancy is 97.3%.

The construction of Builders Express was completed and is currently trading as of June 2024. The facility consists of about 2,953m² of gross lettable area and was fully funded by ERIS Property Group at a cost of approximately R56m. Intersite is considering the development as a buy-back during the 2025/26 financial year.

The first unique affordable rental housing offering in South Africa on PRASA land has been completed. The project will bring much-needed feet to the station, allowing easy access to Cape Town CBD, Bellville and surrounds. A long-term development lease was entered into between PRASA and the developer, and this development speaks directly to the rail corridor densification strategy of Intersite.

The project comprises 1,055 units, split into Phase 1 with 360 units and Phase 2 on the Casino side, comprising 695 units. The whole development has been completed, with occupancy exceeding 60%.

The Firgrove Station Retail Development, currently in planning, awaits approval of both the site development and building plans following the rezoning approval by the City of Cape Town. The Centre, anchored by SPAR and Clicks, is now 70% pre-let and is expected to break ground in 2025 with a grand opening planned for the beginning of Q1 of 2026.

Phase 1 of Dieprivier Residential development at the Station is under construction and will contribute to the densification of the rail reserve and bring patronage closer to the station.

Woodstock New Market and Grey Street Development leases were signed with Urban Kraal Properties. The scheme is based on 167 units of Open Market Rental stock, Retail of 350sqm for R155 million. Rezoning is expected in September 2025, with construction scheduled to commence in January 2026.

The student accommodation development in Hatfield, Pretoria, is a conversion of the old Geostrata building. Rezoning, together with the site development plan, is expected to be approved in August 2025 (Q2), with construction resuming at the end of Q2 (September 2025). The accommodation consists of 688 student beds at a development cost of R203 million by the developer.

Elsie Rivier Gardens, Cape Town Development Lease signed with Instratin Properties (Pty) Ltd entails 451 Open Market Units (rental stock) at a development cost of R304 million (excl. VAT). The property has "General Business" rights, which, according to the City of Cape Town Municipal Planning By-Law, 2015, make provision for the development of residential units. The construction of the development is planned to be phased, with Phase 1 of the project expected to commence in Q3 of 2025. It is anticipated that the construction of the entire development will be completed over approximately 24 months.

RENEWABLE ENERGY & SUSTAINABILITY

CRES has embarked on a 1 MW PV rooftop plant at Durban Station. This project has reached the construction Stages 5 & 6.

CRES has also offered an Expression of Interest (EOI) to the market for the installation of a 1MW solar plant at various sites. The EOI was advertised in November 2024 and closed in January 2025. The evaluation team has since concluded the evaluation for the EOI. All letters of award have been communicated to the seven respective proposers, and CRES is finalising the request for proposals (RFP) document to be issued to the bidders by Q1 of 2025/26. The RFP closed on 3 July 2025, and evaluation will commence by 25 July 2025.

OUTLOOK FOR 2025/26

Based on the approval of the PRASA BoC, the secondary mandate will be managed under Intersite Investment SOC, a 100% owned subsidiary of PRASA, as of 1 April 2025, to align with the new organisational model of PRASA, and CRES will cease to exist. Intersite will focus on the secondary mandate (revenue and value creation), station precinct modernisation and commercialisation, utilities management (focused on renewable energy and water harvesting), and efficiencies to drive down costs for PRASA.

One of the main reasons for this choice is that the secondary mandate is not fully exploited in CRES (a division of PRASA), as focus is diverted to the primary mandate, and the cost associated with facilities management of the primary mandate is diluting the profitability and viability of the property portfolio. The other reason is the realisation that a separate legal entity (Intersite) can be used to raise debt while mitigating risk and exposure to the PRASA balance sheet.

In terms of the property asset management strategy, the target has been set to reach R2.5 billion in revenue by 2035 (10-year period). This will be achieved through various initiatives, including retaining and growing the current commercial base through property development, co-investments, lease buybacks, station precinct modernisation, and commercial projects, as well as fibre commercialisation. The strategy, however, hinges on access to capital for the programmes.

Accessing debt funding from external funding institutions has become a reality, as the fiscus is no longer able to provide capital grants at the prior year's levels. Consequently, PRASA's access to capital is limited, and the focus of such capital will be on the primary mandate. This has necessitated

Intersite to access the debt market. Therefore, it is strategic that an adequate balance sheet and a formidable performance track record are in place to enable the required gearing.

This is to be achieved through pipeline developments and co-investments, as well as a development lease buyback structured through Intersite. As such, the balance sheet is populated with the relevant investment-grade assets that have an adequate track record. As Intersite still has limited assets in its balance sheet, a long-term development lease between PRASA and Intersite has been concluded, with a schedule of all revenue-generating properties that are reflected in Intersite's balance sheet.

The long-term lease also gives development and commercial rights to Intersite on the PRASA property and asset portfolio, which will be "transferred" to the lease as it becomes ripe for development and commercialisation.

The key strategic deliverables and outputs of the strategy, based on the pillars and focus areas, are to generate long-term annuity income that ensures:

- + Revenue Growth to R1 billion per annum by 2028 (MTEF), R1.4 billion by 2030 and R2.5 billion by 2035 (10-year view).
- + Improvement of the investment value of PRASA's property portfolio by R20 billion in the next 10 years.
- + Growth of the balance sheet of Intersite.
- + Cost optimisation through reduction in utilities management cost by at least 25%.
- + Contributions to the delivery of the Government's socio-economic goals in urban and rural areas.

In terms of the expected revenue for 2025/26, Intersite has set a target of R829 million with a net profit position of R362 million.



ANNUAL PERFORMANCE REPORT

PRASA's performance is anchored on four strategic objectives, namely, delivering excellent passenger service, growing gross commercial revenue, modernisation and investment in operational assets to enable passenger growth, and growth and expansion of the business of PRASA through its assets and competencies. However, the fourth objective relates to the long-term strategy and performance indicator(s) is/are yet to be developed.

IN-YEAR CHANGES

During the financial year, there were revisions to the Corporate Plan/APP to align with the 7th administration priorities and the MTDP. The revisions also included some changes to the performance indicators as follows:

- + EMU deployment and MLPS trips were no longer part of the APP;
- + Performance Indicator on long-distance passengers transported was introduced; and
- + a few others with minor wording changes on other performance indicators.

10-YEAR TREND ON PERFORMANCE

For the 2024/25 financial year, PRASA attained the overall performance of 93%, the highest in over a decade. This performance also represents an improvement from the preceding financial year and a continuation of the upward trend since 2021/22.

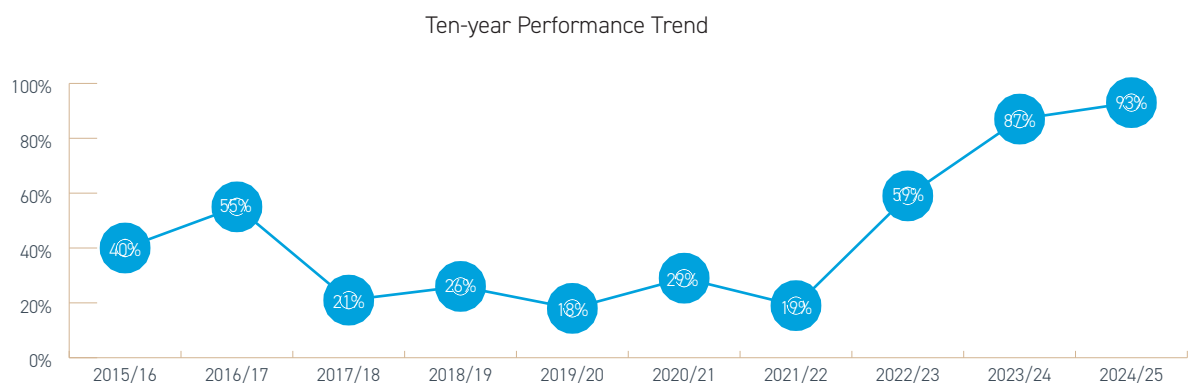


Figure 14: 10-Year Trend on Performance



1	Rail lines recovered
2	Service lines with higher frequencies
3	Metrorail Passenger Trips
4	Train trips scheduled
5	Long-distance Passengers
6	Safety Occurrences
7	Security occurrences
8	Empowerment initiatives through Cooperatives
9	Commercial income from the secondary mandate
10	New EMU trains
11	Station Revitalisation
12	Signalling and Telecommunications on lines completed
13	Capital grant allocated and utilised
14	Jobs created
15	Induced job opportunities

Figure 15: Summary of Performance

1. DELIVERING AN EXCELLENT PASSENGER SERVICE RESULTING IN 186 MILLION PASSENGERS BY 2026/27

A. RAIL LINES RECOVERED

Six (6) lines or sections were targeted for recovery and resumption of services for 2024/25. Six (6) were completed and shown in the table below:

RECOVERY LINES	SECTION ACHIEVED IN 2024/25	DATE
Durban-Crossmoor	Chatsglen to Crossmoor	26 Apr '24
New Canada-Residentia	Nancefield to Midway	13 May '24
Johannesburg-Randfontein	Florida to Roodepoort	27 May '24
	Roodepoort to Randfontein	17 Dec '24
Germiston-Kwesine	Elsburg to Pilot	17 Dec '24
Cape Town-Chris Hani	Nyanga to Nolungile	31 Oct '24

The recovery of the service line from Johannesburg to Randfontein occurred in three phases with the first phase from Johannesburg to Florida completed during the prior financial year of 2023/24, and the other two phases from Florida to Roodepoort and Roodepoort to Randfontein achieved during 2024/25 in May 2024 and December 2024, respectively, with significant CapEx investment.

B. SERVICE LINES WITH HIGHER FREQUENCIES

Increasing train frequencies is one of the key components to achieving PRASA's strategic objectives of delivering excellent service aligned to passenger needs. Three (3) service lines were targeted for improved frequencies, i.e. increased number of trains, and shorter time intervals. The target was achieved. These achievements were recorded in Q3 and Q4, and details are summarised below:

MONTH	LINE	DESCRIPTION
December 2024	Johannesburg/Roodepoort/Randfontein	Extensions along this line introduced an additional EMU set, which operates as a shuttle service between Roodepoort and Randfontein. The expansion almost doubled the frequency of scheduled train services. Weekly train trips increased from 12 to 23, while Saturday services surged from 6 to 16 trips.
February 2025	Saulsville/Pretoria	This line encompasses eight operational stations and has successfully expanded its fleet from three to five Electric EMUs. Consequently, it has experienced a significant increase in patronage, attributed to enhanced service frequency and reduced travel times. Specifically, the Saulsville line has increased its weekly train trips from 40 to 88, while maintaining a consistent schedule of 14 train trips on Saturdays.
March 2025	Germiston/Pilot/Kwesine	The introduction of a second line on the Germiston-Pilot-Kwesine line. This expansion introduced three additional EMU sets, nearly doubling the frequency of train services and increasing weekly trips from 14 to 23, alongside a modest rise in Saturday services from 10 to 11 trips.

Table 9: Summary of Service Lines (With Higher Frequencies)

c. METRORAIL PASSENGER TRIPS

A total of 76.72 million passenger trips were recorded during the financial year. This represents an overachievement of about 17 million trips (28%) against the target for the financial year and 37 million more (95%) compared to the preceding financial year. The trend over the past 5 years shows a general upward movement and has increased by 666% since 2020/21.

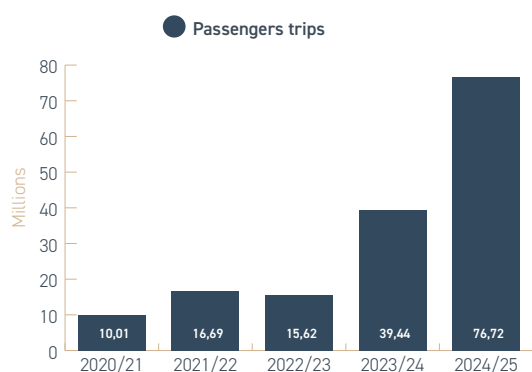


Figure 16: Metrorail Passenger Trips (5-Year Period)

The monthly passenger trips average for the financial year is 6.39 million. Gauteng recorded the highest number of trips, which is almost double that of the Western Cape and triple that of KwaZulu-Natal. Passenger trips have shown a general upward trend month on month during the year under review, recording 4.48 million during the first month of Q1 (April) 2024 and ending at 7.65 million in the last month of Q4 (March) 2025.

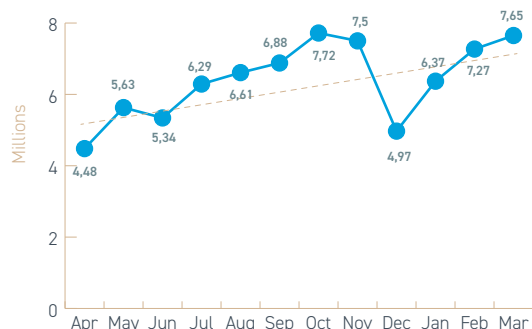


Figure 17: Metrorail Passenger Trips per Month

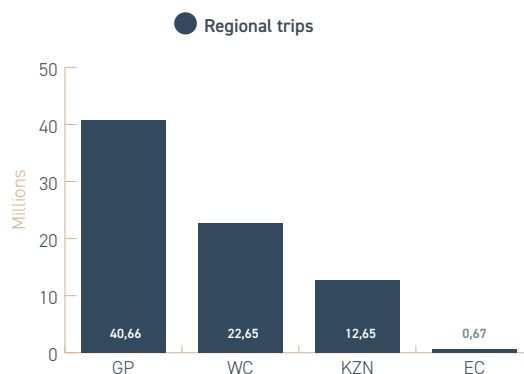


Figure 18: Security Occurrences by Region

D. TRAIN TRIPS SCHEDULED

During the year under review, the target for train trips was 170 420. A total of 208 254 train trips were scheduled, representing an over-achievement by 37 834 scheduled trips. However, a total of 202 358 train trips were operated.

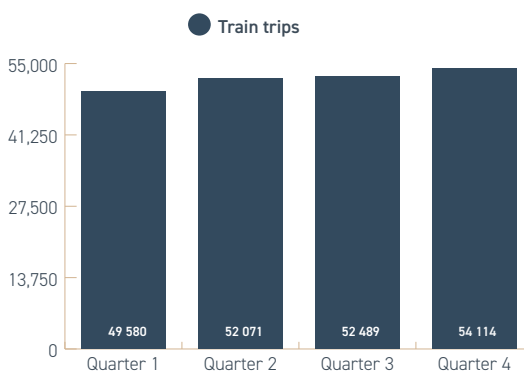


Figure 19: Train Trips Scheduled (Q1-Q4)

E. LONG-DISTANCE PASSENGERS TRANSPORTED

Shosholoz Meyl and Autopax were consolidated into one entity (Long Distance Passenger Transport Division) effective from 01 August 2024. A total of 647 969 passengers were transported through this service, consisting of 642 214 for Autopax and 5 755 MLPS passengers. However, this number is below the set target of 651 670 for 2024/25.

Failure to meet the set target can be attributed to major bus breakdowns and the unavailability of locomotives to operate the planned Johannesburg - East London route.

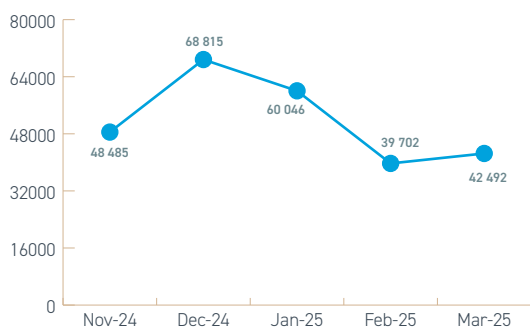


Figure 20: LDPT Passengers Transported (Nov24-Mar25)

F. SAFETY OCCURRENCES (CATEGORIES A TO O) PER 100 000 PASSENGER TRIPS

A total of 259 safety occurrences were recorded during the period under review against the target of less than 372 occurrences. These are expressed in ratio terms of the number of occurrences per 100 000 passenger trips recorded during the same period, which translates to 0.34. The target for the financial year was to achieve fewer than 0.58 occurrences per 100 000 passenger trips. Therefore, this means that the target was achieved.

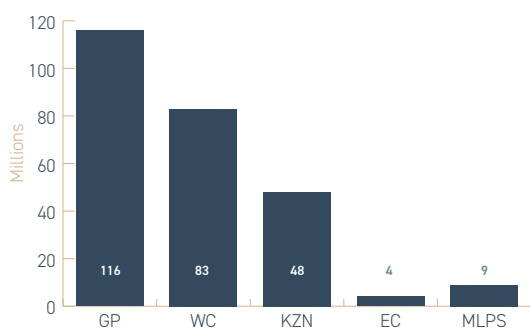


Figure 21: Safety Occurrences by Region/Division (Categories A-O)

The graph below indicates incidents broken down by category. Categories I (People related occurrences: station infrastructure) and E (Persons struck during movement of rolling stock - other than at level crossings) are the most prevalent.

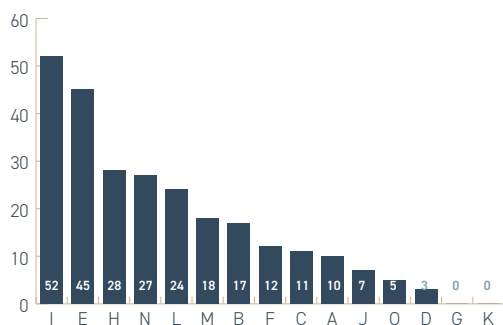


Figure 22: Incidents by Category

Although safety incidents have fluctuated over a 5-year period, the safety incidents (A-L) expressed in ratio per 100 000 passenger trips have been on a decline during the same period, i.e., 2020/21 and 2024/25.

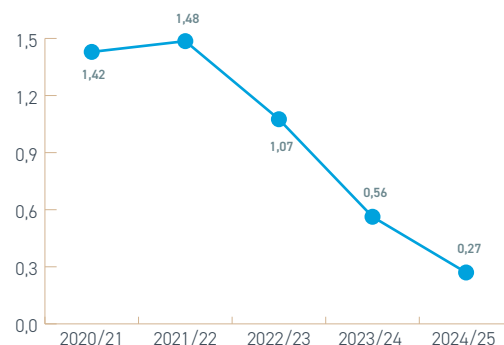


Figure 23: 5-Year Trend - Safety Incidents per 100 000 Passenger Trips (Categories A-L)

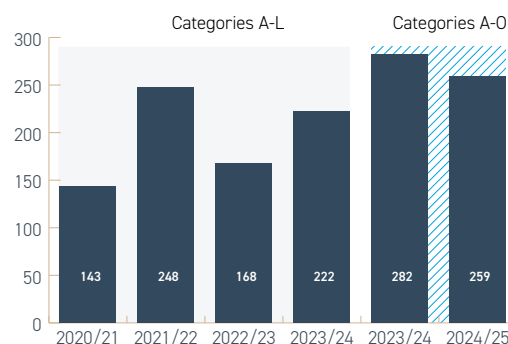


Figure 24: Number of Safety Occurrences (5-Year Period)

SAFETY OCCURRENCE CATEGORIES (DEFINITIONS)

CATEGORY A	Collisions during the movement of rolling stock
CATEGORY B	Derailments during movement of rolling stock
CATEGORY C	Unauthorised movements (rolling stock movement exceeding the limit of authority)
CATEGORY D	Level crossing occurrences
CATEGORY E	Persons struck during movement of rolling stock (other than at level crossings)
CATEGORY F	People-related occurrences: trains outside station platform areas (in section)
CATEGORY G	Passenger-related occurrences: travelling outside the designated passenger area.
CATEGORY H	People-related occurrences: platform-train interchange
CATEGORY I	People-related occurrences: station infrastructure.
CATEGORY J	Electric shock of people occurrences
CATEGORY K	Spillage/leakage, explosion, or loss of dangerous goods
CATEGORY L	Fire occurrences
CATEGORY M	Procedural irregularities (and near misses)
CATEGORY N	Pantograph hook-ups
CATEGORY O	On-board passenger-related occurrences

Table 10: Definitions of Safety Occurrence Categories

G. SECURITY OCCURRENCES REPORTED TO THE RSR FOR CATEGORIES 1 TO 10

The security occurrences recorded during the financial year amount to a total of 929, less than the target threshold of 1 450, indicating positive progress. The highest number of recorded occurrences is in the Western Cape region with 447 (or about 48% of total occurrences).

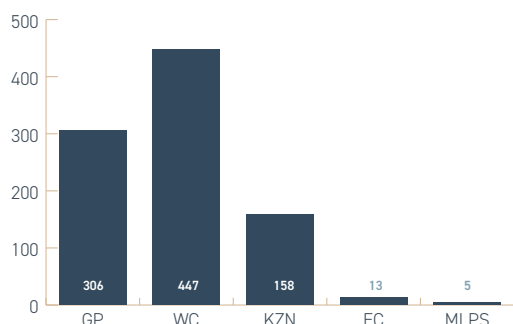


Figure 25: Security Occurrences by Region and MLPS

The incident by category shows that category 2: malicious damage (vandalism) to property impacting operational safety is the most prevalent, followed by category 1: theft of assets.

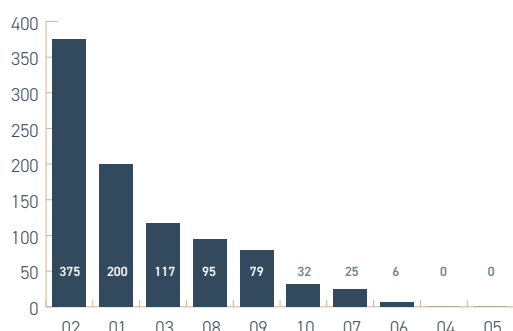


Figure 26: Incidents by Category (1-10)

Security incidents (1-9) have declined by 74% between 2020/21 and 2024/25.

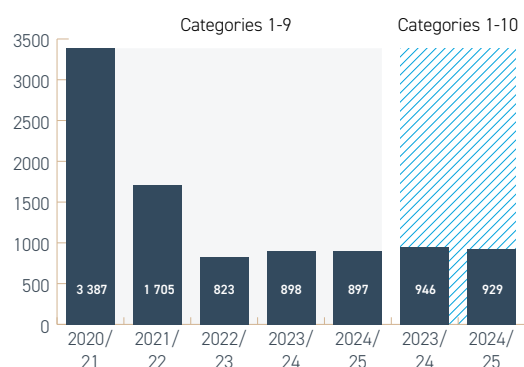


Figure 27: Security Occurrences

SECURITY OCCURRENCE CATEGORIES (DEFINITIONS)

CATEGORY 1	Theft of assets impacting operational safety.
CATEGORY 2	Malicious damage (vandalism) to property impacting operational safety.
CATEGORY 3	Threats to operational safety
CATEGORY 4	Train kidnapping or hijacking
CATEGORY 5	Crowd-related occurrences
CATEGORY 6	Industrial action
CATEGORY 7	Personal safety on trains
CATEGORY 8	Personal safety on stations
CATEGORY 9	Personal safety outside station platform area (in section between stations, including yards, sidings, and depots)
CATEGORY 10	Human bodies found within the railway reserve.

Table 11: Definitions of Security Occurrence Categories

h. EMPOWERMENT INITIATIVES THROUGH COOPERATIVES

Twenty additional stations were allocated for cleaning by cooperatives in 2024/25 as part of empowerment initiatives. The target was exceeded with 32 done during the year under review. This was in addition to 107 that were cleaned by cooperatives in the preceding financial year of 2023/24.

2. GROW GROSS COMMERCIAL REVENUE TO R918M PER ANNUM OVER THE MTEF

i. COMMERCIAL INCOME FROM THE SECONDARY MANDATE

Commercial income from secondary mandate had a target of R675 million for the financial year. The actual income generated amounted to R707.82 million. This represents an excess revenue of R32.82 million (5%) realised for the financial year.

3. MODERNISATION AND INVESTMENT IN OPERATIONAL ASSETS TO ENABLE PASSENGER GROWTH TO 186 MILLION PASSENGERS IN 2026/27

A. NEW EMU TRAINS

The new EMU trains accepted as part of the modernisation programme were 268 – this is a cumulative total from the start of the contract, with 60 EMUs received in 2024/25.

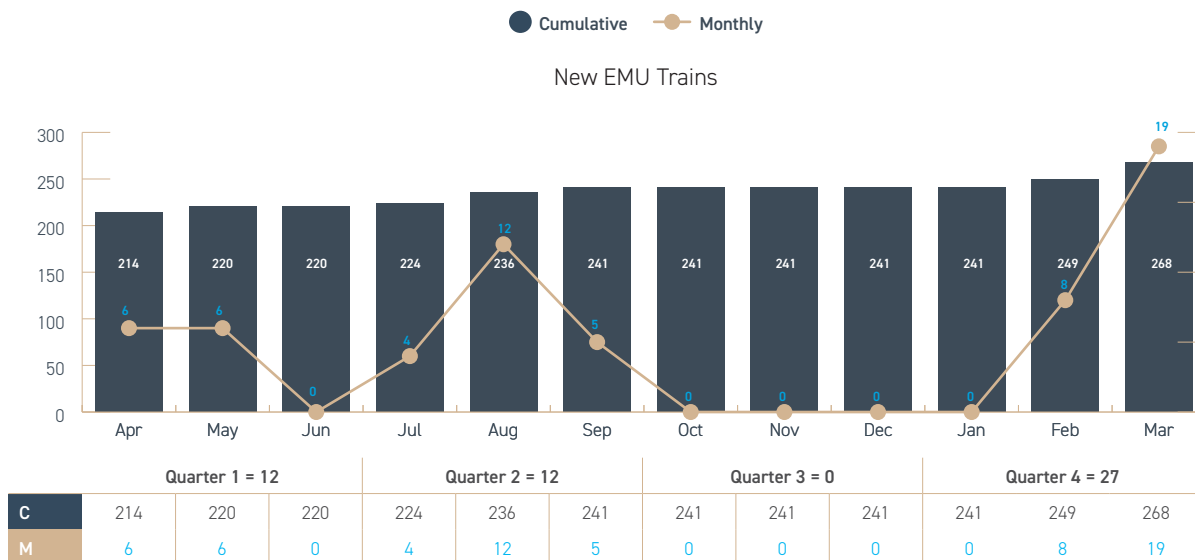


Figure 28: New EMU Trains

B. STATION REVITALISATION

A total of 46 stations were completed or achieved practical completion on improvements (25 stations) and basic functionality (21 stations) as part of the station revitalisation and modernisation programme. This represents an achievement of 6 more stations completed against the target of 40 stations.

The table below shows the stations completed during the year under review.

QUARTER	NO.	STATION	REGION	SCOPE CATEGORY	STATUS	COMPLETION DATE
Q1	1	Lindokuhle	KZN	Improvement	Completed	30-Jun-24
	2	Zwelethu	KZN	Improvement	Completed	30-Jun-24
	3	KwaMnyandu	KZN	Improvement	Completed	30-Jun-24
	4	Reunion	KZN	Improvement	Completed	30-Jun-24
	5	Merebank	KZN	Improvement	Completed	30-Jun-24
	6	Umbilo	KZN	Improvement	Completed	30-Jun-24
	7	Rosburgh	KZN	Improvement	Completed	30-Jun-24
	8	Congella	KZN	Improvement	Completed	30-Jun-24
	9	Avoca	KZN	Improvement	Completed	30-Jun-24
Q2	10	Jeppe	GP	Improvement	Completed	31-Jul-24
	11	Longdale	GP	Improvement	Completed	30-Sep-24
	12	Winkelspruit	KZN	Improvement	Completed	30-Sep-24
	13	Phahla	KZN	Improvement	Completed	30-Sep-24
	14	Doonside	KZN	Improvement	Completed	30-Sep-24
	15	Amanzintoti	KZN	Improvement	Completed	30-Sep-24
	16	Umbongintwini	KZN	Improvement	Completed	30-Sep-24
	17	Warner Beach	KZN	Improvement	Completed	30-Sep-24
Q3	18	Kloofsig	GP	Improvement	Completed	3-Dec-24
	19	Pinetown	KZN	Improvement	Completed	2-Dec-24
	20	Isipingo	KZN	Improvement	Completed	6-Dec-24
Q4	21	Northdene	KZN	Improvement	Practical completion	28-Feb-25
	22	Mitchel's Plain	WC	Improvement	Practical completion	31-Mar-25
	23	Lentegeur	WC	Improvement	Practical completion	31-Mar-25
	24	Phillippi	WC	Improvement	Practical completion	31-Mar-25
	25	Mzimhlophe	GP	Improvement	Practical completion	31-Mar-25

QUARTER	NO.	STATION	REGION	SCOPE CATEGORY	STATUS	COMPLETION DATE
Q1	26	Roodepoort	GP	Functionality	Practical completion	31-May-24
Q2	27	Temple	KZN	Functionality	Practical completion	30-Aug-24
	28	Lindela	GP	Functionality	Practical completion	30-Aug-24
	29	President	GP	Functionality	Practical completion	30-Sep-24
	30	Elis Park	GP	Functionality	Practical completion	30-Sep-24
	31	Pleneefsrus	GP	Functionality	Practical completion	30-Sep-24
	32	Queenswood	GP	Functionality	Practical completion	30-Sep-24
Q3	33	Pilot	GP	Functionality	Practical completion	22-Oct-24
	34	Deemes	GP	Functionality	Practical completion	9-Dec-24
	35	Samia	KZN	Functionality	Practical completion	2-Dec-24
	36	Seaview	KZN	Functionality	Practical completion	13-Dec-24
	37	Poets Comer	KZN	Functionality	Practical completion	16-Dec-24
Q4	38	Capital Park	GP	Functionality	Practical completion	30-Jan-25
	39	Luipaardsview	GP	Functionality	Practical completion	30-Jan-25
	40	Randfontein	GP	Functionality	Practical completion	30-Jan-25
	41	Firgroove	WC	Functionality	Practical completion	21-Jan-25
	42	Glen Park	KZN	Functionality	Practical completion	28-Jan-25
	43	Krugersdorp	GP	Functionality	Practical completion	14 Feb-25
	44	Princes Station	GP	Functionality	Practical completion	18-Mar-25
	45	Lawley	GP	Functionality	Practical completion	31-Mar-25
	46	Midannadale	GP	Functionality	Practical completion	31-Mar-25

Table 12: Revitalised Stations

C. SIGNALLING AND TELECOMMUNICATIONS ON LINES COMPLETED

Testing and Commissioning of the signalling system includes the installation of signalling indoor and outdoor equipment. The lines achieved on signalling for the financial year were three, which is in line with the target. These lines are from Durban to Merebank (Durban to Congella Cable Project) in KwaZulu-Natal, Langa to Sarepta and Langa to Nyanga, both in the Western Cape.

D. CAPITAL GRANT ALLOCATED AND UTILISED

The provisional expenditure on the capital programme was R21.1 billion for the financial year. The financial year allocation was R11.6 billion, resulting in the total capital grant utilisation of 182%. Rollover funds covered the additional funds from the previous financial years.

E. JOBS CREATED

The highest number of direct jobs created and sustained through various infrastructure projects, rolling stock and operational projects was achieved with 12,988 jobs created and sustained during this period.

F. INDUCED JOB OPPORTUNITIES

Capital spending of R21.1 billion resulted in a total of 71 730 job opportunities induced in the economy during the financial year.

The total jobs created through PRASA programmes and induced through capital spending are 84 718 jobs during 2024/25.

THE DELIVERABLES BELOW WERE AFFECTED BY IN-YEAR CHANGES

1. EMU DEPLOYMENT CUMULATIVE FROM 2021/22

A total of 17 additional EMUs were deployed by the end of October 2024, translating to 113 EMUs cumulative, from 2021/22.

2. MAINLINE PASSENGER SERVICES TRAIN TRIPS

A total of twelve (12) trips were undertaken by the end of October 2024.



MTDP STRATEGIC PRIORITY 1: INCLUSIVE ECONOMIC GROWTH AND JOB CREATION

PRASA Objective / Outcome	Output	Output Indicator	2023/24 Actual (Audited)	2024/25 Target	2024/25 Actual	Variance	Status	Reason for Non-achievement	Comment (where applicable)
STRATEGIC OUTCOME: INFRASTRUCTURE INVESTMENT									
OBJECTIVE 1: Delivering on excellent passenger service aligned to passenger needs resulting in 186 million passengers by 2026/27	Rail service lines rebuilt and recovered	Number of rail service lines rebuilt and recovered	14 lines or sections of lines resumed with electrical services	6 service lines or sections of a line resumed with electrical services	6 service lines or sections of a line resumed with electrical services	0%		N/A	
	Service lines with higher frequencies	Number of service lines with higher frequencies	New indicator	3 service lines with shorter time intervals and increased number of trains	3 service lines with shorter time intervals and increased number of trains	0%		N/A	(Minor rewording with in-year revision of APP)
	Stations revitalised	Number of stations revitalised	55 stations revitalised	40 stations revitalised	46 stations revitalised	15%		N/A	
STRATEGIC OUTCOME: PROMOTE SPATIAL TRANSFORMATION AND CITIES AS ENGINES OF GROWTH									
OBJECTIVE 2: Grow gross commercial revenue to R918 million per annum over the MTEF	Growth in commercial income from secondary mandate	Amount of commercial income from secondary mandate	R696,5 million	R675 million	R707,82 million	5%		N/A	(Change in wording from "rental" to "commercial" with in-year revision of APP)
STRATEGIC OUTCOME: INDUSTRIALISATION AND LOCALISATION									
OBJECTIVE 3: Modernisation and investment in operational assets to enable passenger growth to 186 million passengers over MTEF	New trains/ accepted cumulative from the start of the contract?	Number of new trains/ accepted cumulative from the start of the contract	208 new train sets	249 new train sets	268 new train sets	8%		N/A	
	Testing and Commissioning of signalling and telecommunications (S&T)	Number of lines with testing and commissioning of S&T completed	Testing and commissioning on 6 S&T lines completed	Testing and commissioning of S&T on 3 lines completed	Testing and commissioning on 3 S&T lines completed	0%		N/A	
STRATEGIC OUTCOME: SAVE EXISTING JOBS AND INDUSTRIES									
OBJECTIVE 1: Delivering on excellent passenger service aligned to passenger needs resulting in 186 million passengers by 2026/27	Induced Job opportunities per capital spend in millions (R)	Number of induced job opportunities with per capital spend in millions (R)	34 161 job opportunities	30 700 job opportunities	71 730 job opportunities	134%		N/A	
	Direct & Indirect Jobs	Number of jobs created	12 689 jobs through capital and operational projects	8 350 jobs created through capital and operational projects.	12 988 jobs created through capital and operational jobs.	56%		N/A	



MTDP STRATEGIC PRIORITY 1: INCLUSIVE ECONOMIC GROWTH AND JOB CREATION									
PRASA Objective / Outcome	Output	Output Indicator	2023/24 Actual (Audited)	2024/25 Target	2024/25 Actual	Variance	Status	Reason for Non-achievement	Comment (where applicable)
STRATEGIC OUTCOME: SAVE EXISTING JOBS AND INDUSTRIES									
OBJECTIVE 3: Modernisation and investment in operational assets to enable passenger growth to 186 million passengers over MTEF	Capital grant allocated and utilised per annum.	Percentage of capital grant allocated and utilised per annum.	144% of R12,9 billion capital for 2023/24 spent.	100% of R11,6 billion capital allocated for 2024/25	R21,1 billion spent = 182% of R11,6 billion capital allocated for 2024/25 spent	82%		N/A	
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									
Reason for Non-achievement									
Comment (where applicable)									
Status									
Variance									

MTDP STRATEGIC PRIORITY 2: REDUCE POVERTY AND TACKLE THE HIGH COST OF LIVING							
PRASA Objective / Outcome	Output	Output Indicator	2023/24 Actual (Audited)	2024/25 Target	2024/25 Actual	Variance	Status
STRATEGIC OUTCOME: REDUCED POVERTY AND IMPROVED LIVELIHOODS							
OBJECTIVE 1: Delivering on excellent passenger service aligned to passenger needs resulting in 186 million passengers by 2026/27	Safety occurrences	Number of safety occurrences (categories A to O) per one hundred thousand passenger trips	Less than 0,59 rail safety occurrences per 100 000 rail passenger trips.	Less than 0,58 rail safety occurrences per 100 000 passenger trips.	0,34 rail safety occurrences per 100 000 rail passenger trips.	-41%	The indicator was corrected to reflect 'per 100 000' instead of 'per million' for consistency with targets wording. It was expressed and reported in whole number terms in prior years. Expression in ratio terms was introduced as an improvement to enable international benchmarking and meaningfulness. The negative variance % in this context is indicative of improvement.
	Security occurrences reported to the RSR for categories 1 to 10	Number of security occurrences reported to the RSR for categories 1 to 10	946 occurrences were reported	Less than 1 450 security occurrences were reported	929 security occurrences were reported	-36%	N/A
	Empowerment initiatives through co-operatives	Number of co-operatives empowerment initiatives	71 stations cleaned by co-operatives.	Additional 20 stations cleaned by co-operatives.	Additional 32 stations cleaned by co-operatives.	60%	N/A

Table 13: Summary of Performance Results (2024/ 25)

PRASA Objective	Indicator	2023/24 Actual (Audited)	2024/25 Target	2024/25 Actual	Variance	Status	Reason for Non-achievement	Comment (where applicable)
Objective 1: Delivering an excellent passenger service aligned to passenger needs, resulting in 186 million passengers by 2026/27.	Mainline passenger services train trips provided	New Indicator	30 MLPS train trips	12 MLPS train trips (by end of October 2024)		N/A		The indicator was removed with in-year revision and was up to 31/10/2024.
	Number of EMUs deployed cumulatively from 2021/22	96 new EMUs deployed	129 new EMUs deployed	113 new EMUs deployed (by end of October 2024)		N/A		The indicator was removed with in-year revision and was up to 31/10/2024.

Table 14: Summary of In-Year Changes



UP NEXT: PART C GOVERNANCE

PART C

GOVERNANCE

The Board of Control	74
Board Composition	74
Meeting Attendance Summary	77
Board Committees	77
Enterprise Risk Management	83
Internal Control Unit	86
Legal and Compliance	87
B-BBEE Compliance	87



THE BOARD OF CONTROL



BOARD COMPOSITION

The Board of Control (BoC) was appointed on 12 December 2023. The members of the Board are listed below.



MS N NOKWE-MACAMO

Female

CHAIRPERSON Appointed: 12 December 2023

AGE: 63

– Appointed: 27 October 2020 –

QUALIFICATIONS: MSc (Petro-Chemical Engineering), Diploma (Chemical Engineering), Certificate in International Management (INSEAD), Programme in Private Equity (GIBS/SAVCA), Strategic Investment Promotion and Competitiveness (IDA, Ireland), Certificate Programmes in Finance and Accounting (WBA Global) and Global Executive Development Programme (GIBS)



MR M MUKHUBA

Male

– Appointed: 27 October 2020 –

AGE: 39

QUALIFICATIONS: Bachelor of Technology in Mechanical Engineering, Postgraduate Diploma in Business Administration, Certificates in Project Management and Business Management

**MS N MPYE**

Female

– Appointed: 27 October 2020 –

AGE: 40

QUALIFICATIONS: Qualified and registered Chartered Accountant (South African Institute of Chartered Accountants Johannesburg - Part II: Qualifying Board Examination), BCom (Accounting), Higher Diploma in Accountancy and Certificate of Theory in Accounting

**ADV S SETHENE**

Male

– Appointed: 27 October 2020 –

AGE: 50

QUALIFICATIONS: Bachelor of Social Science (Law), Honours, LLB, Certificates in Domestic Arbitration, Media Management and Insurance

**MR G MALULEKE**

Male

– Appointed: 18 December 2023 –

AGE: 52

QUALIFICATIONS: Bachelor of Arts, Higher Education Diploma, BED in Traffic Safety, Honours Degree and Masters in Development and Management, Programme in Managing Integrated Development for Service Delivery, Programme in Project Management, Certificate in Public Finance Management Act and training in Supply Chain Management

**MR L JOEL**

Male

– Appointed: 6 April 2023 –

AGE: 51

QUALIFICATIONS: BA (Law), LLB, Courses and Certificates: Advanced Certificate in Legal Practice, Certificate in Legal Costs

**MR J NOBUNGA**

Male

– Appointed: 12 December 2023 –

AGE: 62

- **QUALIFICATIONS:** Diploma in Public Relations, Certificate in Economics and Public Finance, Advanced Diploma in Economic Policy, and Bachelor of Commerce (Honours)

**DR R KGOROEADIRA**

Female

– Appointed: 12 December 2023 –

AGE: 44

- **QUALIFICATIONS:** BSc Electrical Engineering, Postgraduate Diploma (Strategy and Corporate Governance), MBA, PhD (Economics) and Standard Bank Retail Executive Programme

**MS H RALINALA**

Female

– Appointed: 12 December 2023 –

AGE: 54

- **QUALIFICATIONS:** Diploma in Nursing, Diploma in Financial Management, Associate of Financial Planning, MBA, Women Development Programme and Africa Leadership Development Programme

**PROF J HAVENGA**

Male

– Appointed: 12 December 2023 –

AGE: 68

- **QUALIFICATIONS:** Bachelor of Arts, Bachelor of Arts (Honours), MBL, PhD (Logistics Management)

DIRECTORSHIPS ON OTHER BOARDS

Ms Nosizwe Nokwe-Macamo	Raise Africa Investments, Legacy Africa Group, Varlolog, Mena SSG Khulisa, Raise Africa Growth Fund Holdings, Raise Africa Growth Fund, SOLH20, Rise Sail Pty, Autoenergy, Raincom
Mr Matodzi Mukhuba	MMWD Engineering, Mukhuba Holdings, Azwimuk, Ndini Muk, Dad Business, NEV Business
Ms Ndidinwangani Mpye	National Empowerment Fund, Mpye Consulting, WameNtleTile Capital, Hollen Property Investment
Prof Jan Havenga	Gain Group
Mr Lance Joel	WUI1
Ms Happy Ralinala	Palesa Mbali Group
Dr Reabetswe Kgoroadira	Zekhethelo Consulting

Table 15: Board Directorships

RESIGNATIONS

DIRECTOR	DATE OF RESIGNATION
Ms Happy Ralinala	30 March 2025

Table 16: Resignations

MEETING ATTENDANCE SUMMARY

DIRECTOR	BOARD OF CONTROL	SOCIAL, ETHICS & GOVERNANCE COMMITTEE	AUDIT & RISK COMMITTEE	FINANCE, CAPITAL INVESTMENT & PROCUREMENT COMMITTEE	HUMAN CAPITAL & REMUNERATION COMMITTEE	SAFETY, HEALTH, ENVIRONMENT & QUALITY COMMITTEE	INFORMATION & COMMUNICATION TECHNOLOGY COMMITTEE
(Number of Meetings)	24	5	18	10	9	5	4
Ms Nosizwe Nokwe-Macamo	23	N/A	N/A	N/A	N/A	N/A	N/A
Ms Ndidinangwana Mpye	20	3	17	N/A	1	5	N/A
Adv Smanga Sethene	7	N/A	N/A	2	8	N/A	N/A
Mr Matodzi Mukhuba	23	N/A	15	10	1	5	N/A
Mr Lance Joel	15	3	N/A	N/A	8	3	3
Prof Jan Havenga	18	4	N/A	9	N/A	4	N/A
Ms Happy Ralinala (resigned on 30/03/2025)	18	N/A	17	10	8	N/A	2
Dr Reabetswe Kgoroadira	20	5	17	N/A	1	4	4
Mr Godfrey Maluleke	21	5	N/A	N/A	9	N/A	4
Mr Boy Nobunga	24	N/A	17	10	8	N/A	N/A
Mr Hishaam Emeran	24	N/A	17	10	8	N/A	3

Table 17: Summary of Meeting Attendance

BOARD COMMITTEES

SOCIAL, ETHICS & GOVERNANCE COMMITTEE

The Board appoints the Social, Ethics and Governance Committee to perform the functions set out in Section 72 of the Companies Act 2008 and the Social, Ethics and Governance terms of reference approved at the beginning of each financial year to enable the Board to achieve its responsibilities in relation to PRASA's Social, Ethics and Governance processes and procedures.

During the period under review, the Committee consisted of the following members:

1. Dr Reabetswe Kgoroadira (Chairperson)
2. Ms Ndidinwangani Mpye (Member)
3. Prof Jan Havenga (Member)
4. Mr Lance Joel (Member)
5. Mr Godfrey Maluleke (Member)

The Committee's responsibilities and mandate are as follows:

To govern the ethics of the organisation in a way that supports the establishment of an ethical culture by:



1. Performing the functions of the Social and Ethics Committee, as per Regulation 43 of the Companies Act 71 of 2008.
2. Providing oversight and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships.
3. The Governance, Social & Ethics Committee should be seen to be progressing beyond mere compliance to contribute to the creation of value.
4. Promoting and monitoring ethical behaviour of the employees, Board members and clients, paying attention to the following aspects:
 - > Compliance with the relevant laws,
 - > Stakeholder relationship,
 - > Employee wellness,
 - > Internal and external fraud,
 - > Communication,
 - > Confidential information,
 - > Non-compliance with prescripts,
 - > Conflict of interest,
 - > Workplace conduct,
 - > Accuracy of the organisation's financial information, and
 - > Collusion.
5. Providing oversight into the implementation of the Ethics Management Programme.
6. Monitoring PRASA's activities taking into consideration all relevant legislation and codes of best practice in respect of good corporate citizenship, the environment, health and public safety, consumer relationships, employment and sound labour practices:
 - i. The 10 principles set out in the United Nations Global Compact Principles;
 - ii. The Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption;
 - iii. The Employment Equity Act; and
 - iv. The Broad-Based Black Economic Empowerment Act.
7. Good corporate citizenship, including the company's:
 - i. Promotion of equality, prevention of unfair discrimination, and reduction of corruption;
 - ii. Contribution to the development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
 - iii. Record of sponsorship, donations and charitable giving.
8. Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws.
9. Labour and employment, including:
 - i. The company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
 - ii. The company's employment relationships and its contribution toward the educational development of its employees.
10. Ensure that the following ethics management processes are in place or conducted:
 - i. Regular ethics risk and opportunity assessments are conducted;
 - ii. An ethics management strategy is developed and implemented;
 - iii. The code of ethics and conduct, as well as relevant ethics policies, are developed;
 - iv. Ethical standards are articulated and institutionalised in the organisation through processes such as training, communication, performance management, provision of safe reporting channels to report observed misconduct; and
 - v. Ethics performance is monitored and reported to the Committee.

In the year under review, the committee recommended three policies to the Board for approval, namely, the Enterprise Supplier Development Policy (ESD), Vetting Policy, Secretarial Guidelines and Framework Corporate Governance Policy.

AUDIT & RISK COMMITTEE

Regarding the legislative and governance requirements for the compulsory establishment of Audit Committees for State Owned Entities (SOEs), the responsibilities of the Audit Committee are briefly set out below.

The PRASA Board of Control has elected to combine the roles of the Risk Committee with the Audit Committee. The Committee comprises five Non-Executive Directors, who the Shareholder appoints in terms of the requirements of Section 94 of the Companies Act, and a Non-Executive Director chairs the Committee. Members collectively have sufficient qualifications and experience to fulfil their duties and have sufficient understanding of financial reporting, internal financial controls, external audit process, internal audit process, corporate law and information technology governance.

During the year under review, the Audit & Risk Committee (ARC) consisted of the following members from 01 April 2024 to 31 March 2025:

1. Ms Ndidinwangani Mpye (Chairperson and Member)
2. Mr Matodzi Mukhuba (Member)
3. Mr Boy Johannes Nobunga (Member)
4. Ms Happy Ralinala (Member and resigned on 30 March 2025)
5. Dr Reabetswe Kgoroadira (Member)

The committee has the following responsibilities, which are set out in its terms of reference:

- + Internal Audit oversight;
- + Combined Assurance;
- + Governance of Risk, including financial reporting risks, internal financial controls, fraud risks as it relates to financial reporting, information, communication and technology (ICT) risks as it relates to financial reporting, and operational risk reviews in conjunction with the Safety, Health and Environment Quality Assurance Committee;
- + Compliance with Laws and Regulations; and
- + Review the effectiveness of the system for monitoring the Group's compliance with laws and regulations, and the results of management's investigation and follow-up, including disciplinary action for any fraudulent acts or non-compliance.

The Committee satisfied its responsibilities for the year, in accordance with its Terms of Reference.

Its achievements during the period under review included the following important milestones:

1. Considered and recommended the 2024/25 budget, significance and materiality framework, corporate plan and shareholders' compact to the Board for approval.
2. Reviewed and recommended the 2024/25 Annual Financial Statements and Annual Performance report to the Board for approval.
3. Considered and reviewed the 2024/25 AGSA audit engagement letter, audit strategy, changes in the accounting policies and procedures, and for the 2024/25 financial year.
4. Reviewed and monitored the performance of the organisation through monthly and quarterly performance reporting. The performance improved from 87% in the previous financial year to 93% for the 2024/25 financial year.
5. Considered and recommended the quarterly finance and performance reports to the Board for approval.
6. Continued with the established Audit Task Team (ATT) to address the AGSA audit findings in an endeavour to improve PRASA's AGSA audit outcome from a qualified audit opinion.
7. Recommended to the Board the approval of the 2024/25 ATT terms of reference, and the audit plan.
8. Considered and approved the internal audit three-year rolling audit plan, internal audit quality assurance improvement programme/framework, internal audit charter, methodology, strategic plan and combined assurance policy.
9. Considered and recommended the amended PRASA asset management policy, vehicle fleet management policy, business continuity management policy, policy on business planning and reporting, and strategic risk register.
10. Considered and recommended that the Board approve the renewal of the insurance report and insurance policy, risk policy, risk appetite, and tolerance framework.
11. Considered and noted the progress on quarterly and/or monthly Enterprise Risk, Legal & Compliance, Information and Communication Technology (ICT), Internal Audit, and irregular expenditure reports.

12. Noted the progress report on the EMU rollout plan, debt collection strategies, and the report on the verification of unverified employees (ghost employees).

Total transactions to the value of (R13,698,965,053.57) have been recommended for condonation, and the status thereof is as follows:

- + Transactions to the value of (R52,960,689.07) have passed the determination test assessment and are being recommended to the BoC for recommendation to National Treasury for condonation;
- + Transactions to the value of (R1,337,462,081.50) have not been condoned by National Treasury, and have been referred to the BoC for removal of irregular expenditure in the annual financial statements (AFS); and
- + Of the initial nine Material Irregularities (MI) in prior years, eight have been resolved. A further MI for Isipingo was issued but has also been resolved. The only outstanding MI from the original nine issued relates to Project Ziveze, and this has been closed subsequent to year-end, as the SIU is busy with investigations. This leaves only one MI, issued recently, relating to the Blue Trains and their utilisation.

HUMAN CAPITAL & REMUNERATION COMMITTEE

The Board appoints the Human Capital & Remuneration Committee (HC&REMC0) to perform the functions set out in HC&REMC0's terms of reference to enable the Board to achieve its responsibilities in relation to PRASA's remuneration policies, processes and procedures.

The Committee consisted of the following members during the period under review:

1. Adv Smanga Sethene (Chairperson)
2. Ms Happy Ralinala (resigned on the 30th of March 2025)
3. Mr Boy Johannes Nobunga
4. Mr. Lance Joel
5. Mr Godfrey Maluleke

The committee adopted its terms of reference, setting out its responsibilities and mandate, which included the following:

- + Ensure the development and continual review of the framework, policies and guidelines for PRASA's human resources;

- + Guide PRASA's human resources practices, succession planning of executives, and training and development programme;
- + Monitor the effective implementation of employment equity plans;
- + Enhance and monitor business performance;
- + Ensure PRASA's organisational development; and
- + Restructuring of the existing organisational structure.

The committee performed its duties as per its terms of reference during the period under review, achieving the following:

- + Filling of executive positions without an external service provider, which resulted in a cost saving for PRASA. These executive positions included the appointment of three Chief Executive Officers for PRASA Rail, PRASA Technical (Group Capital) and Intersite; and
- + Appointed the Boards of Control for Intersite and Autopax.

During the financial year under review, the Committee approved the 2024/25 Terms of Reference, PRASA organisational structure and operating model, including the following Human Capital Policies:

- + Leave policy;
- + Employment equity policy;
- + Anti-harassment policy;
- + Wellness policy;
- + Movement of personnel and talent management policy;
- + Performance management policy; and
- + Disciplinary policy for management and bargaining grades.

SAFETY, HEALTH & ENVIRONMENT QUALITY COMMITTEE

The Board appoints the Safety, Health and Environment Quality (SHEQ) Committee to perform the functions set out in its terms of reference approved at the beginning of 2024/25 financial year to enable the Board to achieve its responsibilities in relation to matters affecting the health and safety of employees, customers, stakeholders in and around PRASA workplaces and operations.

The Committee consisted of the members below during the period under review, whose areas of expertise include

engineering, international rail, the built environment, safety and security, corporate governance, financial accounting, management accounting, facilities management, project management, stakeholder relations, transport and communication management. This combination of skills and expertise is expected to ensure that PRASA's mandate for this portfolio is not compromised.

1. Mr Matodzi Mukhuba (Chairperson)
2. Ms Ndidinwangani Mpye (Member)
3. Prof Jan Havenga (Member)
4. Mr Lance Joel (Member)
5. Dr Reabetswe Kgoroadira (Member)

The Committee's duties and responsibilities included:

- + Providing timely and accurate reports to the Board;
- + Evaluating the implementation and effectiveness of the integrated management system and ensuring that the resources needed for the system are available and updated to meet the current technological environment;
- + Considering and recommending for approval by the Board, policies, frameworks and guidelines that relate to safety, health, the protection of the environment and quality assurance;
- + Evaluating the implementation of the safety, health and environment quality policy and framework, and the committee's composition, mandate and effectiveness; and
- + Monitoring the performance of the PRASA Group in respect of safety, health, environmental protection and quality assurance.

The SHEQ Committee achieved the following key milestones during the period under review:

1. Involved with the corridor recovery programme, resulting in 6 lines recovered per target for 2024/25, and a cumulative total of 35 service lines recovered in full and partially by the end of the financial year.
2. 46 stations completed as part of the revitalisation and modernisation programme.
3. Opening of Nyanga to Nolungile on the Central Line.
4. Communicating PRASA services and achievements through mass media campaigns in all regions, including building relationships with community radio stations.
5. Relationship building with ward councillors, the taxi industry nationwide and other critical stakeholders.

6. Addressing the issues relating to the signalling programme.
7. Oversight visits to all PRASA regions to ensure that each region is compiling and achieving its targets and completing projects.
8. Oversaw the process for the safety permit application granted by the RSR.

The SHEQ Committee embarked on oversight visits in KwaZulu, Western Cape and Gauteng to inspect the resumption of service delivery, including the status and viability of rail infrastructure. In the financial year under review, the committee still prioritised service resumption, signalling, security provisions, and deployments to protect infrastructure, station upgrades, and stakeholder relations, ensuring that communities take ownership of commuter facilities to limit vandalism and theft.

INFORMATION AND COMMUNICATION TECHNOLOGY COMMITTEE

The ICT Committee was established in January 2025 following the Board's strategic assessment of the increasing need for dedicated oversight of ICT. The Committee operates in line with its Terms of Reference, approved at the beginning of the 2025/26 financial year, to support the Board in addressing challenges within the ICT department and to ensure focused oversight aligned with PRASA's strategic objectives. Its role includes reviewing the current state of PRASA's ICT environment, addressing identified gaps, and ensuring that ICT initiatives effectively support the organisation's strategic goals.

COMPOSITION AND EXPERTISE

During the period under review, the Committee comprised the following members, whose collective expertise spans information technology, engineering, international rail, the built environment, safety and security, corporate governance, financial and management accounting, facilities management, project management, stakeholder relations, and transport and communication management:

- + Ms Happy Ralinala, Chairperson (resigned on 30th March 2025)
- + Dr Reabetswe Kgoroadira (Chairperson)
- + Mr Lance Joel
- + Mr Godfrey Maluleke

- + Ms Ndidinwangani Mpye (appointed 23 June 2025)
- + Dr Denisha Jairam (External Independent Committee Member)
- + Ms Poppy Tshabalala (External Independent Committee Member)

This combination of skills ensures robust oversight and alignment with PRASA's mandate in this portfolio.

ROLES AND RESPONSIBILITIES

The Committee oversees and reviews PRASA's ICT environment, ensuring that ICT initiatives align with strategic objectives and guiding how the organisation approaches information and technology governance. Its duties and responsibilities include:

1. Providing oversight of the execution of PRASA's ICT Digital Strategy.
2. Promoting an ethical ICT governance culture, including the responsible use of Artificial Intelligence (AI).
3. Ensuring compliance with ICT laws, codes, standards, and policies.
4. Aligning ICT strategy with PRASA's strategic objectives;
5. Integrating ICT risks into the broader organisational risk framework.
6. Guiding the development of technical architecture;
7. Overseeing data protection initiatives.
8. Monitoring and reviewing cybersecurity plans, risks, and mitigation measures.
9. Tracking progress and viability of ICT innovation projects and digital transformation initiatives.
10. Recommending ICT investments to the Board by reviewing the annual ICT budget.
11. Assessing ICT staff morale and supporting skills development and retention of critical ICT skills.
12. Overseeing ICT continuity planning to ensure organisational resilience (e.g., disaster recovery, backups, high availability, and failover).
13. Monitoring ICT contracts and licensing to optimise value for PRASA.
14. Providing oversight of auditing activities and ensuring implementation of mitigation and corrective actions.
15. Reviewing the ICT policy framework and recommending policies for Board approval.

16. Delegating responsibility for effective ICT management to executive management.
17. Receiving periodic independent assurances on PRASA's ICT arrangements, including outsourced services.
18. Disclosing the governance and management of ICT within the organisation, including focus areas, actions taken, and future plans.

COMMITTEE INDUCTION

The Committee conducted an induction session aimed at:

- + Introducing new members to PRASA's mission, values, and operational context;
- + Clarifying the Committee's mandate and responsibilities in support of the organisation's strategic goals; and
- + Reviewing policies, procedures, and governance frameworks that underpin effective ICT oversight.

POLICY OVERSIGHT

In the financial year under review, the Committee considered and recommended three policies for Board approval:

- + Infrastructure and Security Policy;
- + Disaster Recovery and Data Backup Policy; and
- + End-User Security and Mobility Policy.

Further ICT policies are scheduled for consideration within the current reporting period.

FINANCE, CAPITAL INVESTMENT AND PROCUREMENT COMMITTEE

The Finance, Capital Investment and Procurement (FCIP) Committee comprises five Independent Non-Executive Directors and is chaired by an independent Non-Executive Director.

During the year under review, the FCIP Committee consisted of the following members from 01 April 2024 to 31 March 2025:

1. Mr. Boy Johannes Nobunga (Chairperson)
2. Prof. Jan Havenga (Member)
3. Advocate Smanga Sethene (Member)
4. Mr. Matodzi Mukhuba (Member)
5. Ms. Happy Ralinala (Member and resigned on 30th March 2025)

According to its terms of reference, the committee is entrusted with the following responsibilities:

- + Review capital and revenue investment and significant tenders;
- + Review and recommend for Board approval tenders that fall within the delegated authority of the Board; and
- + Provide strategic direction with regard to the Capital Investment Programme; in this regard, the Committee will:
 - a. Review and recommend to the Board the PRASA Capital Investment Programme;
 - b. Oversee the execution of approved capital projects within the Capital Programme;
 - c. Monitor and advise on the effectiveness of capital spending;
 - d. Approve significant changes to the Capital Programme;
 - e. Monitor the delivery of major projects; and
 - f. Review and recommend proposals to acquire and/or dispose of land or buildings.

The Committee achieved the following key milestones during the period under review:

1. Monitored the CapEx budget spend, which resulted in PRASA exceeding the budgeted capital spend and achieved 176% from funds on lagging projects from previous financial years.
2. Considered and recommended to the Board the 2024/25 Procurement Plan.

3. Considered and recommended to the Board the quarterly CapEx and procurement reports.
4. Considered and recommended various tenders to the Board in line with the delegation of authority (DOA).
5. Considered and recommended the approval requested to enter into a long-term lease of 50 years between Intersite and PRASA for ring fenced properties known as Investment Portfolio to build, and strengthening of a balance sheet for Intersite, to use the long-term lease as an instrument to raise external funding from financial institutions and provide certainty for investors and its purpose. The committee also noted the secondary mandate revenue growth focus areas and the 10-year outlook on potential revenue growth.
6. The committee noted the draft discussion paper on the National Rail Policy and proposed the Rail Bill discussing vertical separation, devolution, and the implications for PRASA.
7. The committee monitored the progress update on the divisionalisation of Autopax and the progress updates on the secondary mandate. The tender for the procurement of 17 buses was awarded. Negotiations for the contract with the successful bidder are in process, with the plan to sign it before the end of July 2025. The organisation is still awaiting approval of S66(3) of the PFMA from the Minister of Transport to procure 75 buses through a financial lease.

ENTERPRISE RISK MANAGEMENT

PRASA has implemented an enterprise-wide approach to risk management, which requires that all risks and opportunities that could affect the organisation in achieving its objectives are assessed in a structured and systematic process that aligns strategy, risk, and performance. PRASA Risk Policy and Enterprise Risk Management Framework (ERM Framework) are based on ISO 31000:2018, Risk Management: Guidelines, which was issued by the International Organisation for Standardisation (ISO), and the King IV Report on Governance for South Africa 2016, issued by the Institute of Directors in Southern Africa. ERM Framework outlines the Governance structures, their respective roles and responsibilities, the

enterprise risk management process and how this will be embedded within PRASA.

ENTERPRISE RISK MANAGEMENT OBJECTIVES

ERM objectives are to:

- + Inculcate an appropriate risk culture;
- + Ensure that the risk management arrangements are based on accepted risk management practices that enhance value for all stakeholders, including the regulatory bodies;

- + Ensure that there is consistent application of risk management methodologies and practices throughout the organisation; and
- + Ensure continual improvement in terms of enterprise risk management in support of business objectives.

Pursuant to these objectives, the risk management plan focused on:

- + Implementing initiatives aimed at improving risk maturity and reducing the overall cost of risk to the organisation;

- + Determining the risk appetite and tolerance levels on strategic risks, monitoring, and reporting on these to the appropriate governance structures;
- + Embedding organisational resilience and business continuity plans in all operational areas; and
- + Continuing with the initiatives to implement an Integrated Management System (IMS).

ENTERPRISE RISKS AND MITIGATION MEASURES

The Heat Map below maps the strategic risks, at the residual level, which the organisation faced for the period under review.

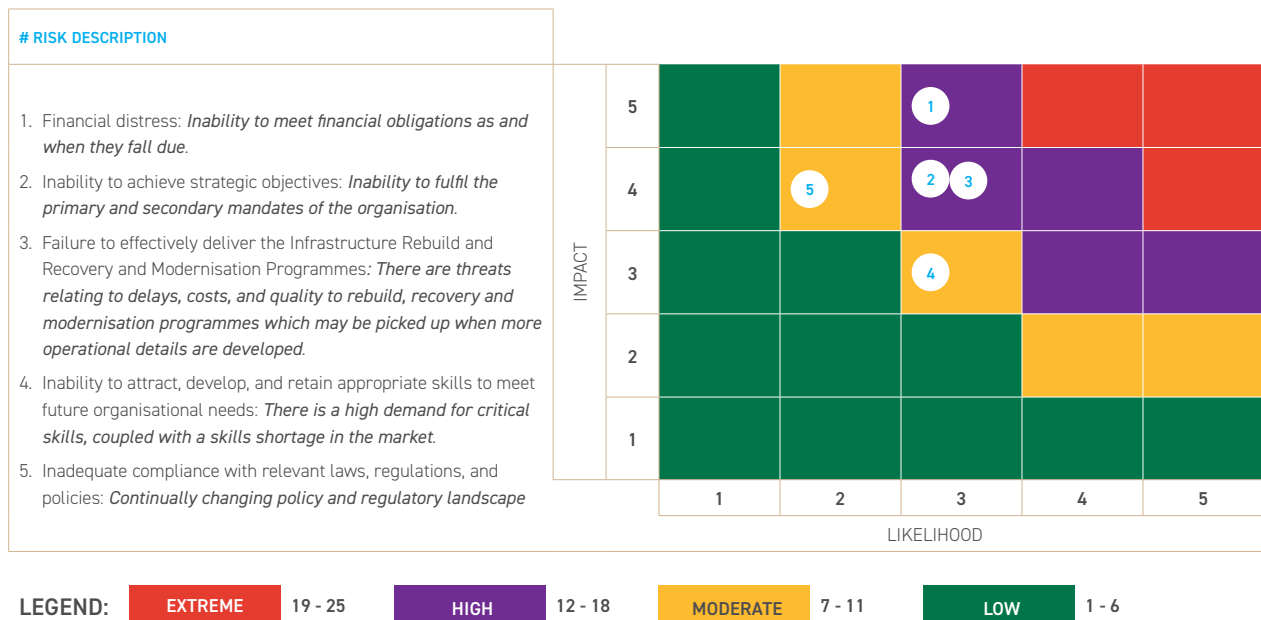


Table 18: Risk Heat Map

The table below provides progress in the implementation of risk treatment plans on these strategic risks.

RISK DESCRIPTION	INHERENT RATING	RESIDUAL RATING	RISK TREATMENT PLAN(S)	STATUS OF IMPLEMENTATION
Financial distress. Detail: Inability to meet financial obligations as and when they fall due.	20	15	- Engaging the National Treasury through the National Department of Transport on additional funding and an appropriate funding model. - Significant recovery of rail corridors, with a focus on service optimisation. - Implementing ticketing system (automated fare collection). - Implemented initiatives to optimise employee costs. - Implementing energy efficiency and renewable energy initiatives. - The fare structure and application for an increase are being prepared for submission to the National Department of Transport. - Undertake a review of funding options available to PRASA, including PSPs. - Develop and agree on the appropriate funding model. - Develop and implement a dynamic ticket pricing model, which incorporates the realities of each corridor. - Implement business development initiatives as defined in the corporate plan. - Rail network expansion. - Expedite the implementation of the signalling and telecoms programmes. - Implement strategic sourcing techniques on key programmes. - Maintain an effective fraud prevention plan.	- PRASA has, in collaboration with the National Department of Transport and National Treasury, made submissions for alternative funding options. - With significant investment in infrastructure rebuild and recovery programme, the focus is on service optimisation, i.e. improving the headways. - An automated fare collection system is being piloted. - The Minister of Transport has approved fare increases. - Signalling and telecoms programmes are being implemented in various stages and parts of the country.
Inability to achieve strategic objectives. Detail: Inability to fulfil the primary and secondary mandates of the organisation.	25	12	- Implementing key strategic programmes. - Implemented and maintained a "War Room" to manage Infrastructure Rebuild and Recovery, Modernisation Programme, and Service Optimisation. - Revised Operating Model awaiting due approvals and then implementation. - Build own internal capacity and capability. - Expedite the implementation of the depot modernisation, signalling, telecoms, and other infrastructure recovery programmes. - Implement Organisational Resilience and Sustainability and Business Continuity Plans. - Secure funding for the implementation of the security plan over the MTEF period. - Develop detailed execution plans on key strategic programmes. - Formulate an internal position to influence the National Rail Policy implementation. - Implement a phased modernisation programme for ICT infrastructure, prioritising critical systems. This includes upgrading legacy systems, enhancing cybersecurity measures, and aligning ICT capabilities with strategic business needs to reduce vulnerabilities and support operational resilience.	- The Board has approved the OM. The Group Executive Committee has also approved the OM Implementation Roadmap. OM Steering Committee is tasked with overseeing the implementation of the roadmap. - Appointed an engineering, procurement, and construction management (EPCM) contractor. - The EPCM contractor is facilitating the development of a Project Lifecycle Process (PLP), which will guide the project conceptualisation and execution throughout the organisation. - Funding for the implementation of the security plan over the MTEF period remains a challenge. - Considerable progress has been made in implementing a phased modernisation programme for ICT infrastructure, which prioritises critical systems. An ICT Committee of the Board has been established to, amongst others, oversee the implementation of this ICT modernisation programme.

RISK DESCRIPTION	INHERENT RATING	RESIDUAL RATING	RISK TREATMENT PLAN(S)	STATUS OF IMPLEMENTATION
Failure to effectively deliver the Infrastructure Rebuild and Recovery and Modernisation Programmes. Detail: There are threats relating to delays, costs, and quality in rebuilding, recovery, and modernisation programmes, which may be identified when more operational details are developed.	16	12	- Implemented and maintained a "War Room" to manage Infrastructure Rebuild and Recovery, Modernisation Programme, and Service Optimisation, being a Forum where programmes and projects are discussed in a coordinated manner. - Appointed the EPCM contractor for five years. - Developed and implemented "interim" measures such as platform rectification, contracting with Gibela to maintain EMUs, and capacitating depots. - Undertake a review of the funding options available to PRASA, including PSPs. - Finalise and implement the PLP to improve programme execution.	- Infrastructure Rebuild and Recovery, Modernisation Programme, and Service Optimisation programmes are managed through the War Room. There are also weekly contractor monitoring meetings to assess progress on and intervene at the project level. - EPCM contractor provides capacity and support to Infrastructure Rebuild and Recovery, the Modernisation Programme, Service Optimisation, and developing requisite governance processes. - PRASA has, in collaboration with the National Department of Transport and National Treasury, made submissions for alternative funding options.
Inability to attract, develop, and retain appropriate skills to meet future organisational needs. Detail: There is a high demand for critical skills, coupled with a skills shortage in the market.	16	9	- Implemented learnerships. - Ensure skills and capacity within project environments. - Collaborate with institutions of higher learning to enhance skills and capacity, e.g., Engineering Rail Chair. - Maintain succession planning that provides for the development of a talent pipeline. - Conduct regular employee satisfaction surveys. - Improve Employee Value Proposition (EVP).	- Skills and capacitation through EPCM and knowledge sharing sessions take place within projects. - Learning and Capacity Policy, which provides for the implementation of a systematic approach to learning and development, has been approved by the Board and is being implemented. - Succession planning in pace.
Inadequate compliance with relevant laws, regulations, and policies. Detail: Continually changing policy and regulatory landscape.	16	8	- Implemented and maintained a compliance management programme, albeit manual. - Automate and maintain a robust compliance management programme. - General Overhaul (GO) and Ad Hoc Maintenance programmes in place.	- A risk-based compliance programme is in place. - A procurement process to acquire a governance, risk, and compliance (GRC) tool has been initiated.

Table 19: Implementation Status of PRASA's Risk Treatment Plan

EMERGING RISKS

The implementation of the new operating model, within a stretched target environment, poses a risk of not achieving the set targets. An Operating Model Implementation Steering Committee has established an Implementation Team, which, amongst others, has developed and maintains plans on change, risk, stakeholder, and communications management.

INTERNAL CONTROL UNIT

At PRASA, Internal Audit plays a pivotal role in strengthening an organisation's governance, risk management, and internal control systems, focusing on assurance and advisory risk management, governance support, operational efficiency, compliance monitoring and providing strategic insights that inform executive decisions and long-term planning.

INTERNAL AUDIT OVERVIEW FOR 2024/25

REGULATORY COMPLIANCE

In adherence to the National Treasury Regulation 27.2.7 (PFMA), Internal Audit developed a rolling three-year plan alongside a detailed annual plan, both of which received approval from the Audit and Risk Committee (ARC). Progress against these plans was consistently reported to the ARC every quarter.

AUDIT COVERAGE & EXECUTION

The approved audit plan encompassed 42 auditable areas across multiple divisions. A total of 52 audits were completed, which included planned engagements as well as ad-hoc reviews.

QUALITY ENHANCEMENT INITIATIVES

Internal quality assurance reviews were conducted continuously throughout the year. These reviews yielded exceptional file ratings, reflecting robust internal standards.

PERFORMANCE & STAKEHOLDER PERCEPTION

Annual feedback was collected from ARC members and Senior Management. Survey insights affirmed that Group Internal Audit (GIA) is recognised as a credible, value-adding component vital to governance, risk management, and internal controls.

LEGAL AND COMPLIANCE

The PRASA Legal Services Department ('the Department') continues to provide ongoing legal support, managing litigation, providing legal opinions, and drafting and vetting all commercial contracts on behalf of PRASA. The Department continues to achieve significant cost savings by drafting contracts in-house. This service further includes the provision of legal advice related to contracts, Supply Chain Management (SCM) activities, projects, regulation, and legislation.

PRASA's high legal costs emanate primarily from insurance (third-party) claims, litigation (for and against PRASA), litigation arising from contract-related disputes and overall contract management issues of capital programmes. To reduce these costs significantly, PRASA will focus on reducing the cost of litigation by ensuring that projects are correctly managed, particularly capital expenditure projects, and that valid invoices received from service providers are paid timeously.

Furthermore, PRASA will ensure that governance and compliance prescripts are entrenched in overseeing the finalisation of capital and operational expenditure regarding contracts. A cost-saving practice will be enforced as an ongoing process, comprising, amongst others, an absolute analysis of all attorney fees and preparation of legal opinions to assess the merits of PRASA cases, thereby preventing unwarranted litigation.

PRASA will focus on utilising its internal capacity to engage in out-of-court settlement negotiations and ensure the recovery of legal costs where applicable.

B-BBEE COMPLIANCE

The Integrated Transport and sub-sector Broad-Based Black Empowerment (B-BBEE) Charter was introduced to promote economic transformation, focusing on the different transport sub-sectors of South Africa (DoT, 2009). The Charter outlined the guiding principles and thresholds that would be observed by transport stakeholders, including SOEs such as PRASA, to ensure effective implementation of the B-BBEE Act in the sector. The economic agenda placed upon the rail sub-sector was to attract Black Suppliers (including the designated groups) into "heavy engineering and maintenance categories in the rail sector" (Department of Transport 2009).

Since the commencement of the Corridor Recovery Programme, PRASA has seen an upsurge in the B-BBEE performance of the Black Suppliers (BS) and Black Woman Owned (BWO) Suppliers. This has also seen the migration of several PRASA contracted qualifying small/medium enterprises (QSEs) to Large/Generic Suppliers. On the other hand, the high Construction Industry Development Board (CIDB) grading requirements of the current PRASA engineering projects/tenders have negatively affected the appointment of small-scale suppliers, better known as Exempted Micro Enterprises (EMEs). Fewer EMEs are contracted to perform heavy engineering services. The situation has a negative bearing on the B-BBEE performance entity. The Community Development Programme, which attracts the services of cleaning co-operatives (which are micro-enterprises), has a very insignificant impact on the Total Procurement Spend of the entity.

It is important to note that this report only reflects the value of payments made during the period under review and not necessarily the tenders that have been awarded to suppliers during that period or prior.

B-BBEE INDICATORS	APRIL 2024 TO MARCH 2025 B-BBEE SPEND [REC]	APRIL 2024 TO MARCH 2025 AMOUNT PAID [ACTUAL AMOUNT]	ACHIEVED AVERAGE B-BBEE % REC FOR THE 2024/2025	PERFORMANCE 2024/2025	DEPARTMENT OF TRANSPORT SOE TARGETS
Procurement from B-BBEE compliant enterprises as defined by Rec levels as a % of the Total Procurement Spend	R23,763,402,656.85	R18,651,427,344.44	127.41%	127.41%	60%
Procurement from B-BBEE compliant QSE as defined by the B-BBEE recognition levels as a % of the Total Procurement Spend	R2,376,357,361.90	R1,808,528,831.24	131.39%	12.74%	15%
Procurement from B-BBEE compliant EME as defined by the B-BBEE recognition levels as a % of the Total Procurement Spend	R1,963,926,060.91	R1,484,346,883.54	132.31%	10.53%	15%
Procurement from 50% Black Owned enterprises as a percentage of the Total Procurement Spend	-	R9,716,507,958.80	100.00% [calculation excludes Rec level %]	52.10 %	9%
Procurement from 30 % Black Women- Owned enterprises as a % of the Total Procurement Spend	-	R5,161,558,141.28	100.00% [calculation excludes Rec level %]	27.67%	6%

Table 20: B-BBEE Performance: 2024/25 vs 2023/24

The average Procurement Recognition Level (PRL) for the PRASA group during the FY 2024/25 was 127.41%. The group continued to maintain an exceptional rating on the PRL/all empowerment suppliers empowerment indicator for the past years.

At an average of 12.74% and 10.53 %, both QSE and EME empowerment indicators were performing below the stipulated 15% B-BBEE target. This can be attributed to

limited capacity and compromised balance sheets of the targeted racial group.

In the same FY, 52.10% (R9.7 billion) of the total procurement spend benefited black owned suppliers. An average of 27.67 % (R5.2 billion) of the total procurement (which is R18.7 billion) was paid to BWO suppliers. Looking at the industry demand and the supply side of female engineers in South Africa, the BWO performance was applauded (ECSA,2024).

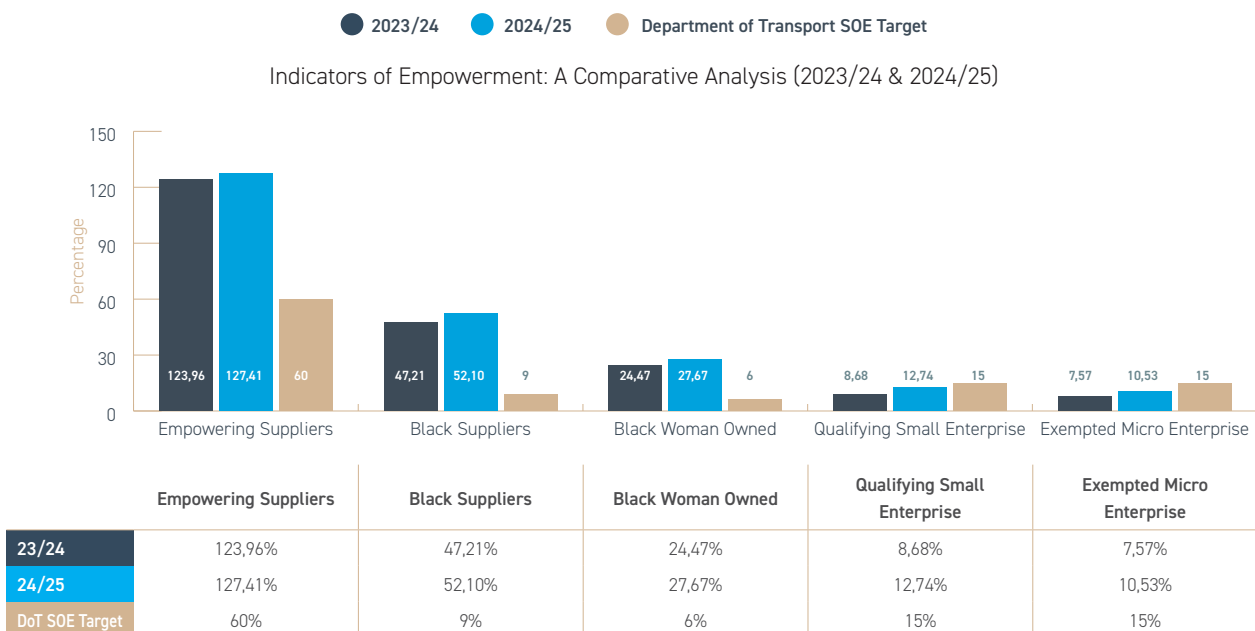


Figure 29: Empowerment Indicators

The above graph depicts a comparative analysis of the B-BBEE performance of the empowerment indicators in the PRASA group between the FY 2023/24 and FY 2024/25 (focus was on QSEs and EMEs).

Although the average performance for both the QSE and EME empowerment indicators as a percentage of the Total Procurement Spend depicted an improved performance, both indicators failed to reach the DoT SOE target.

At this stage of the report, it was also worth mentioning that out of the 1 287 transacted suppliers, 871 (67.68%) were EMEs and 249 (19.35%) were QSEs.

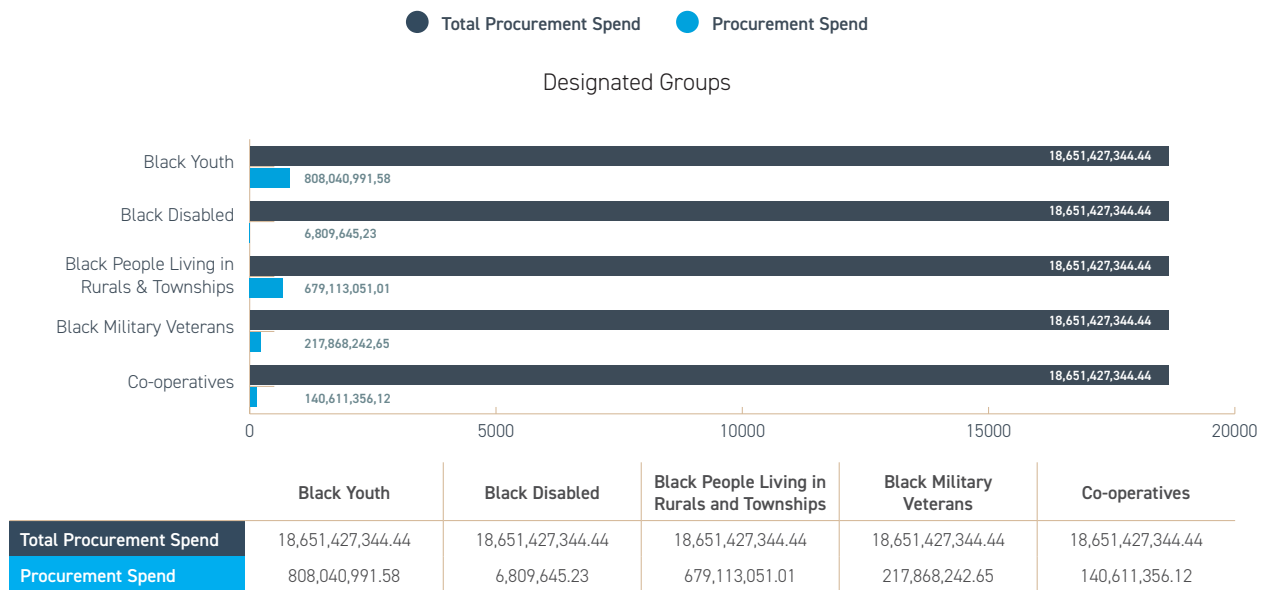


Figure 30: Designated Groups

Black Youth Supplier accounts for 4.33% (i.e., R808,040,991.58) of the total procurement spend, while Black Disabled Supplier accounts for 0.04% (R6,809,645.23) of the total procurement spend.

Black people Living in Rural and Locations - about 3.64% (i.e., R679,113,051.01) of the total procurement spend was paid to companies that have 50% shareholding in these companies.

Black Military Veterans accounted for 1.17% (i.e., R217,868,242.65).

At 0.75% (i.e., R140,611,356.12), co-operative services were paid about less than one percent of the Total Procurement Spend. The majority of the co-operatives are offering cleaning and horticulture services.

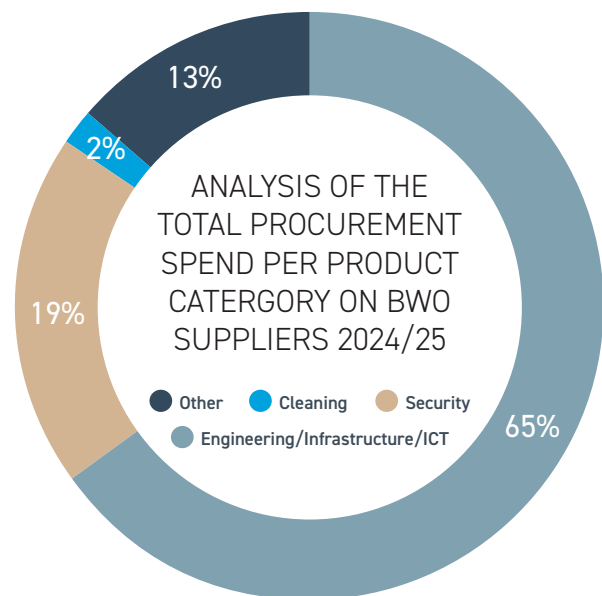


Figure 31: Total Procurement Spend Per Product Category (BWO Suppliers)

Procurement spent on BWO suppliers is R5,161,558,141.28. This accounts for 27.67 % of the total procurement spend (R18,651,427,344.44). An average of 65.22% of the procurement spend on BWO suppliers, amounting to R3,366,176,427.51, was allocated to Engineering/Infrastructure and ICT BWO suppliers.

An average of 19.41%, which accounts for a total spend of R1,001,906,376.83, was paid to BWO suppliers who provide security services.

Cleaning and horticulture suppliers were paid a total of R100,296,538.38, which is 1.94% of the procurement spent on the BWO enterprise. The rest of the spend was paid to BWO suppliers who provide events, fleet, travel, and accommodation services.

In summary, the average procurement recognition level for all empowering suppliers was 127.41%, an extremely high achievement for PRASA, indicating that the entity's procurement policies and other related programmes were transformative and in support of the Black Economic Empowerment agenda of the country. A high procurement recognition level meant that the entity was employing the services of Black Owned Suppliers.

At an average of 52.10% and 27.67% (far above the 9% and 6% stipulated targets, respectively), the performance of both the BS and BWO categories also confirmed the alignment of the procurement policy to the transformation agenda of the country by the entity.

Total procurement spent on BWO suppliers was R5,161,558,141.28, accounting for 27.67% of the total procurement spend (R18,651,427,344.44).

At 12.74 % and 10.53%, both QSE and EME categories were performing below the stipulated 15% B-BBEE target. Although there was a notable improvement in these empowerment indicators, their average performance for 2024/25 was still below the stipulated targets.

For the upcoming year, the PRASA BoC has approved the Enterprise Development and Supplier Development Policy. It is envisaged that effective integration of the newly designed policy with the SCM policy will improve PRASA's B-BBEE performance. Furthermore, a collaborative effort, coupled with meticulously crafted transformation-based business processes by the Engineering (with reference to the stakeholder management unit), Marketing, Human Capital Management (HCM), and Facilities Departments, is essential to bolster the current performance of QSE and EME categories. An Enterprise Development and Supplier Development (EDSD) Strategy with the following elements is also essential:

- + Stakeholder education and awareness element;
- + Skills and technology transfer; and
- + Special focus on designated groups.





UP NEXT: **PART D** HUMAN CAPITAL MANAGEMENT

PART D

HUMAN CAPITAL MANAGEMENT

Overview	94
Organisational Design	94
Employment Wellness Programme	94
Employment Equity	95
Employment Equity Initiatives	95
Addressing Gender Based Violence and Femicide	99
Learning and Development	100
Outlook	100

INTEGRATED
**ANNUAL
REPORT**
2024 – 2025

OVERVIEW

Human Capital Management (HCM) has played a pivotal role in supporting PRASA's strategic objectives throughout the 2024/2025 financial year. The focus has been on strengthening employee reward frameworks, optimising benefits administration, driving policy development, and enhancing stakeholder engagement across all regions. There was prioritisation in the alignment of remuneration practices with robust governance frameworks, while diligently addressing operational gaps related to compensation equity, acting allowances, benefit accessibility, and digital system enhancements. HCM also focuses on the development of the Shared Services and Operating Models, which were approved in November 2024. Other activities included:

- + Implementation of Phases 2 and 3 of the Voluntary Severance Package (VSP) to reduce personnel costs and headcount;
- + Succession planning;
- + The launch of Career Day Expos nationally as part of Learning & Development, targeted at High School learners;
- + Bursary offers targeted at the underprivileged students
- + Addressing employee relations cases;
- + Reviewing of policies and Standard Operating Procedures (SOPs);
- + Formulation of strategies to improve employment equity statistics; and
- + Change management strategies, implementation and monitoring.

ORGANISATIONAL DESIGN

In line with PRASA's strategic goals, PRASA embarked on the review of its Operating Model to drive operational efficiencies and organisational effectiveness. This process gave rise to the design and approval of the new PRASA macro structure by the BoC in November 2024. Amongst others, the key objectives are to optimise business operations, enhance customer experience and instil a culture of operational excellence.

The new Operating Model introduced the Shared Services Model, which is aimed at streamlining core functions,

reducing duplication of efforts, and fostering greater collaboration among departments aligned to PRASA's strategic objectives. It consolidates business processes to drive operational efficiencies, thus enhancing customer service and satisfaction.

By the end of the financial year, the following departmental Shared Services structures were finalised: Procurement; HCM; Legal, Finance; Risk and Compliance; Internal Audit, ICT; Corporate Affairs; and Protection Services. The approval and implementation of these structures is envisaged to add value to shareholders and customers; enhance the corporate brand, thus accelerating the attraction and retention of key talent to ensure business stability and sustainability.

CHANGE MANAGEMENT

In an effort to support the successful implementation of change initiatives (including the Operating Model), Change Management Forums were established across the regions. The selected Change Agents, comprising both men and women in positions ranging from junior to senior levels, have been formally trained in change management principles and practices. These Change Agents play a critical role in facilitating communication, fostering employee engagement, and minimising resistance during periods of change. By serving as liaisons between leadership and employees, they help build trust, promote a culture of adaptability, and ensure that change is embedded effectively and sustainably within the organisation. Their presence has enhanced the organisation's ability to implement strategic initiatives more efficiently, with improved buy-in and reduced business disruption.

EMPLOYMENT WELLNESS PROGRAMME

PRASA's EWP aims to proactively address productivity challenges linked to the physical, mental, and financial well-being of the workforce by providing resources, support, and various initiatives that encourage healthy behaviours, manage stress, and foster a positive work environment.

The diagram below depicts the key roles of EWP, with the workforce at its centre, driving the existence of these roles. The programmes delivered during the year under review align with each role. These include support access, crisis

response, health awareness blogs (mental health, cancer awareness, AIDS awareness, men's health), sports clubs, team building – a collaboration with Virgin Active and “feel good Friday” blogs.



Figure 32: Key Roles of EWP

EMPLOYMENT EQUITY

During this financial year, PRASA approved the Group EE Plan on 31 May 2024. PRASA took a deliberate and strategic action in aligning recruitment processes with employment equity targets as set out in the EE Plan, by attracting a suitably qualified and skilled workforce into its employment. PRASA has implemented an EE plan, setting out the affirmative action measures we intend to achieve through EE in the organisation. The table below illustrates the EE targets for 2024/2025 and actual performance.

EQUITY GROUP	TARGET 2024/25	ACTUAL
Race (AIC: all levels)	96.71%	97.77%
Gender (Female: all levels)	39.10%	38.61%
Race (AIC Managers)	94.01%	94.62%
Gender (Female: Management Level)	44.01%	41.85%
Persons with disabilities	1.02%	0.80%

Table 21: EE Figures

The organisation made substantial progress against the EE Plan with race equity (at all levels) at 97.77%, showing an increase of 0.82% compared to 96.95% in the previous FY. Females constitute 38.61% compared to 38.42% of the female workforce in the previous financial year, thus an increase of 0.19% representation of females at all levels was achieved. It should be noted that the target of female representation was not achieved, noting a shortfall of 0.49%. The percentage of females in management increased from 41.46% in the previous year to 41.85% (an increase of 0.39%). There was a decrease of 0.05% in the representation of Persons with disabilities (PWDs), i.e. 0.85% in the previous FY to 0.80% actual. PRASA must implement targeted recruitment strategies and disability campaigns to encourage voluntary disability disclosure from employees to improve the representation of PWDs within the workplace.

EMPLOYMENT EQUITY INITIATIVES

- + Regional EE Committees were established, and capacity-building workshops for the Western Cape and KwaZulu-Natal were conducted;
- + A Diversity Management Implementation Plan was developed;
- + Disability Disclosure Awareness Campaign was launched in November 2024 and sustained to the end of the financial year with 19 disability disclosures as a result of the campaign; and
- + Approval of EE, Disability, Diversity Management and Anti-harassment policies.

YOUTH REPRESENTATION

By the end of 2024/25, PRASA employed a total of 1 628 young people, i.e., those aged 35 and below. This represents a total percentage of 12.27% of the total staff complement. As part of its Diversity Management strategy, PRASA should attract young people into its employment.

EE-Youth												
DIVISION/BUSINESS UNIT	FEMALE					MALE					GRAND TOTAL	YOUTH %
	African	Coloured	Indian	White	Total	African	Coloured	Indian	White	Total		
Autopax	9	0	0	0	9	12	1	0	0	13	22	0.17%
Metrorail	321	33	4	2	360	965	44	13	3	1 025	1 385	10.43%
PRASA Head Office	38	1	0	0	39	28	1	0	0	29	68	0.51%
PRASA CRES	28	1	0	0	29	30	1	0	0	31	60	0.45%
PRASA Technical	13	0	0	0	13	10	0	0	0	10	23	0.17%
Shosholoz Meyl	17	0	0	0	17	52	1	0	0	53	70	0.53%
Grand Total	426	35	4	2	467	1 097	48	13	3	1 161	1 628	12.27%

Table 22: Youth Employment by Division/Business Unit

STAFF COMPLEMENT

There was an overall decline in PRASA's total headcount from 14 553 in April 2024 to 13 336 in March 2025, a reduction of 1 217 employees. Permanent employees decreased from 14 331 to 13 187 (8%), whilst Fixed Term Contract Workers fluctuated and ended at 149 (1.12%). The staff turnover rate was 9.4%.

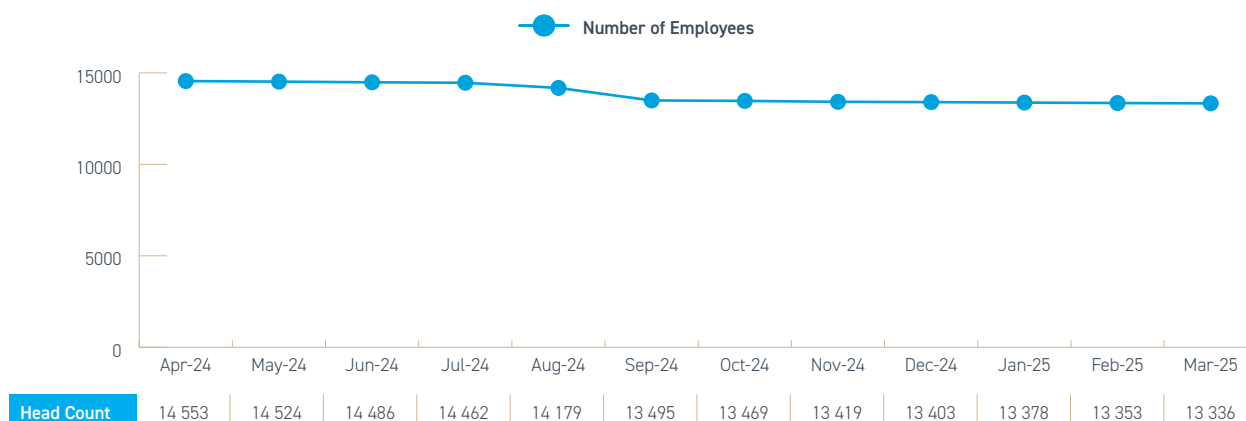


Figure 33: Employee Head Count

Recruitment was limited due to the focus on restructuring and implementing the Shared Services Model. Only critical and key positions were filled during the financial year to create capacity, provide stability and skills required for rebuilding the organisation.

Phase 2 of the Voluntary Severance Package (VSP) was reopened during the first and second quarters of the financial year. This became a major contributor to the reduction in the headcount as employees were opting for severance packages. The project was reintroduced as part of cost and resource optimisation, as PRASA is still in the rebuilding phase.

The organisation is committed to removing redundancies and duplication of efforts, resulting in a reduction in personnel costs, particularly through the approved Shared Services Model. Phase 3 of the VSP Project was also introduced in the last quarter – the effects of which will be seen in Q2 of 2025/26.

EMPLOYEE RELATIONS

GRIEVANCES

The table below provides statistics of grievances brought forward, new, closed and pending cases for the period 01 April 2024 to 31 March 2025.

BUSINESS UNIT/DIVISION	NUMBER OF CASES (BROUGHT FORWARD)	NEW	CLOSED	PENDING
Corporate	2	5	7	-
PRASA Rail	25	88	87	26
PRASA Technical	3	2	4	1
CRES/Intersite	1	12	13	-
Autopax	3	3	5	1
TOTAL	34	110	116	28

Table 23: Grievance Cases

A total of 34 grievance cases were brought forward during the year under review. These are cases that were carried over and unresolved from the previous year, 2023/24.

New grievances: a total of 110 new grievances were recorded in 2024/25 compared to 132 recorded in the previous year, reducing the number by 22 (17%).

Closed grievances: The number of closed grievances reduced to 116 in 2024/25 compared to 177 in the previous year. This is due to fewer cases recorded during the year under review.

Pending grievances: a total of 28 grievance cases remained unresolved in 2024/25 compared to 34 in the previous year, showing an improvement in the year under review.

INTERVENTION

HCM through ER trained 25 Managers in February 2025 through the Commission for Conciliation, Mediation and Arbitration (CCMA) as Chairpersons and Initiators. The next training for trained Chairpersons and Initiators will focus on equipping them with case management skills. The trained Chairpersons will also be able to preside and/or mediate grievances.

SUSPENSIONS

The table below provides statistics of suspensions brought forward, new, closed and pending cases for the period 01 April 2024 to 31 March 2025.

BUSINESS UNIT/DIVISION	NUMBER OF CASES (BROUGHT FORWARD)	NEW	CLOSED	PENDING
Corporate	8	2	7	3
PRASA Rail	7	65	59	13
PRASA Technical	-	6	6	-
CRES/Intersite	-	3	3	-
Autopax	1	8	9	-
TOTAL	16	84	84	16

Table 24: Suspensions

A total of 16 suspension cases were brought forward during the year under review. These are cases that were carried over and unresolved from the previous year, 2023/24.

New suspensions: a total of 84 new suspensions were recorded in 2024/25 compared to 76 in the previous year, increasing the number of new suspensions by 8 (10%).

Closed suspensions: A total of 84 suspensions were closed in 2024/25 compared to 98 closed in the previous year, reducing the number of closed cases by 14 (14%). The reduction in the

number of closed cases can be attributed to clause 10.2.2 of the Disciplinary Policy, wherein the circumstances of suspensions are considered and applied.

Pending suspensions: a total of 16 suspensions were pending at the end of 2024/25, similar to the previous financial year. These suspensions will be carried over to 2025/26 for closure.

DISCIPLINARY HEARINGS

The table below provides statistics on disciplinary matters brought forward, new, closed and pending cases for the period 1 April 2024 to 31 March 2024.

BUSINESS UNIT/DIVISION	NUMBER OF CASES (BROUGHT FORWARD)	NEW	CLOSED	PENDING
Corporate	5	5	8	2
PRASA Rail	43	197	212	28
PRASA Technical	2	5	7	-
CRES/Intersite	2	10	8	4
Autopax	1	10	11	-
TOTAL	53	227	246	34

Table 25: Disciplinary Cases

A total of 53 disciplinary cases were brought forward during the year under review. These are cases that were carried over and unresolved from the previous year, 2023/24.

New disciplinary cases: A total of 227 new disciplinary cases were recorded in 2024/25, compared to 268 cases in the previous year, resulting in a 41% reduction (15%).

Closed cases: A total of 246 disciplinary cases were closed in 2024/25 compared to 348 in the previous year, reducing the number of closed disciplinary cases by 102 (29%). The reduced number of closed disciplinary cases can be attributed to clause 3.10 of the Disciplinary Policies, where the employer entered into a discussion with the employee and/or the employee's representative and, by agreement, addresses the alleged misconduct. The outcome of such a discussion may have resulted in either verbal, written or final written warnings.

Pending disciplinary cases: a total of 34 disciplinary cases were pending at the end of 2024/25 compared to 55 in the previous year, reducing pending cases by 21(38%).

INTERVENTION

To minimise prolonged disciplinary hearings that are postponed due to the unavailability of Chairpersons and Initiators, ER trained 25 Managers in February 2025 through the CCMA as Chairpersons and Initiators. The next training for trained Chairpersons and Initiators will focus on equipping them with case management skills. The trained Chairpersons will also be able to preside in disciplinary hearings.

CCMA MATTERS

The table below provides statistics on CCMA matters brought forward, new, closed and pending cases for the period 01 April 2024 to 31 March 2024.

BUSINESS UNIT/DIVISION	NUMBER OF CASES (BROUGHT FORWARD)	NEW	CLOSED	PENDING
Corporate	12	8	12	8
PRASA Rail	40	57	53	44
PRASA Technical	2	4	4	2
CRES/Intersite	7	5	7	5
Autopax	14	13	3	24
TOTAL	75	87	79	83

Table 26: CCMA Cases

A total of 75 CCMA cases were brought forward during the year under review. These are cases that were carried over and unresolved from the previous year, 2023/24.

New CCMA cases: a total of 87 new disputes were declared at the CCMA in FY2024/25 compared to 90 in the previous year, reducing declared disputes by 3 (3%).

Closed CCMA cases: a total of 79 disputes were resolved at the end of 2024/25.

Pending CCMA cases: a total of 83 disputes were pending at the end of 2024/25 compared to 75 in the previous year, increasing pending cases by 8 (10%). This increase can be attributed to the CCMA not issuing setdown dates and more unfair dismissal disputes being declared at the CCMA.

LABOUR COURT CASES

The table below provides statistics on Labour Court matters brought forward, new, closed and pending cases for the period 1 April 2024 to 31 March 2024.

BUSINESS UNIT/DIVISION	NUMBER OF CASES (BROUGHT FORWARD)	NEW	CLOSED	PENDING
Corporate	15	1	4	12
PRASA Rail	34	6	11	29
PRASA Technical	4	-	2	2
CRES/Intersite	6	1	5	2
Autopax	4	-	-	4
TOTAL	63	8	22	49

Table 27: Labour Court Cases

A total of 63 Labour Court cases were brought forward during the year under review. These are cases that were carried over and unresolved from the previous year, 2023/24.

New Labour Court cases: 8 new disputes were declared at the Labour Court in 2024/25 compared to 17 in the previous year, reducing new Labour Court cases by 9 (52%).

Closed Labour Court cases: 22 Labour Court disputes were resolved in 2024/25 compared to 31 in the previous year, reducing the cases by 9 (29%). This is due to the majority of matters being archived in terms of Clause 16.1 of the Labour Court Practice Manual, resulting in minimal judgments being issued to resolve these cases.

Pending Labour Court cases: 49 pending Labour Court cases were pending at the end of 2024/25, compared to 63 in the previous year, reducing the number of pending cases by 14 (22%).

Active Labour Court matters remain higher than new and resolved cases, while new cases remain constant for the period 01 April 2024 to 31 March 2025. Labour Court matters are set down after more extended periods, and judgments are reserved and handed after 3 months from the set down date.

ADDRESSING GENDER BASED VIOLENCE AND FEMICIDE

The National Strategic Plan (NSP) on Gender Based Violence and Femicide (GBVF) was developed by a steering committee comprised of a variety of stakeholders and approved by Cabinet in March 2020. It provided a multi-sectoral strategic framework that aimed to eradicate GBVF in South Africa.

The NSP on GBVF is one of the deliverables of the Minister of Transport to the Office of the Presidency. As such, all entities under the DOT are required to formulate plans and strategies focused on tackling GBVF in their respective areas of operation and report accordingly.

PRASA developed a GBVF strategy in March 2022 when the project was officially handed to HCM. Despite the submission of many memos, and due to the financial constraints of the business at the time, funding for the GBVF project could not be allocated.

In the absence of funding, PRASA has continued to utilise available resources to provide consistent educational, awareness and other interventions around GBVF through all mediums available.

THE CURRENT GBVF PROGRAMME AT PRASA 2024/2025:

- + The PRASA EWP GBVF Strategy 2024/2025 was finalised and shared with the relevant stakeholders.

Monthly reporting on all GBVF-related interventions to the DOT. Interventions include:

- + Sharing GBVF-related education and awareness publications.
- + We continue to publish and share GBVF education and awareness material through Marketing and Comms to support our GBVF strategy.
- + Establishment of the PRASA Women's Forum and PRASA Men's Forum nationally in collaboration with EE to support and grow the PRASA GBVF Programme.
- + Continuous sharing of community access points with employees where victims of GBVF may seek assistance and support.
- + GBVF Toll Free Emergency Numbers and access points for assistance were continuously shared with employees during 2024/2025.
- + PRASA has realised the importance of partnering with other stakeholders with similar interests to achieve a common goal.

LEARNING AND DEVELOPMENT

A total of 4 508 Male and 3 232 Female employees of PRASA, amounting to a total of 7 740 employees in the 2024/25 financial year, were trained. The training offered primarily focused on core train operations and safety compliance, aiming to maintain PRASA Rail's operating license requirements, as per RSR and other applicable legislative compliance.

The above training numbers, compared to the overall target committed to training 2 614 employees in 2024/25, have been surpassed by over 200%. This, in essence, demonstrates our internal capability in training across the regions.

Amidst the financial constraints, the organisation maintained the funding of 127 employees with part-time bursaries. Notably, 7 out of 8 women in management who enrolled in a programme for women in leadership successfully completed the programme.

At a national level, 354 individuals were engaged as trainees, interns, integrated workplace learners and apprentices, with a representation of both employed and unemployed learners. Additionally, there are a total of 16 young members employed in a graduate internship programme during the year.

Significant efforts are being made to strengthen governance and facilitate adequate consultation with internal and external stakeholders. This is being achieved through the strengthening of the Skills Development Committee, which is being developed into a well-represented consultative forum. This forum will drive the achievement of the national transformation agenda. The first building block is the achievement of a B-BBEE scorecard, to enable access to the discretionary grant allocation from the Transport Education and Training Authority. Hence, the organisation has started on a positive trajectory in the achievement of the employment equity plan targets.

OUTLOOK

The focus for the 2025/26 FY will be on implementing the New Operating Model, continuing youth development plans (including internships, bursary payments, succession planning, training, and employee development), filling critical positions, and finalising outstanding employee relations matters. The following will also be the focus:

- + **Strategic Focus and Action Areas**
 - > Align EWP with the corporate strategy;
 - > Centralise support functions via shared services;
 - > Strengthen HCM governance and compliance; and
 - > Promote awareness and understanding of policies and procedures.
- + **Building a Resilient Workforce**
 - > Enhance awareness and visibility of the wellness programme;
 - > Develop and manage an integrated wellness service for PRASA;
 - > Finalise and implement the wellness contract;
 - > Ensure a holistic wellness approach (psychosocial, medical, physical); and
 - > Improve GBVF programme implementation and reporting.
- + **Vision for Employee Wellness**
 - > Deliver accessible, integrated, and effective wellness interventions;

- › Support organisational sustainability through health and wellness;
- › Address personal and work-related issues early to maintain productivity;
- › Ensure a safe, healthy work environment per legal standards;
- › Encourage personal responsibility for wellness; and
- › Maintain confidentiality and non-discrimination in wellness participation.

Monitor, evaluate, and benchmark wellness interventions for cost-effectiveness.

- + Employment Equity (EE);
- + Align the EE Plan with new sector targets from the Department of Employment and Labour;
- + Engage stakeholders, including labour unions, in setting targets and monitoring;
- + Submit EE reports as required by law;
- + Implement effective affirmative action to close gaps in recruitment, retention, and development; and
- + Roll out EE policies with training and awareness to foster diversity, inclusion, and fairness.

In addition, the focus will solely be on the full implementation of the revised PRASA Operating Model. This implies that across all PRASA divisions, there will be an organisational redesign to align with the MACRO structures and Operating Model. The focus will be on rationalising all microstructures to achieve complete resource optimisation and create further efficiencies and standardised practices within the PRASA Group. This includes Intersite as a subsidiary of PRASA. The envisaged outcome will be on the lean, efficient, effective and optimised structures across the group.

Efforts will be made to ensure that wage negotiations result in PRASA obtaining a multi-year agreement. Strengthening high organisational performance to drive a high organisational culture and attract and retain key critical skills will remain a key priority, as there is a slight decline in these skills due to natural attrition. The establishment and implementation of the Long-Distance Division with optimised resources as part of a cost-saving exercise to achieve employee and customer satisfaction. Lastly, good governance needs to be embedded across the PRASA Group.



REGULATIONS

REG



UP NEXT: **PART E** PFMA COMPLIANCE

PART E

PFMA COMPLIANCE

Irregular, Fruitless and Wasteful Expenditure

104

Procurement by Other Means

106

Contract Variations and Expansions

107

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

1. IRREGULAR EXPENDITURE AND FRUITLESS AND WASTEFUL EXPENDITURE

	2024/25	2023/24
DESCRIPTION	R'000	R'000
Irregular Expenditure - Current year	5,015,380	5,631,737
Fruitless and wasteful expenditure - Current year	18,839	109,957
Closing balance	5,034,219	5,741,694

2. IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

	2024/25	2023/24
DESCRIPTION	R'000	R'000
Opening balance	27,984,326	34,661,131
Prior Period Errors		
As Restated	27,984,326	34,661,131
Add: Irregular expenditure confirmed	5,015,380	5,631,737
Less: Irregular expenditure condoned/Written Off	-	-12,308,542
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	32,999,706	27,984,326

RECONCILING NOTES TO THE ANNUAL FINANCIAL STATEMENT DISCLOSURE

	2024/25	2023/24
DESCRIPTION	R'000	R'000
Irregular expenditure that was under assessment in 2023/2024	-	-
Irregular expenditure that relates to 2023/24 and was identified in 2024/25	63,287	-
Irregular expenditure for the current year	5,015,380	5,631,737
Total	5,078,667	5,631,737

b) Details of current and previous year's irregular expenditure (under assessment, determination, and investigation)

	2024/25	2023/24
DESCRIPTION	R'000	R'000
Irregular expenditure under assessment	35,827,529	
Irregular expenditure under determination	6,010,853	3,620,136
Irregular expenditure under investigation		
Total	41,838,382	3,620,136

Irregular Expenditure incurred prior to 2020/21 financial year was assessed. Irregular Expenditure amounting to R18 billion is under consideration by PRASA governance structures as per approved policies and procedures.

Where Irregular, Fruitless and Wasteful Expenditure has been identified, without a specific individual being found to be responsible based on investigations, the necessary condonation is being sought. In a number of instances, where no steps were taken towards consequence management, PRASA Management has started the process of ensuring these are undertaken in line with the National Treasury Framework on Irregular, Fruitless and Wasteful Expenditure.

c) Details of current and previous year's irregular expenditure condoned

	2024/25	2023/24
DESCRIPTION	R'000	R'000
Irregular expenditure removed	-	12,308,542
Irregular expenditure condoned	-	-
Total	-	12,308,542

d) Details of current and previous year irregular expenditure removed - (not condoned)

	2024/25	2023/24
DESCRIPTION	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

Additional disclosure relating to Inter-Institutional Arrangements

e) Details of current and previous year irregular expenditure recoverable

	2024/25	2023/24
DESCRIPTION	R'000	R'000
Irregular expenditure recovered	-	-
Total	-	-

f) Details of current and previous year irregular expenditure not recoverable and written off (irrecoverable)

	2024/25	2023/24
DESCRIPTION	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

PRASA is not involved in an inter-institutional arrangements

h) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken

In the 2024/25 financial year there were no disciplinary actions relating to irregular expenditure that occurred in the current year, as 80% of this year's irregular expenditure is a continuation of irregular from contracts declared as irregular in the previous financial years.

3. FRUITLESS AND WASTEFUL EXPENDITURE

a) Reconciliation of fruitless and wasteful expenditure

	2024/25	2023/24
DESCRIPTION	R'000	R'000
Opening balance	960,760	850,803
Prior Period Errors		
As Restated		
Add: Fruitless and wasteful expenditure confirmed	21,534	109,957
Less: Fruitless and wasteful expenditure written off	0	0
Less: Fruitless and wasteful expenditure recoverable	-2,695	-
Closing balance	979,599	960,760

RECONCILING NOTES

Reconciling notes to the annual financial statement disclosure

	2024/25	2023/24
DESCRIPTION	R'000	R'000
Fruitless and wasteful expenditure for the current year	18,839	109,957
Total	18,839	109,957

PROCUREMENT BY OTHER MEANS

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT (R'000)
TeamMate Audit Management System	Wolters Kluwer Tax & Accounting Southern Africa	Single Source	4600017622	R1,988,083.58
Complete the asset register devolution SAP Project	Zimele Technologies	Single Source	4600017273	R2,847,210.25
Assistance in completing the audit and findings	Altimax	Single Source	4600016861	R5,000,000
Appointment of a service provider for repairs and maintenance of rolling stock, diesel locomotives a PRASA Rail at Port Elizabeth in the Eastern Cape	Dartingo Trading CC	Emergency	N/A	R11,941,025
Driver accommodation	MNM Projects and Trading	Deviation	4600017358; 4600017357	R1,000,000
Ticket sales office	Donies Trading	Deviation	4600017449	R150,000
Upgrade of various connectivity services	Dimensions Data	Single Source	4600017410	R4,819,425.34
Document Management Solution	Faranani Doc Tech	Single Source	4600015179	R2,478,389.92
Provision for Corporate Governance and Board Training	IoDSA	Single Source	N/A	R63,345.45
Provision of Annual Software Licenses and Support of Geographical Information System (GIS) over a period of 3 years	ESRI South Africa	Sole Source	4600017411	R1,568,454.36
Acquire ITIX source code and secure necessary services for enhancement and support	Biddcom	Sole Source	4600015816	R15,612,032
Renewal of Manhattan licences and support	Equisystem	Single Source	4600016075	R1,441,327.20
Provision for Corporate Governance and Board Training	Institute of Directors South Africa	Single Source	N/A	R63,345.45
Comprehensive SAP Solution and Implementation Services	SAP (Pty) Ltd	Single Source	N/A	R103,500,000
SAP Application Stabilisation, Project Rehabilitation and Support Services for HCM Renewal Programme	Technolibra Solutions (Pty) Ltd	Single Source	4600017512	R123,653,550
SAP Project Stabilisation and Adoption Service for Real Estate and Land Use Management	Zimele ERP IT Services (PTY) LTD	Single Source	4600017511	R32,645,050
Single Source Mercedes Benz	Mercedes Benz	Single Source	N/A	R15,000,000
Rental of depot	South African Post Office LTD	Single Source	N/A	R3,746,568.72



CONTRACT VARIATIONS AND EXPANSIONS

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION/ VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATIONS (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION / VARIATION
				(R '000)	(R '000)	(R '000)
Document management software & license	Faranani Doctec (Pty) Ltd	Variation and Expansion	4600015179	R43,143,123	R0.00	R2,478,389.92
Provision of cleaning and horticultural services at Cape Town station for a period of 36 months.	Rassol Projects PTY LTD	Variation and Expansion	4600015209	R43,494,166.56	R1,107,611.92	R5,398,059.52
Provision of cleaning and horticultural services at Cape Town station for a period of 36 months.	Rassol Projects PTY LTD	Variation and Expansion	4600015209	R43,494,166.56	R0.00	R1,107,611.92
Consultant Sausville/Bosman Elektro (NGR)	Greenfield Resources (PTY) LTD	Expansion	4600015791	R289,674.00	R0.00	R0.00
Refurbishment of alter cluster 3 Maers (NGR)	SJ Global Construction (PTY) LTD	Expansion	4600015979	R5,260,363.35	R0.00	R0.00
Professional service for generators supply and installation consultant at Park Station.	Pec Utility Management (PTY) LTD	Expansion	4600016142	R5,184,197.83	R0.00	R0.00
Refurbishment of Delfos Station (NGR)	Ramashu Supply and Services CC	Expansion	4600016200	R5,310,628.70	R0.00	R429,232.00
Refurbishment of Delfos Station NGR	Ramashu Supply and Services CC	Expansion	4600016200	R5,310,628.70	R429,232.00	R0.00
Refurbishment of Rebecca Station NGR	Ramashu Supply and Services CC	Expansion	4600016201	R322,051.75	R91,794.00	R0.00
Refurbishment of Rebecca Station (NGR)	Ramashu Supply and Services CC	Expansion	4600016201	R322,051.75	R0.00	R0.00
Refurbishment of Langa Depot (WCR)	Bambana Management Services	Expansion	4600016413	R3,758,363.68	R0.00	R0.00
Belle Ombre Station HO	Lodemann Projects (PTY) LTD	Expansion	4600016518	R3,918,473.20	R0.00	R0.00
Durban Station Solar HO	Lodemann Projects (PTY) LTD	Expansion	4600016519	R3,918,473.20	R0.00	R0.00
Saltriver Station Solar HO	Lodemann Projects (PTY) LTD	Expansion	4600016520	R3,918,473.20	R0.00	R0.00
Umjantshi Building HO	Lodemann Projects (PTY) LTD	Expansion	4600016521	R3,918,473.20	R0.00	R0.00
Gauteng Nerve Centre Solar HO	Lodemann Projects (PTY) LTD	Expansion	4600016522	R3,918,473.20	R0.00	R0.00
Rezoning, subdivision & consolidation JPS	Kamohelo Land Management Consulting	Expansion	4600016581	R284,625.00	R0.00	R0.00
Refurbishment at Umbilo Station (KZN)	Motsewarona Umnotho JV	Expansion	4600016670	R4,120,736.96	R0.00	R0.00



PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION/ VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATIONS (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION / VARIATION
				(R '000)	(R '000)	(R '000)
Provision of EMU deep and semi-intensive cleaning at Wolmerton Staging Yard for a period of 9 months (NGR)	Caps M Trading and Projects	Expansion and Variation	4600016681	R3,918,050.00	R0.00	R0.00
Refurbishment at cluster 7 Zwelethu Station (KZN)	Motsewarona Umnotho JV	Expansion	4600016686	R4,884,378.17	R0.00	R0.00
Refurbishment at cluster 7 KwaMnyandu (KZN)	Motsewarona Umnotho JV	Expansion	4600016688	R8,718,490.90	R0.00	R0.00
Refurbishment at cluster 7 Re-Union station (KZN)	Motsewarona Umnotho JV	Expansion	4600016690	R5,150,143.23	R0.00	R0.00
Despatch Station	Kinex Power Projects	Expansion	4600016746	R4,985,000.00	R0.00	R0.00
Red House Station	Kinex Power Projects	Expansion	4600016747	R4,900,000.00	R0.00	R0.00
Red House Station	Kinex Power Projects	Expansion	4600016747	R4,900,000.00	R0.00	R0.00
Demist Station	Kinex Power Projects	Expansion	4600016748	R4,800,000.00	R0.00	R0.00
Demist Station	Kinex Power Projects	Expansion	4600016748	R4,800,000.00	R0.00	R0.00
Moses Mabhida Station	Viscaspan (PTY) LTD	Expansion	4600016752	R600,000.00	R0.00	R0.00
Rezoning and subdivision ERF 148638 Woodstock (WC)	Nkanivo Development Consultant	Expansion	4600016829	R530,000.00	R0.00	R0.00
Construction of various stations - Bellair	Uzamile Trading CC	Expansion	4600017004	R3,463,036.52	R0.00	R0.00
Construction of various stations - Seaview	Uzamile Trading CC	Expansion	4600017006	R3,925,462.61	R0.00	R160,425.00
Construction of various stations - Seaview	Uzamile Trading CC	Expansion	4600017006	R3,925,462.61	R0.00	R0.00
Professional Services-Leyds Street	Hi End Group (PTY) LTD	Expansion	4600017014	R4,887,112.50	R0.00	R0.00
Refurbishment of Building and Platform at Faure Station	Ronbus Trading and Projects	Expansion	4600017052	R4,175,822.96	R0.00	R336,115.00
Site and Platform Works at Fisantekral Station	Ronbus Trading and Projects	Expansion	4600017129	R2,187,138.07	R0.00	-R336,115.00
Refurbishment, alter and additions at Mdantsane Station	Urban Africa Works (PTY) LTD	Expansion	4600017173	R12,263,670.47	R0.00	R0.00
Refurbishment, alter and additions at Mdantsane Station	Urban Africa Works (PTY) LTD	Expansion	4600017173	R12,263,670.47	R0.00	R0.00
Refurbishment, alter and additions at Arnaldton Station	Uhlanga Trading Enterprise CC	Expansion	4600017177	R11,049,051.19	R0.00	R0.00
Refurbishment, alter and additions at Arnaldton Station	Uhlanga Trading Enterprise CC	Expansion	4600017177	R11,049,051.19	R0.00	R0.00
Refurbishment, alter and additions at Panmure	Uhlanga Trading Enterprise CC	Expansion	4600017178	R11,485,515.83	R0.00	R0.00
Refurbishment, alter and additions at Panmure Station	Uhlanga Trading Enterprise CC	Expansion	4600017178	R11,485,515.83	R0.00	R0.00
Refurbishment, alter and additions at Wilsonia Station	Uhlanga Trading Enterprise CC	Expansion	4600017179	R10,675,531.28	R0.00	R0.00
Refurbishment, alter and additions at Wilsonia Station	Uhlanga Trading Enterprise CC	Expansion	4600017179	R10,675,531.28	R0.00	R0.00
Refurbishment, alter and additions at Ruth Station	Max-Wezie Civil & Building Contr	Expansion	4600017181	R16,369,044.73	R0.00	R0.00



PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION/ VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATIONS (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION / VARIATION
				(R '000)	(R '000)	(R '000)
Construction of Station: Mosley Station	Nokwazisbu Hlompho JV	Expansion	4600017218	R4,129,318.80	R0.00	R0.00
Construction of Station: Mosley Station	Nokwazisbu Hlompho JV	Expansion	4600017218	R4,129,318.80	R0.00	R0.00
Construction of Station: Glenpark Station	Nokwazisbu Hlompho JV	Expansion	4600017219	R3,304,415.18	R0.00	R0.00
Construction of Station: Glenpark Station	Nokwazisbu Hlompho JV	Expansion	4600017219	R3,304,415.18	R0.00	R0.00
Construction of Station: Pinetown Station	Nokwazisbu Hlompho JV	Expansion	4600017220	R2,916,390.83	R0.00	R0.00
Construction of Station: Pinetown Station	Nokwazisbu Hlompho JV	Expansion	4600017220	R2,916,390.83	R0.00	R0.00
Construction of Station: Pinetown Protection	Nokwazisbu Hlompho JV	Expansion	4600017221	R447,405.20	R0.00	R0.00
Construction of Station: Pinetown Protection	Nokwazisbu Hlompho JV	Expansion	4600017221	R447,405.20	R0.00	R0.00
Construction of Station: Sarnia Station	Nokwazisbu Hlompho JV	Expansion	4600017222	R3,358,142.89	R0.00	R0.00
Construction of Station: Sarnia Station	Nokwazisbu Hlompho JV	Expansion	4600017222	R3,358,142.89	R0.00	R0.00
Refurbishment of PRASA Boardroom ECR	DV5 Projects (PTY) LTD	Expansion	4600017225	R4,807,737.82	R0.00	R0.00
Building Refurbishment in SGR	TSS3 Holdings CC	Expansion	4600017344	R3,855,993.92	R0.00	R0.00
Building Refurbishment in SGR	TSS3 Holdings CC	Expansion	4600017344	R3,855,993.92	R0.00	R0.00
Independent entity to verify and fencing consultant on 7 depots	BTKM	Expansion	4600010917	R16,301,755.49	R97,463,162	R0.00
Appointment of a multi-disciplinary services provider to render engineering professional services (stages 1 - 6) for the construction of fencing programme - Gauteng North Mabopane-line corridor.	Kitso Bothale	Expansion	4600015156	R52,334,095.66	R37,508,721.35	R43,290,498.79
The reinstatement of the OHTE network between Belville station and Eerste Rivier station on the Northern line in the Western Cape	DIPHATSE TRADING PROJECTS	Variation and Expansion	4600016584	R116,537,288.68	R13,613,849.77	R9,273,497.80
Appointment of a contractor for the reconstruction of the 3kv DC traction and AC distribution substation between Langlaagte train station and Maraisburg traction substation	MAZIYA GENERAL BAMBOO ROCK JV	Expansion	4600016636	R165,030,951	R0.00	R0.00
Appointment of a contractor for the reconstruction of the 3kv DC traction, and AC distribution substations between Lanwen train station and Randfontein yard	ML NKOSI YANDE JV	Expansion	4600016637	R193,392,657.32	R0.00	R0.00
Appointment of a contractor for the reconstruction of the 3KV DC traction, and AC distribution substations between Unified train station and Luipaardsvlei train station	KD BAULA PROJECTS & GUARANTEES	Expansion	4600016640	R186,656,214.75	R0.00	R0.00
Appointment of a contractor for the reinstatement of the 3KV DC OHTE network between Johannesburg and Randfontein stations	G2 NETGROUP	Expansion	4600016773	R265,087,796.05	R0.00	R0.00



PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION/ VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATIONS (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION / VARIATION
				(R '000)	(R '000)	(R '000)
Appointment of a contractor for the reinstatement of the 3KV DC OHTE network between Johannesburg and Randfontein stations	G2 NETGROUP	Expansion	4600016773	R265,087,796.05	R0.00	R0.00
Appointment of a contractor for the reinstatement of the 3kv DC OHTE network between NEW Canada and Residentia stations	NEWTINGS LEFATSHE	Expansion	4600016777	R348,696,592.20	R0.00	R0.00
Appointment of a contractor for the reinstatement of the 3kv overhead track equipment in the Germiston -Kwesine corridor for the Gauteng Region	G2 NETGROUP	Expansion	4600016816	R216,077,865.21	R0.00	R0.00
Rebuilding, supply, installation, testing and commissioning of 3kv dc traction and distribution equipment at substations along the Germiston and Kwesine corridor for the Metrorail Gauteng Region	NEWTINGS LEFATSHE JV	Expansion	4600016854	R114,001,252.81	R0.00	R0.00
Replacement and upgrade of Paarden Eiland KV DC traction substation in the Western Cape Region	WINDING TECHNOLOGIES	Expansion	4600017037	R129,580,435.91	R0.00	R0.00
Track Engineering Works Services to recover Central Line Corridor (Phase 2)	101653 Transnet SOC Ltd (RNC)	Expansion	4600017237	R177,536,548.18	R0.00	R0.00
Appointment of a contractor for the rebuilding, supply, installation, testing and commissioning of 3kv DC traction and distribution equipment at substations along the Dunswart - Springs corridor for Metrorail Gauteng Province	CROMICO BAMBOO ROCK JV	Expansion	4600017325	R213,468,223.97	R0.00	R0.00
Appointment of a contractor for the reconstruction of the 3kv DC traction, and ac distribution substations between Lanwen train station and Randfontein yard	ML NKOSI YANDE JV	Expansion	4600016637	R193,392,657.32	R0.00	R0.00
Appointment of a contractor for the reinstatement of the 3kv DC OHTE network between Johannesburg and Randfontein stations in Gauteng	G2 NETGROUP	Expansion	4600016773	R265,087,796.05	R0.00	R0.00



UP NEXT: PART F FINANCIAL INFORMATION

PART F

FINANCIAL INFORMATION

Report of the Auditor-General to Parliament on the Passenger Rail Agency of South Africa	114
Statement of the Audit & Risk Committee	124
Annual Financial Statements	127
Accounting Authority's Responsibilities and Approval	129
Statement of Financial Position	130
Statement of Financial Performance	131
Statement of Changes in Net Assets	132
Cash Flow Statement	133
Statement of Comparison of Budget and Actual Amounts	134
Significant Accounting Policies	136
Notes to the Consolidated Annual Financial Statements	166

REPORT OF THE

AUDITOR-GENERAL**TO PARLIAMENT ON THE PASSENGER RAIL AGENCY OF SOUTH AFRICA****OPINION**

1. I have audited the consolidated and separate financial statements of the Passenger Rail Agency of South Africa (PRASA) and its subsidiaries (the group) set out on pages 130 to 219, which comprise the consolidated and separate statement of financial position as at 31 March 2025, consolidated and separate statement of financial performance, statement of changes in net assets, the cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 31 March 2025 and the group's financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.
4. I am independent of the group 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 41 of the financial statements, which indicates that the entity reported an operating deficit of R8.338 billion (2023-24: R2.326 billion) and that recent budget cuts implemented across the broader government sphere have impacted PRASA and has resulted in a review of the rollout of its capital program. As stated in note 41, these events or conditions, along with the other matters as set forth in note 41, indicate that a material uncertainty exists that may cast significant doubt on the public entity's ability to continue as a going concern.

EMPHASIS OF MATTERS

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

MATERIAL LOSSES

9. As disclosed in note 10 to the financial statements, material losses of R 1,315 billion were incurred as a result of the write-off of property, plant and equipment.

MATERIAL IMPAIRMENT OF ROLLING STOCK

10. As disclosed in note 26 to the financial statements, property, plant and equipment to the value of R2,603 billion was impaired, mainly as a result of rolling stock that was overhauled as part of the General Overhaul program, not being in use.

RESTATEMENT OF CORRESPONDING FIGURES

11. As disclosed in note 38 to the financial statements, the corresponding figures for 31 March 2024 were restated

as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2025.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

12. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

14. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.
15. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located at page 120, forms part of my auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

16. 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 objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
17. I selected the following objectives presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected objectives that measures the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

OBJECTIVE	PAGE NUMBERS	PURPOSE
Delivering on excellent passenger service aligned to passenger needs resulting in 186 million passengers by 2026/27	62	To accelerate service recovery through infrastructure rebuild and recovery, optimising recovered lines and route rationalisation that result in patronage increase, with due regard for available operational funding. The objective includes the rebuild and recovery programme of rail lines
		To enhance and embed a culture of safety in the organisation, particularly operational safety, resulting in PRASA's ability to earn and maintain credibility with the Railway Safety Regulator and improve security operations to protect people and assets
		To address external stakeholders' needs through skills development and the creation of job opportunities in communities
Modernisation and investment in operational assets to enable passenger growth to 186 million passengers over MTEF	65	To modernise assets to enable future operations through fleet renewal and resignalling and other infrastructure programme renewals

18. I evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:
- › the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives;
 - › all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included;
 - › the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements;
 - › the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated;
 - › the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents;
 - › the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable; and
 - › there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets/measures taken to improve performance.
20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
21. I did not identify any material findings on the reported performance information for the selected objectives.

OTHER MATTER

22. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements.

24. The table that follows provides information on the achievement of planned targets and lists the key indicator that was not achieved as reported in the annual performance report. The reason for the underachievement of the target is included in the annual performance report on pages 63 to 64.

DELIVERING ON EXCELLENT PASSENGER SERVICE ALIGNED TO PASSENGER NEEDS RESULTING IN 186 MILLION PASSENGERS BY 2026/27

Targets achieved: 91%

KEY INDICATOR NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
Number of long distance passengers transported	267 224 passengers (November 2024 to March 2025)	259 540 passengers (November 2024 to March 2025)

MATERIAL MISSTATEMENTS

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for *Delivering on excellent passenger service aligned to passenger needs resulting in 186 million passengers by 2026/27*. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

REPORT ON COMPLIANCE WITH LEGISLATION

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
27. 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.
28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently

detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS

30. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of non-current assets, current liabilities and disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

EXPENDITURE MANAGEMENT

31. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 43 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with laws and regulations pertaining to procurement and contract management.
32. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 43 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by employee related costs for individuals that have been on suspension for unreasonably long periods.
33. Resources of PRASA were not utilised economically, as required by section 57(b) of the PFMA. This related to expenditure incurred on the General Overhaul program.

CONSEQUENCE MANAGEMENT

34. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.
35. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful

expenditure, as required by section 51 (1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

OTHER INFORMATION IN THE ANNUAL REPORT

36. The accounting authority is responsible for the other information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
37. My opinion on the consolidated and separate 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.
38. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
39. 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.
40. I have concluded that the particulars of irregular, fruitless and wasteful expenditure balances are materially misstated due to PRASA not having revisited the irregular, fruitless and wasteful expenditure balances to ensure the completeness thereof, in light of historical audit qualifications.

INTERNAL CONTROL DEFICIENCIES

41. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
42. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and the material findings on compliance with legislation included in this report.

43. Internal controls relating to cyber-security management and information technology (IT) systems, which ought to ensure the reliability of the systems and the availability, accuracy and protection of information, remained deficient. The controls in place were insufficient to effectively mitigate against the risks of potential irregularities and/or fraudulent activities being perpetrated in the IT environment. Additionally, the state of IT systems did not support the implementation of comprehensive automated preventative controls from a financial management perspective, which are considered essential in an environment with a large volume of transactions such as PRASA's. This necessitated the use of manual controls that, in turn, increased the risk of human error.
44. Leadership did not effectively address vacancies in senior management, as well as capacity constraints in terms of numbers and skills in critical units.
45. Management did not ensure that the internal control environment functioned effectively, resulting, among others, in material adjustments to the financial statements post submission for audit purposes. This internal control environment, which is meant to facilitate accurate financial reporting on an ongoing basis and compliance with laws and regulations, did not function as intended in certain instances.
46. Leadership did not exercise the requisite level of oversight responsibility regarding compliance with laws and regulations and demonstrated a slow response in addressing previously reported material non-compliance with laws and regulations.
47. There was lack of appropriate and timely consequence management by management and leadership upon detection of non-compliance with laws and regulations. Thus, officials were not effectively deterred from committing transgressions, which included the incurrance of irregular, fruitless and wasteful expenditure.

MATERIAL IRREGULARITIES

48. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

MATERIAL IRREGULARITY IDENTIFIED DURING THE AUDIT

49. The material irregularity identified is as follows:

UNDERUTILISATION OF THE NEW BLUE TRAINS

50. As part of the Rolling Stock Fleet Renewal Programme, PRASA appointed a service provider on 14 October 2013 and entered into a Manufacturing and Supply Agreement (MSA). Through the MSA, the service provider would supply 3 600 new Metro rail coaches (600 new train sets consisting of six coaches each) over a 10-year period that has since been extended to June 2031 due to delays. These train sets (electrical multiple units) are commonly referred to as the "new blue trains".
51. Payment for a new train is due on the date of provisional acceptance by PRASA. Final acceptance occurs on 10 000 consecutive kilometres or two months (whichever occurs last) of running the train in its final proposed configuration on the relevant network in passenger services, without any service affecting failures (fault-free running).
52. During the 2022-23 financial year, it was reported that the fleet of 146 new trains with a total cost price of R19,38 billion remained significantly underutilised. Subsequently, as part of the audit for the financial year ended 31 March 2024, the utilisation of 202 out of the total fleet of 208 trains (cumulatively received since inception of the contract) was analysed. The remaining six trains were accepted between 1 February 2024 and 31 March 2024 and were consequently purposefully excluded, as they were new. This analysis revealed the following pertinent facts:
 - › Seventeen trains with a value of R2,78 billion travelled zero kilometres during the year.
 - › Thirty-seven trains with a value of R6,88 billion travelled less than 300 kilometres during this year. This does not include the 17 trains that travelled zero kilometres.
 - › Seventeen trains with a value of R2,97 billion, provisionally accepted prior to the 2023-24 financial year, travelled less than 10 000 kilometres over the lifespan of the train. Thus, the train had not yet travelled the benchmarked kilometres of 10 000 for two months.

- › Thirty-three trains with a value of R7,09 billion, with provisional acceptance dates until the end of January 2024, had not yet travelled the 10 000 fault-free running kilometres.
- 53. Furthermore, based on the analysis, only 50 out of the 202 trains reached an average of 2 000 kilometres per month over their lifetime. Therefore, the fleet was not optimally utilised since inception of the contract.
- 54. PRASA remains responsible for the appropriate and optimal utilisation of the trains. The accounting authority did not comply with section 51(1)(c) of the PFMA as the utilisation of the new blue trains was not properly managed. The non-compliance had resulted in underutilisation of the new blue trains by 31 March 2024 and is likely to result in further misuse of the resource.
- 55. The accounting authority was notified of the material irregularity on 6 December 2024 and invited to make a written submission on the actions taken and that will be taken to address the matter. The response from the accounting authority with substantiating documentation was received on 14 February 2025.
- 56. Based on the response from the accounting authority and supporting evidence submitted, the key actions taken to address the material irregularity included the following:
 - › Implementation of the corridor recovery and rebuild program, leading to varying levels of service resumption on 34 of 42 service lines
 - › Completion of testing and commissioning of signalling and telecommunications on eight lines
 - › Formal notification, in December 2024, of the service provider on the reduction requirements to produce only 24 trains sets from January 2026, based on capital budget reductions.
- 57. The planned actions to further address the material irregularity include the following:
 - › Service resumption on one additional service line by 31 March 2025
 - › The recovery of the remaining two corridors in KwaZulu-Natal and five corridors in Gauteng between the financial years 2026-27 and 2028-29, is dependent on budget availability and engagements with the national freight rail operator, as some of these corridors remain under the ownership of this entity.

- › Testing and commissioning of signalling and telecommunications on one additional line by 31 March 2025 and three additional lines annually, for the ensuing three financial years
 - › Continued engagement with the service provider on production reduction of new trains and implementation of initiatives to address capital budget constraints
 - › The development of a revised and comprehensive depot modernisation programme implementation plan that provides a comprehensive approach, including interim and makeshift facilities as urgent and emergency interventions, as well as overall new future depots accommodating the needs of new rolling stock.
- 58. Based on the response and supporting evidence provided, I concluded that appropriate actions are being taken to address the material irregularity and informed the accounting authority of the determination on 26 February 2025.
- 59. A status update report was received on 19 July 2025, indicative of progress as follows:
 - › Services did resume on one additional service line by 31 March 2025
 - › Testing and commissioning of signalling and telecommunications was completed on one additional line by 31 March 2025.
- 60. Through a further follow up, I received confirmation that, on 21 July 2025, the service provider submitted written correspondence to PRASA, requesting further discussions pertaining to the proposed reduction in train deliveries. The status remained the same at the date of this report.
- 61. I considered the representations made and the substantiating documents provided and have concluded that appropriate actions are being taken to address the material irregularity. I will follow up the implementation of the planned actions during my next audit.

STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITY

SUSPECTED FRAUD RELATING TO “GHOST” EMPLOYEES

- 62. During the audit of the financial year ended 31 March 2021, data analytics and subsequent substantive

procedures were performed on PRASA's employee database and employee-related costs. Exceptions were identified, which were potentially indicative of fictitious ("ghost") employees. At the time, PRASA responded to indicate that the entity was in the process of physically verifying all employees on the payroll as part of Project Ziveze (show yourself).

63. My audit for the financial year ended 31 March 2022 included further audit procedures to address the risk of potential "ghost" employees, also taking into consideration that, at the time, the ongoing Project Ziveze indicated that several officials on the PRASA employee database could not be physically verified. Due to PRASA's inability to provide critical documentation and the fact that the officials in question could not be physically verified as their employment was terminated during the 2021-22 financial year, there was a reasonable possibility of misrepresentation, resulting in suspected fraud that warrants further investigation. The suspected fraud is likely to result in a material financial loss for PRASA, due to suspected payments made to fictitious ("ghost") employees for no value in return.
64. The accounting authority was notified of the material irregularity on 9 July 2023 and invited to make a written submission on the actions taken and that will be taken to address the material irregularity. The accounting authority initially responded on 18 August 2023 and then provided the last additional information on 8 September 2023, detailing the actions already taken and the planned actions to address the material irregularity.
65. Based on the assessment of the written response and supporting evidence submitted, I concluded that appropriate actions were being taken to address the material irregularity, since these actions were still in progress.
66. Follow up letters were sent on 19 February 2024 and 19 July 2024, respectively, wherein I requested information on the progress being made in addressing the material irregularity. The responses and supporting evidence were submitted by the accounting authority on 2 March 2024 and 31 July 2024, respectively, detailing the actions already taken and the planned actions to address the material irregularity.

67. The accounting authority communicated and provided evidence that the following progress has been made to resolve the material irregularity:

- Preliminary internal investigations were completed in May 2023, which prompted the need for an independent forensic investigation. To that effect, on 17 May 2023, an independent company was appointed to probe human capital management (HCM) processes and systems.
- Furthermore, PRASA requested the Special Investigating Unit (SIU) to investigate the matter, and the presidential proclamation was gazetted on 16 February 2024 (Proclamation 153 of 2024), as published in Government Gazette 50129. The scope of this investigation will address irregularities stemming from misrepresentation by officials and the identification of any financial losses suffered related thereto. The investigation is also aimed at identifying officials who caused any financial losses and recovering these losses, if applicable.
- PRASA's HCM department has enhanced processes around the on and off boarding of employees. Standardised forms were introduced as an internal control. Integrity assessments (vetting) were made compulsory per internal policy prior to any appointment being made. Monthly payroll verification prior to payment commenced in the 2024-25 financial year.

68. I determined that the accounting authority was not taking appropriate action to resolve the material irregularity. This was communicated to the accounting authority on 14 August 2024.

69. Subsequently, on 16 September 2024, the independent forensic investigation report on HCM processes and systems was received. This report confirmed the continued presence of significant internal control deficiencies in the HCM environment. Consequently, on 21 October 2024, the accounting authority was informed that my determination remained unchanged as appropriate action was not being taken to resolve the material irregularity.

70. On 21 February 2025, the accounting authority provided an update on the status of implementation of corrective action in relation to the internal control deficiencies

in the HCM environment. This submission did not alter my earlier determination, as the internal control deficiencies have not been fully addressed. I will monitor the implementation of the remaining internal controls and the impact thereof during the normal audit process.

71. The suspected fraud is currently under investigation by the SIU. I have decided not to pursue the matter any further under the material irregularity process, as the SIU will take the appropriate actions within their mandate, powers and functions on finalisation of the investigation. I will monitor the progress on this investigation as part of the normal audit process.

OTHER REPORTS

72. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.
73. The Directorate for Priority Crime Investigation (also known as the Hawks) is investigating cases reported by PRASA in terms of the Prevention and Combating of Corrupt Activities Act 12 of 2004. The investigation has been ongoing since 2016 and has not been finalised.
74. The SIU, under proclamation no. R51 of 2019, is investigating the alleged serious maladministration, improper and unlawful conduct by PRASA officials and unlawful appropriation or expenditure of public money or property, which took place between 1 January 2010 and the date of the proclamation, 30 August 2019. This ongoing investigation is probing the procurement of various services and/or goods as articulated in the proclamation.
75. The SIU, under proclamation no. 153 of 2024, is investigating the alleged serious maladministration, improper and unlawful conduct by PRASA officials and unlawful appropriation or expenditure of public money or property, which took place between 1 January 2010 and the date of the proclamation, 16 February 2024, or after the proclamation date, should it pertain to events that are relevant to the matters being probed. In addition to the investigation of "ghost" employees, the investigation is focused on the award of a tender

for the supply of various train locomotives to Swifambo Rail Leasing (Pty) Limited, the award of a tender for the supply and maintenance of an integrated security access management system at various train stations to Siyangena Technologies (Pty) Limited and alleged serious maladministration in connection with fraudulent liability claims.

76. A number of investigations were conducted and concluded by independent forensic companies during the year under review and management is in the process of implementing the recommendations made. The investigations are as follows:

- › An investigation into certain payments made prior to 31 March 2023 that probed the processing of payments, security risks around the lack of encryption of files, incorrect payments to service providers and potential fraud, was finalised and the report issued on 4 September 2024.
- › An investigation into supply chain management, including delays in the procurement value chain, potential syndication, multiple irregular appointments due to flawed processes, multiple non-awards and potential collusion, covering the period 2020-21 to 2022-23, was concluded and the report issued on 4 September 2024.
- › The investigation into fleet management for the financial years 2020-21 to 2022-23 was completed and the report issued on 7 November 2024.
- › An investigation into allegations relating to the mismanagement of the ongoing General Overhaul Program was finalised and the report issued on 4 February 2025.

Auditor-General

Pretoria

25 September 2025



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- + The auditor-general's responsibility for the audit; and
- + The selected legislative requirements for compliance testing.

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- + identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- + obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- + evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made;
- + conclude on the appropriateness of the use of the going concern basis of accounting in the preparation

of the consolidated and separate financial statements.

I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity and its subsidiaries 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 consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate 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 an entity to cease operating as a going concern;

- + evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- + plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999	Section 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); Section 51(1)(b)(ii); 51(1)(e)(iii); 52(b); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56; 57(b); 57(d); 66(3)(b)
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; Regulation 29.2.2; 29.3.1; 31.1.2(c); 31.2.5; Regulation 31.2.7(a); 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); Section 45(4); 46(1)(a); 46(1)(b); 46(1)(c); Section 112(2)(a); 129(7)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Regulation 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Regulation 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Regulation 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

STATEMENT OF THE

AUDIT & RISK COMMITTEE

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

AUDIT COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a) (ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit and Risk Committee also reports that it has adopted appropriate formal Terms of Reference, as its Audit and Risk Committee charter regulates its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices. The Committee reports that it regulated its affairs in compliance with the adopted Audit and Risk Committee Terms of Reference and has discharged its responsibilities in the environment. The following will continue to receive focused attention in compliance with the Terms of Reference. In the conduct of its duties, the Committee had inter alia performed the following activities.

COMPLIANCE

According to governance, all minutes are approved and signed. The committee noted certain areas of non-compliance with legislative and regulatory requirements relating to procurement.

CORPORATE GOVERNANCE

During the financial year under review, the committee did not raise any issue of non-compliance with applicable corporate governance principles. Risk Management According to its terms of reference, the committee assessed the enterprise-wide risk management processes and was thus satisfied with their adequacy.

THE EFFECTIVENESS OF INTERNAL CONTROLS

Our review of the internal audit findings, based on PRASA's risk assessments, identified certain weaknesses that were subsequently raised with the entity.

The following internal audit work was completed during the year under review:

- + **Regulatory Compliance:** In line with National Treasury Regulation 27.2.7 (PFMA), the internal audit prepared a rolling three-year plan and a detailed Annual Plan, which the Audit and Risk Committee approved. Progress against the plan was reported quarterly to the ARC.
- + **Audit Coverage and Delivery:** The approved plan identified 42 auditable areas across different Divisions. In total, 52 audits were conducted, which included ad hoc reviews.
- + **Quality Improvement Programme:** Continued quality assurance reviews with satisfactory ratings.
- + **Performance and Perception:** Annual performance feedback through a survey confirmed that the Group Internal Audit is a credible and value-adding function that is essential to governance, risk management, and internal control.

The following were areas of concern:

The internal audit outcomes reveal that PRASA is continuing its trajectory of improving performance and service delivery, as evidenced by the previous financial year, 2023/24. The achievement against pre-determined objectives for 2024/25 reached 93%. However, despite these commendable strides, systemic concerns remain, particularly in the areas of financial controls, supply chain management, and consequence management within PRASA. Internal control deficiencies were also identified in the following areas: Insurance, Train Operations, Fare Revenue, Facilities Management, Security Management, Maintenance of Electrical and Rolling Stock, Travel Management, Operational Technology, and ICT.

IN-YEAR MANAGEMENT AND QUARTERLY REPORTS

PRASA has been reporting quarterly to the Executive Authority and the National Treasury, as required by the PFMA.

EVALUATION OF FINANCIAL STATEMENTS

We have reviewed the annual financial statements prepared by the Passenger Rail Agency of South Africa.

AUDITOR'S REPORT

The Audit and Risk Committee widely welcomes and celebrates the improvement in AGSA's Unqualified audit opinion on PRASA's Annual Financial Statements and Annual Performance Report. This follows 4 years of Disclaimer of Audit Opinion (2019-2022) and 2 years of Qualified Audit opinion (2023-2024). The improvement provides the Audit and Risk Committee with confidence that the remaining matters raised can be resolved in the short term. We have reviewed PRASA's implementation plan for audit issues raised in the prior year, and we are satisfied that the matters have been adequately resolved except for the following:

1. The SAP asset register is not being updated in a timely manner (although assets are ultimately brought into the register), and a manual reconciliation had to be performed to agree it with the figures presented in the annual financial statements. Several journal adjustments were made to ensure the fair presentation of property, plant, and equipment. In the current year, this resulted in completed projects being disclosed as delayed projects under construction. This remains a significant internal control deficiency that needs to be addressed to ensure proper and comprehensive asset management and prevent material misstatements in the future. The significant internal control deficiencies identified in the past have been mostly implemented, with the remaining outstanding matter being the automation of these controls on SAP. PRASA has been partly relying on manual processes to ensure the presentation of financial statements that are free from material misstatement.
2. Ineffective implementation and monitoring of standardised processes pertaining to the payment of expenses (daily and monthly processing and reconciling of transactions), resulting in late payments of creditors, prompting penalty and interest charges, as well as exposing the entity to financial losses as a result of fraudulent acts.

3. Slow progress, in certain instances, to conclude disciplinary proceedings against employees on suspension.
4. Inadequate consequence management against officials who cause the incurrence of fruitless and wasteful expenditure. While some progress has been noted in this area, multiple instances of fruitless and wasteful expenditure remain to be investigated
5. Lack of appropriate diligence from officials/committees involved in the SCM process, from the bid evaluation stage until award, to ensure that bids are evaluated exactly in accordance with the bid specifications to avoid unfair and uncompetitive processes.
6. The SCM unit is understaffed with insufficient capacity in terms of numbers and skills to handle the volume of procurement in an entity the size of Prasa. The Head of SCM position remains vacant and is occupied by an acting incumbent.

The Audit & Risk 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 should be accepted and read together with the report of the Auditor-General.



MS NDIDIWANGANI MPYE

Chairperson of the Audit & Risk Committee

Passenger Rail Agency of South Africa

Date: 25 September 2025

ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Legal form of entity	Schedule 3B National Government Business Enterprise
Nature of business and principal activities	PRASA is a Schedule 3B National Government Business Enterprise reporting to the Minister of Transport. It derives its mandate from the Legal Succession to the South African Transport Services Act (1989), as amended. PRASA's main objective and business is to ensure, in consultation with the Department of Transport, that rail commuter services, and long haul passenger rail and bus services, are provided within, to and from South Africa in the public interest. This objective is set out in terms of the principles in section 4 of the National Land Transport Act (2009).
Registered office	Umjantshi House 30 Wolmarans Street Braamfontein 2157
Controlling entity	Passenger Rail Agency of South Africa
Economic entity	Passenger Rail Agency of South Africa

INDEX

The reports and statements set out below comprise the consolidated annual financial statements presented to the parliament:

	Page
Accounting Authority's Responsibilities and Approval	129
Statement of Financial Position	130
Statement of Financial Performance	131
Statement of Changes in Net Assets	132
Cash Flow Statement	133
Statement of Comparison of Budget and Actual Amounts	134
Significant Accounting Policies	136
Notes to the Consolidated Annual Financial Statements	166

Abbreviations used:

ACEO	Acting Chief Executive Officer
ACIO	Acting Chief Information Officer
ACPO	Acting Chief Procurement Officer
AGCEO	Acting Group Chief Executive Officer
AGCFO	Acting Group Chief Financial Officer
AGHCM	Acting Group Human Capital Manager
AMKT	Actual Monthly Kilometres Travelled
CAE	Chief Audit Executive
CC	Closed Corporation
CIO	Chief Information Officer
CPI	Consumer Price Index
EU	European Union
FIF	Foreign Indexation Formula
FK	Forecasted Kilometres
GCFO	Group Chief Financial Officer
GCHCO	Group Chief Human Capital Officer
IBNR	Incurred But Not Reported
IE	Independent Expert
IT	Information Technology
KpM	Kilometres per Month
LCI	Labour Cost Index (salaries)
LIF	Local Indexation Formula
PKpYpT	Forecasted Kilometres per Year per Train
PPE	Property, Plant and Equipment
PpK	Price per Kilometre
PpM	Price per Month
SCA	Supreme Court of Appeal
SRL	Swifambo Rail Leasing
TSSSA	Technical Support and Spare Supply Agreement

ACCOUNTING AUTHORITY'S

RESPONSIBILITIES AND APPROVAL

The Board is required by the Public Finance Management Act (Act 1 of 1999) to maintain adequate accounting records and is responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is the responsibility of the Board to ensure that the consolidated annual financial statements fairly present the state of affairs of the economic entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements and were given unrestricted access to all financial records and related data.

The consolidated 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.

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

The Board acknowledge that they are ultimately responsible for the system of internal financial control established by the economic entity and places considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the economic entity, and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that, in all

reasonable circumstances, is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board 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 consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

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

The consolidated annual financial statements set out on pages 130 – 219, which have been prepared on the going concern basis, were approved by the Board on 31 July 2025 and were signed on its behalf by:



Chairperson of the Board

NOSIZWE NOKWE-MACAMO

Passenger Rail Agency of South Africa

Date: 25 September 2025



STATEMENT OF

FINANCIAL POSITION

as at 31 March 2025

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*
Assets					
Current Assets					
Inventories	3	446,529	475,634	446,529	462,871
Loans to controlled entities	4	-	-	-	
Receivables from exchange transactions	5	1,402,724	1,785,838	1,801,751	1,881,696
VAT receivable	6	34,979	67,607	35,101	60,662
Prepayments	7	894,217	894,564	894,217	891,961
Cash and cash equivalents	8	4,779,732	12,584,758	4,716,765	12,563,638
		7,558,181	15,808,401	7,894,363	15,860,828
Non-Current Assets					
Prepayments	7	3,941,915	4,850,681	3,941,915	4,850,681
Investment property	9	4,721,376	4,545,196	4,624,076	4,452,296
Property, plant and equipment	10	75,433,245	62,664,689	75,433,245	62,626,477
Intangible assets	11	284,006	327,642	284,006	327,642
Operating lease asset	12	3,641,433	2,341,052	3,636,710	2,338,880
Other financial assets at amortised cost	13	38,390	21,927	-	-
Other financial assets at fair value	14	285,600	285,893	-	-
		88,345,965	75,037,080	87,919,952	74,595,976
Non-Current Assets		88,345,965	75,037,080	87,919,952	74,595,976
Current Assets		7,558,181	15,808,401	7,894,363	15,860,828
Total Assets		95,904,146	90,845,481	95,814,315	90,456,804
Liabilities					
Current Liabilities					
Payables from exchange transactions	15	8,950,248	8,072,992	8,950,163	7,833,992
Employee benefit obligation	16	535	599	535	599
Provisions	17	726,447	662,532	726,447	650,828
		9,677,230	8,736,123	9,677,145	8,485,419
Non-current Liabilities					
Operating lease liability	12	2,279,860	177,071	279,860	1,177,071
Employee benefit obligation	16	3,394	3,671	3,394	3,470
Provisions	17	670,787	769,303	670,787	769,303
		2,954,041	1,950,045	2,954,041	1,949,844
Non-Current Liabilities		2,954,041	1,950,045	2,954,041	1,949,844
Current Liabilities		9,677,230	8,736,123	9,677,145	8,485,419
Total Liabilities		12,631,271	10,686,168	12,631,186	10,435,263
Assets		95,904,146	90,845,481	95,814,315	90,456,804
Liabilities		(12,631,271)	(10,686,168)	(12,631,186)	(10,435,263)
Net Assets		83,272,875	80,159,313	83,183,129	80,021,541
Share capital	18	4,248,258	4,248,258	4,248,258	4,248,258
Accumulated surplus		79,024,617	75,911,055	78,934,871	75,773,283
Total Net Assets		83,272,875	80,159,313	83,183,129	80,021,541

* See Note 38

STATEMENT OF

FINANCIAL PERFORMANCE

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*
Revenue					
Revenue from exchange transactions					
Fare revenue		658,718	523,211	570,144	257,106
Operating leases	19	769,533	696,521	760,351	706,183
Recoveries		556,863	437,525	(201)	437,525
Other income		123,980	274,371	97,594	251,882
Investment income	20	826,445	1,549,484	821,216	1,546,833
Gain on foreign exchange		173,387	60,156	173,387	60,156
Fair value adjustments	21	212,080	36,524	227,040	40,187
Actuarial gains	16	178	570	178	552
Total revenue from exchange transactions		3,321,184	3,578,362	2,649,709	3,300,424
Revenue from non-exchange transactions					
Transfer revenue					
Government subsidy	22	19,354,021	20,451,826	19,315,631	20,355,183
		3,321,184	3,578,362	2,649,709	3,300,424
		19,354,021	20,451,826	19,315,631	20,355,183
Total revenue	23	22,675,205	24,030,188	21,965,340	23,655,607
Expenditure					
Employee-related costs	24	(6,333,808)	(6,616,802)	6,289,932)	(6,447,754)
Depreciation and amortisation	25	(3,021,580)	(2,119,832)	(3,020,097)	(2,110,805)
Impairment loss	26	(2,603,050)	125,517	(2,603,050)	22,327
Finance costs	27	(52,304)	(7,520)	(52,091)	(6,879)
Write-off of assets		(1,352,044)	(49,250)	(1,352,044)	(48,290)
Repairs and maintenance		(1,260,172)	(1,115,544)	(1,246,203)	(1,079,170)
General expenses	28	(4,938,682)	(3,781,212)	(4,259,490)	(3,471,839)
Total expenditure		(19,561,640)	(13,564,643)	(18,822,907)	(13,142,410)
Total revenue		22,675,205	24,030,188	21,965,340	23,655,607
Total expenditure		(19,561,640)	(13,564,643)	(18,822,907)	(13,142,410)
Operating surplus/deficit		-	-	-	-
Surplus before taxation		3,113,565	10,465,545	3,142,433	10,513,197
Taxation		-	-	-	-
Surplus for the year		3,113,565	10,465,545	3,142,433	10,513,197
Attributable to:					
Surplus (deficit) from operational activities		(8,463,979)	(2,497,764)	(8,338,468)	(2,326,469)
Capital grant received ringfenced for infrastructure		11,577,544	12,963,309	11,480,901	12,839,666
		3,113,565	10,465,545	3,142,433	10,513,197

* See Note 38

STATEMENT OF

CHANGES IN NET ASSETS

Figures in Rand thousand

	SHARE CAPITAL	ACCUMULATED SURPLUS/ DEFICIT	TOTAL NET ASSETS
ECONOMIC ENTITY			
Balance at 01 April 2023	4,248,258	65,445,510	69,693,768
Changes in net assets			
Surplus for the year	-	10,465,545	10,465,545
Total changes	-	10,465,545	10,465,545
Restated* Balance at 01 April 2024	4,248,258	75,911,052	80,159,310
Changes in net assets			
Surplus for the year	-	3,113,565	3 113,565
Total changes	-	3,113,565	3,113,565
Balance at 31 March 2025	4,248,258	79,024,617	83,272,875
Note(s)	18		
CONTROLLING ENTITY			
Balance at 01 April 2023	4,248,258	65,260,086	69,508,344
Changes in net assets			
Surplus for the year	-	10,513,197	10,513,197
Total changes	-	10,513,197	10,513,197
Restated* Balance at 01 April 2024	4,248,258	75,773,283	80,021,541
Changes in net assets			
Surplus for the year	-	3,142,433	3,142,433
Net asset of transfer of function	-	19,155	19,155
Total changes	-	3,161,588	3,161,588
Balance at 31 March 2025	4,248,258	78,934,871	83,183,129
Note(s)	18		

See note 39 for details on the transfer of function.

* See Note 38

CASH FLOW STATEMENT

	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
Figures in Rand thousand			Restated*		Restated*
Cash flows from operating activities					
Receipts					
Sale of goods and services		2,423,791	1,076,434	1,441,908	819,783
Grants		19,354,021	20,451,827	19,315,630	20,355,183
Investment income		826,445	1,549,484	821,216	1,546,833
		22,604,257	23,077,745	21,578,754	22,721,799
Payments					
Employee costs		(6,237,116)	(6,331,954)	(6,193,241)	(6,162,906)
Suppliers		(7,339,006)	(7,657,793)	(6,419,451)	(7,404,624)
Finance costs		(51,840)	(7,048)	(51,627)	(6,428)
		(13,627,962)	(13,996,795)	(12,664,319)	(13,573,958)
Total receipts		22,604,257	23,077,745	21,578,754	22,721,799
Total payments		(13,627,962)	(13,996,795)	(12,664,319)	(13,573,958)
Net cash flows from operating activities	29	8,976,295	9,080,950	8,914,435	9,147,841
Cash flows from investing activities					
PPE - Additions	10	(16,558,936)	(19,224,007)	(16,598,269)	(19,224,246)
PPE - Proceeds from sale of PPE	10	-	11,848	-	9,339
Investment property - Additions	9	(140,615)	(400,469)	(140,616)	(180,144)
Intangibles - Additions	11	(46,179)	(93,304)	(46,180)	(93,304)
Purchase of other financial assets at amortised cost		(16,462)	143,806	-	-
Purchase of other financial assets at fair value		(19,129)	-	-	-
Increase in loans to controlled entities		-	-	-	(104,330)
Proceeds from purchase of Autopax		-	-	23,758	-
Net cash flows from investing activities		(16,781,321)	(19,562,126)	(16,761,307)	(19,592,685)
Net increase/(decrease) in cash and cash equivalents		(7,805,026)	(10,481,176)	(7,846,872)	(10,444,844)
Cash and cash equivalents at the beginning of the year		12,584,758	23,065,935	12,563,638	23,008,485
Cash and cash equivalents at the end of the year	8	4,779,732	12,584,759	4,716,766	12,563,641

* See Note 38

STATEMENT OF

COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

FIGURES IN RAND THOUSAND	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL AMOUNTS ON COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL	REFERENCE
ECONOMIC ENTITY						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Fare revenue	1,011,078	-	1,011,078	658,718	(352,360)	44
Operating leases	849,761	-	849,761	769,533	(80,228)	44
Recoveries	-	-	-	556,863	556,863	44
Other income	89,657	-	89,657	123,980	34,323	
Investment income	1,032,897	-	1,032,897	826,445	(206,452)	44
Total revenue from exchange transactions	2,983,393	-	2,983,393	2,935,539	(47,854)	
Revenue from nonexchange transactions						
Transfer revenue						
Government subsidy	19,354,021	-	19,354,021	19,354,021	-	
'Total revenue from exchange transactions'	2,983,393	-	2,983,393	2,935,539	(47,854)	
'Total revenue from non-exchange transactions'	19,354,021	-	19,354,021	19,354,021	-	
Total revenue	22,337,414	-	22,337,414	22,289,560	(47,854)	
Expenditure						
Employee related cost	(5,459,319)	-	(5,459,319)	(6,333,808)	(874,489)	44
Depreciation and amortisation	(2,080,819)	-	(2,080,819)	(3,021,580)	(940,761)	44
Impairment loss	-	-	-	(2,603,050)	(2,603,050)	44
Finance costs	-	-	-	(52,304)	(52,304)	
Repairs and maintenance	(1,110,263)	-	(1,110,263)	(1,260,172)	(149,909)	44
General Expenses	(5,513,663)	-	(5,513,663)	(4,938,682)	574,981	44
Total expenditure	(14,164,064)	-	(14,164,064)	(18,209,596)	(4,045,532)	
	22,337,414	-	22,337,414	22,289,560	(47,854)	
	(14,164,064)	-	(14,164,064)	(18,209,596)	(4,045,532)	
Operating surplus	8,173,350	-	8,173,350	4,079,964	(4,093,386)	
Write off of assets	-	-	-	(1,352,044)	(1,352,044)	44
Gain on foreign exchange	-	-	-	173,387	173,387	44
Fair value adjustments	-	-	-	212,080	212,080	44
Actuarial gains/losses	-	-	-	178	178	
	-	-	-	(966,399)	(966,399)	
	8,173,350	-	8,173,350	4,079,964	(4,093,386)	
	-	-	-	(966,399)	(966,399)	
Surplus before taxation	8,173,350	-	8,173,350	3,113,565	(5,059,785)	
Deficit before taxation	8,173,350	-	8,173,350	3,113,565	(5,059,785)	
Taxation	-	-	-	-	-	
Actual amount on comparable basis as presented in the Budget and Actual Comparative Statement	8,173,350	-	8,173,350	3,113,565	(5,059,785)	

STATEMENT OF

COMPARISON OF BUDGET AND
ACTUAL AMOUNTS CONTINUED

Budget on Accrual Basis

FIGURES IN RAND THOUSAND	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL AMOUNTS ON COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL	REFERENCE
CONTROLLING ENTITY						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Fare revenue	859,320	-	859,320	570,144	(289,176)	44
Operating leases	841,413	-	841,413	760,351	(81,062)	44
Recoveries	-	-	-	(201)	(201)	
Other income	56,917	-	56,917	97,594	40,677	
Investment income	1,032,682	-	1,032,682	821,216	(211,466)	
Total revenue from exchange transactions	2,790,332	-	2,790,332	2,249,104	(541,228)	
Revenue from nonexchange transactions						
Transfer revenue						
Government subsidy	19,354,021	-	19,354,021	19,315,631	(38,390)	
'Total revenue from exchange transactions'	2,790,332	-	2,790,332	2,249,104	(541,228)	
'Total revenue from non-exchange transactions'	19,354,021	-	19,354,021	19,315,631	(38,390)	
Total revenue	22,144,353	-	22,144,353	21,564,735	(579,618)	
Expenditure						
Employee related cost	(5,404,071)	-	(5,404,071)	(6,289,932)	(885,861)	44
Depreciation and amortisation	(2,077,892)	-	(2,077,892)	(3,020,097)	(942,205)	44
Impairment loss	-	-	-	(2,603,050)	(2,603,050)	44
Finance costs	-	-	-	(52,091)	(52,091)	
Repairs and maintenance	(1,088,620)	-	(1,088,620)	(1,246,203)	(157,583)	44
General expenses	(5,401,839)	-	(5,401,839)	(4,259,490)	1,142,349	44
Total expenditure	(13,972,422)	-	(13,972,422)	(17,470,863)	(3,498,441)	
	22,144,353	-	22,144,353	21,564,735	(579,618)	
	(13,972,422)	-	(13,972,422)	(17,470,863)	(3,498,441)	
Operating surplus	8,171,931	-	8,171,931	4,093,872	(4,078,059)	
Write off of assets	-	-	-	(1,352,044)	(1,352,044)	44
Gain on foreign exchange	-	-	-	173,387	173,387	44
Fair value adjustments	-	-	-	227,040	227,040	44
Actuarial gains/losses	-	-	-	178	178	
	-	-	-	(951,439)	(951,439)	
	8,171,931	-	8,171,931	4,093,872	(4,078,059)	
	-	-	-	(951,439)	(951,439)	
Surplus	8,171,931	-	8,171,931	3,142,433	(5,029,498)	
Deficit before taxation	8,171,931	-	8,171,931	3,142,433	(5,029,498)	
Taxation	-	-	-	-	-	
Actual amount on comparable basis as presented in the Budget and Actual Comparative Statement	8,171,931	-	8,171,931	3,142,433	(5,029,498)	

SIGNIFICANT ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

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

1.1. BASIS OF PREPARATION

The consolidated annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise.

1.2. PRESENTATION CURRENCY

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

All values are rounded to the nearest thousand Rands unless otherwise stated.

1.3. GOING CONCERN ASSUMPTION

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

1.4. OFFSETTING

Assets and liabilities, as well as revenue and expenses, are offset. The net amount is reported in the financial statements when there is a legally enforceable right to offset the recognised amount. There is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.5. MATERIALITY

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions

or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

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

1.6. INTERESTS IN OTHER ENTITIES

CONSOLIDATED FINANCIAL STATEMENTS

Benefits are the advantages an entity obtains from its involvement with other entities. Benefits may be financial or non financial. The actual impact of an entity's involvement with another entity can have positive or negative aspects.

Binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Consolidated annual financial statements are the consolidated annual financial statements of an economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.

A decision maker is an entity with decision making rights that is either a principal or an agent for other parties.

An economic entity is a controlling entity and its controlled entities.



SIGNIFICANT ACCOUNTING POLICIES

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, has the purpose of investing funds solely for returns from capital appreciation, investment revenue, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.

A non-controlling interest is the net assets in a controlled entity not attributable, directly or indirectly, to a controlling entity.

Power consists of existing rights that give the current ability to direct the relevant activities of another entity.

Protective rights are rights designed to protect the interests of the party holding those rights without giving that party power over the entity to which those rights relate.

Relevant activities are activities of the potentially controlled entity that significantly affect the nature or amount of the benefits that an entity receives from its involvement with that other entity.

Removal rights are rights to deprive the decision maker of its decision-making authority.

PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The entity, as the controlling entity, presents consolidated annual financial statements.

The entities included in the consolidation are the following:

- + Passenger Rail Agency of South Africa
- + Intersite Asset Investment (SOC) Ltd
- + Autopax Passenger Services (SOC) Ltd

1.7. SEPARATE FINANCIAL STATEMENTS

Consolidated financial statements are the financial statements of the economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the entity, as a controlling entity, and its controlled entities, are presented as those of a single economic entity.

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted

thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's surplus or deficit includes its share of the investee's surplus or deficit, and the investor's net assets include its share of changes in the investee's net assets that have not been recognised in the investee's surplus or deficit.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, that has the purpose of investing funds solely for returns from capital appreciation, investment revenue, and which measures and evaluates the performance of substantially all of its investments on a fair value basis.

Separate financial statements are those presented by the entity, in which the entity could elect to account for its investments in controlled entities, joint ventures and associates either at cost, in accordance with the GRAP Standard on Financial Instruments or using the equity method as described in the accounting policies on Investments in Associates and Joint Ventures.

In the entity's separate financial statements, investments in controlled entities, associates and joint ventures are carried at cost.

1.8. CONSOLIDATION

BASIS OF CONSOLIDATION

The consolidated annual financial statements incorporate the annual financial statements of the controlling entity and all controlled entities, which are controlled by the controlling entity.

Consolidated annual financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The revenue and expenses of a controlled entity are included in the consolidated annual financial statements from the transfer date or acquisition date, as defined in the Standards of GRAP on transfer of functions between entities under

SIGNIFICANT ACCOUNTING POLICIES

common control or transfer of functions between entities not under common control. The revenue and expenses of the controlled entity are based on the values of the assets and liabilities recognised in the controlling entity's annual financial statements at the acquisition date.

The annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same date.

All intra-entity transactions, balances, revenues, and expenses are eliminated in full on consolidation.

1.9. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

TRADE RECEIVABLES AND/OR LOANS AND RECEIVABLES

The economic entity assesses its trade receivables and loans and 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 judgements as to whether observable data indicates a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade 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 loan balances in the portfolio and scaled to the estimated loss emergence period.

IMPAIRMENT TESTING OF TANGIBLE AND INTANGIBLE ASSETS

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

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

PROVISIONS

Provisions were raised, and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 17 – Provisions.

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 several assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The economic 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. In determining the appropriate discount rate, the economic entity considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have



SIGNIFICANT ACCOUNTING POLICIES

terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

1.10. INVESTMENT PROPERTY

Investment property is property (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, rather than for:

- + use in the production or supply of goods or services, or for;
- + administrative purposes; or
- + sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the economic entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

FAIR VALUE

Subsequent to initial measurement, investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in surplus or deficit.

The economic entity separately discloses expenditure to repair and maintain investment property in the notes to the consolidated annual financial statements (see note 9).

The economic entity discloses relevant information relating to assets under construction or development in the notes to the consolidated annual financial statements (see note 9).

Investment property includes development leases with third parties, which are disclosed as operating lease receivables and operating lease liabilities.



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

SIGNIFICANT ACCOUNTING POLICIES

1.11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible Non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

- + It is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and
- + The cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs, which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above, are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Land	Straight - line	Indefinite
Rolling stock – Undercarriages	Straight - line	33 – 40 years
Rolling stock – Components	Straight - line	10 – 40 years
Network assets	Straight - line	5 – 149 years
Movable & workshop equipment	Straight - line	3 – 10 years
Facilities & leasehold	Straight - line	5 – 50 years
Busses & vehicles	Straight - line	5 – 7 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.



SIGNIFICANT ACCOUNTING POLICIES

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the economic entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The economic entity assesses at each reporting date whether there is any indication that the economic entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the economic entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The economic entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 10).

HALTED AND SIGNIFICANTLY DELAYED PROPERTY, PLANT AND EQUIPMENT.

The management assumptions below, estimates and judgment guide the accounting treatment and disclosure of Property, plant and equipment (PPE), Investment Property and Intangible Assets ensure that projects that are halted

and significantly delayed are properly disclosed in the Annual Financial Statement.

GRAP 17 PAR 87 "AN ENTITY SHALL DISCLOSE THE FOLLOWING IN THE NOTES TO THE FINANCIAL STATEMENTS IN RELATION TO PROPERTY, PLANT AND EQUIPMENT WHICH IS IN THE PROCESS OF BEING CONSTRUCTED OR DEVELOPED:

- a) The cumulative expenditure recognised in the carrying value of property, plant and equipment. These expenditures shall be disclosed in aggregate per class of asset.
- b) The carrying value of property, plant and equipment that is taking a significantly longer period to complete than expected, including reasons for any delays.
- c) The carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s). The entity shall also disclose reasons for halting the construction or development of the asset and indicate whether any impairment losses have been recognised in relation to these assets.

In providing the disclosures in paragraphs .87(b) and (c), an entity shall decide how to present the information required, i.e. individually or in aggregate, for example, per project, per class or another relevant basis. GRAP 16 par 92.

An entity shall disclose the following in the notes to the financial statements in relation to investment property, which is in the process of being constructed or developed

- a) The cumulative expenditure recognised in the carrying value of investment property.
- b) The carrying value of investment property that is taking a significantly longer period of time to complete than expected, including reasons for any delays.
- c) The carrying value of investment property where construction or development has been halted either during the current or previous reporting period(s). The entity shall also disclose reasons for halting the construction or development of the asset and indicate whether any impairment losses have been recognised in relation to these assets. In providing the disclosures



SIGNIFICANT ACCOUNTING POLICIES

in paragraphs .92(b) and (c), an entity shall decide how to present the information required, i.e. individually or in aggregate, for example, per asset, per project or another relevant basis.

GRAP 21 PARAGRAPH 27 STATES THE FOLLOWING:

In assessing whether a halt in construction would trigger an impairment test, the entity would consider whether construction has simply been delayed or postponed, whether there is an intention to resume construction in the near future or whether the construction work will not be completed in the foreseeable future. Where construction is delayed or postponed to a specific future date, the project may be treated as work in progress and is not considered as halted.

DEFINITIONS

"Project" Contract – Refers to the appointment of a contractor to undertake the agreed-upon scope of work for the rendering and delivery of goods and services in accordance with the provisions of the signed contract agreement and related contract annexures between PRASA and the appointed contractor.

"Halted project" refers to a project that has been suspended and or stopped where there is no activity on the project site and no delivery goods/materials and/or services being rendered by the contractor, due to, but not limited to, the following:

- + Financial constraints;
- + Funding constraints;
- + Reprioritisation due to strategic shifts;
- + Lack of resources;
- + Changes in priorities as informed by the PRASA Group;
- + Contractual and/or legal challenges/legal disputes;
- + Non performance in accordance with the signed contract or unforeseen obstacles;
- + Compliance-related matters; and
- + When a project is halted, it means that its progress has ceased, and it may be put on hold indefinitely or until certain conditions are met for its continuation. This can involve freezing all ongoing activities, reallocating resources to other projects, or completely abandoning the initiative.

"Significant delayed projects" refer to a project where the original estimated date for completion has been substantially extended or postponed beyond the initially planned timeframe as stipulated on the signed contract between PRASA and the appointed contractor. The delay(s) can stem from various factors, such as poor planning, resource constraints, unexpected events, or scope creep. The impact of delays can range from minor inconveniences to significant financial and operational consequences.

Significant delay period" and substantially extended period refer to a project delay exceeding six (6) months beyond the estimated completion date as stipulated on the signed contract and/or Service Level Agreement between PRASA and the supplier.

MANAGEMENT ASSUMPTIONS IN RELATION TO THE PERIOD OF TWELVE (12) MONTHS AND BEYOND THE ESTIMATED COMPLETION DATE

PRASA's considerations in applying the 12 month threshold for project delay assessments – In determining the application of a 12-month threshold to assess project delays, PRASA took into account a range of operational, environmental, and financial factors.

Projects over 12 months – Nature and Complexity of Projects: These are multi year projects; therefore, a delay of 6 months or more beyond the original estimated completion date represents a significant deviation from their intended implementation timelines, noting that projects might be affected by the following issues

- + **Impact of Climate and Environmental Factors** – Unfavourable and unpredictable weather conditions—such as prolonged rainfall, flooding, or extreme temperatures—have impeded site access and disrupted construction activities;
- + **Funding Constraints and Budget Reductions:** Funding shortfalls arising from delayed disbursements or reduced fiscal allocations from the National or Provincial Treasury. Additionally, budget reprioritisation and cost containment measures have led to the scaling down or partial suspension of certain initiatives;

SIGNIFICANT ACCOUNTING POLICIES

- + **Prevailing Economic Conditions:** Macroeconomic pressures—including inflation, rising construction and material costs, supply chain disruptions, and exchange rate volatility—have significantly affected project cost structures and timelines; and
- + **Contracts with a duration of more than twelve (12) Months – Assessment:** Projects are evaluated to determine the extent of delays. Assumption: Contracts with durations of twelve (12) months or more are generally substantial in both scope and value. Therefore, delays in these projects are likely to impact the delivery of PRASA's strategic mandate and objectives. Contracts with an extended duration exceeding six (6) months beyond the original contract date are considered significantly delayed.

Contracts with a duration of twelve (12) months or less – Assessment: Projects are evaluated based on their original estimated completion date, provided the timeframe is less than twelve (12) months. Assumption: Management reviews each project listed in the contract register to determine the causes and impact of any delay. In consultation with the project managers, a conclusion is then made on whether the project should be disclosed as significantly delayed or not based on the outcome of the assessment. Contracts whose extended duration is more than 50% above their original contract end date are considered to be significantly delayed.

PRESENTATION AND DISCLOSURE

All of the projects' contracts that have been halted, significantly delayed and/or require a significant extension of the estimated completion date and contract period would be disclosed on the financial statements in accordance with GRAP 16, 17, 31, and GRAP 21.

The schedules submitted for audit, in support of the disclosures made in the annual financial statements, in respect of significantly delayed and halted projects, and the financial statements themselves, do not agree.

Management agrees to the finding, and all schedules will be updated with the revised listing of significantly delayed and halted projects.

1.12. INTANGIBLE ASSETS

An asset is identifiable if it either:

- + Is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- + Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the economic entity or from other rights and obligations.

An intangible asset is recognised when:

- + It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and
- + The cost, or fair value of the asset, can be measured reliably.

The economic entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are initially measured at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

The entity does not have internally developed intangible assets.

PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

SIGNIFICANT ACCOUNTING POLICIES

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Copyright	Straight line	20 years
Software	Straight line	1 – 10 years

The economic entity discloses relevant information relating to assets under construction or development in the notes to the financial statements (see note 11).

Intangible assets are derecognised:

- + on disposal; or
- + when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.13. FINANCIAL INSTRUMENTS

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

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- + Cash;
- + A residual interest of another entity; or
- + A contractual right to:
 - > Receive cash or another financial asset from another entity; or
 - > Exchange financial assets or financial liabilities with another entity under potentially favourable conditions to the entity.

A financial liability is any liability that is a contractual obligation to:



SIGNIFICANT ACCOUNTING POLICIES

- + Deliver cash or another financial asset to another entity; or
- + Exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non derivative financial assets or non derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- + the entity designates at fair value at initial recognition; or
- + are held for trading.

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

CLASSIFICATION

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

CLASS	CATEGORY
Loans to controlled entities	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Investments in controlled entities	Financial asset measured at cost
Other financial assets at amortised cost	Financial asset measured at amortised cost
Other financial assets at fair value	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and categories) 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

INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

GAINS AND LOSSES

For financial assets and financial liabilities measured at amortised cost or fair value, 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.

SIGNIFICANT ACCOUNTING POLICIES

IMPAIRMENT AND UNCOLLECTIBILITY OF FINANCIAL ASSETS

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

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 directly or 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 directly or 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.

DERECOGNITION

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when

- + the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- + the entity 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.

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 entity 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.

PRESENTATION

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability are recognised as revenue or expense in surplus or deficit.

SIGNIFICANT ACCOUNTING POLICIES

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.14. PREPAYMENT

Payments made in advance to suppliers prior to and during the construction of assets are capitalised as prepayments under long term assets. The amount for assets expected to be delivered in the following financial year will be reclassified to current assets. Once construction of the assets is complete and delivered to PRASA, and meets the entity's quality standards, the prepayment is derecognised and transferred to property, plant and equipment.

1.15. LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and building elements, the entity assesses the classification of each element separately.

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.

Income from leases is disclosed under revenue in the Statement of Financial Performance.

OPERATING LEASE INCOME

Revenue from property management activities is recognised as income on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern in which the usage from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease 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 income. Recoveries of operating costs (for example, rates and taxes, water and electricity) are recognised as income, as the costs are charged to lessees and are also included in revenue.

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 is recognised as an operating lease asset or liability.

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

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.

Subsequently, inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- + distribution at no charge or for a nominal charge; or
- + consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the economic entity incurs to acquire the asset on the reporting date.



SIGNIFICANT ACCOUNTING POLICIES

The cost of inventories comprises 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 of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects, is assigned using specific identification of the individual costs.

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 economic entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed or related services are rendered. The amount of any write down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.17. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short term, highly liquid investments with original maturities of three months or less, which are available on demand.

1.18. IMPAIRMENT OF 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.

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 used 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.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- + The period of time over which an asset is expected to be used by the economic entity; or
- + The number of production or similar units expected to be obtained from the asset by the economic entity.



SIGNIFICANT ACCOUNTING POLICIES

DESIGNATION

At initial recognition, the economic 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 economic entity's objective of using the asset.

The economic 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 flow from its continuing use and its ultimate disposal, which 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 economic 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 economic 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 economic 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 economic entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the economic 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.

FAIR VALUE IN USE

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.

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

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.

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

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.

REVERSAL OF IMPAIRMENT LOSS

The economic 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.



SIGNIFICANT ACCOUNTING POLICIES

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.

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 occurs when there is clear evidence that such a redesignation is appropriate.

1.19. IMPAIRMENT OF NON-CASH-GENERATING ASSETS

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

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

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

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

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

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

Depreciation/amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

Useful life is either:

- + The period of time over which an asset is expected to be used by the economic entity; or

SIGNIFICANT ACCOUNTING POLICIES

- + The number of production or similar units expected to be obtained from the asset by the economic entity.

DESIGNATION

At initial recognition, the economic 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 economic entity's objective of using the asset.

The economic 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 economic 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 economic 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 economic 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 economic 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 economic 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

The 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 asset 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 economic entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned 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



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

SIGNIFICANT ACCOUNTING POLICIES

potential required of the asset.

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.

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 economic 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 economic 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 economic 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.

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.

1.20. SHARE CAPITAL

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.21. EMPLOYEE BENEFITS**SHORT-TERM EMPLOYEE BENEFITS**

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

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

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

The economic entity recognises the expected cost of short term employee benefits in the form of compensated absences as follows:

- a) In the case of accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences; and in the case of non accumulating compensated absences, when the absences occur; and
- b) The economic entity measures the expected cost of accumulating compensated absences as the additional

SIGNIFICANT ACCOUNTING POLICIES

amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

PROVIDENT FUND

RECOGNITION AND MEASUREMENT

Under the defined contribution structures, fixed contributions payable by the economic entity and members are accumulated to provide retirement benefits through a provident fund. The economic entity has no legal or constructive obligation to pay any further contributions other than these fixed contributions. Contributions to any defined contribution plan are expensed as incurred. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

POST-EMPLOYMENT BENEFITS: DEFINED BENEFIT PLANS

The economic entity operates the following defined benefit plans:

- + Transport Pension Fund: PRASA sub fund; and
- + Post-employment medical aid fund

The Transport Pension Fund is in respect of pension benefits upon retirement of employees, the assets of which are held in a separate trustee fund administered by Metropolitan Health Group (Pty) Ltd. Employees of the economic entity also participate in the Transmed Medical Scheme administered by Metropolitan Health Group (Pty) Ltd. Professional independent actuaries value these funds.

RECOGNITION AND MEASUREMENT

The entity determines the net defined benefit liability/asset with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

ACCOUNTING FOR THE CONSTRUCTIVE OBLIGATION

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits.

STATEMENT OF FINANCIAL POSITION

The entity recognises the net defined benefit liability (asset) in the statement of financial position. When the entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

- a) the surplus in the defined benefit plan; and
- b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit are recognised in surplus or deficit.

ASSET RECOGNITION CEILING: WHEN A MINIMUM FUNDING REQUIREMENT MAY GIVE RISE TO A LIABILITY

If the entity has an obligation under a minimum funding requirement to pay contributions to cover an existing shortfall on the minimum funding basis in respect of services already received, the entity determines whether the contributions payable will be available as a refund or reduction in future contributions after they are paid into the plan. To the extent that the contributions payable will not be available after they are paid into the plan, the entity recognises a liability when the obligation arises. The liability reduces the defined benefit asset or increases the defined benefit liability so that no gain or loss is expected to result when the contributions are paid.

RECOGNITION AND MEASUREMENT: PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS AND CURRENT SERVICE COST

ACTUARIAL VALUATION METHOD

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.

ATTRIBUTING BENEFIT TO PERIODS OF SERVICE

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 the benefit on a straight line basis from:

**PASSENGER RAIL AGENCY OF SOUTH AFRICA**

Consolidated Annual Financial Statements for the year ended 31 March 2025

SIGNIFICANT ACCOUNTING POLICIES

- a) 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
- b) 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 ASSUMPTIONS

Actuarial assumptions are unbiased and mutually compatible.

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

ACTUARIAL ASSUMPTIONS: MORTALITY

The entity determines its mortality assumptions by reference to its best estimate of the mortality of plan members both during and after employment.

ACTUARIAL ASSUMPTIONS: DISCOUNT RATE

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.

ACTUARIAL ASSUMPTIONS: SALARIES, BENEFITS AND MEDICAL COSTS

The entity measures its defined benefit obligations on a basis that reflects:

- a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;
- b) any estimated future salary increases that affect the benefits payable;
- c) the effect of any limit on the employer's share of the cost of the future benefits;
- d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and
- e) 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:

- i. those changes were enacted before the end of the reporting period; or
- ii. historical data, 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 into account estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical expenses.

PAST SERVICE COSTS, GAINS, AND LOSSES ON SETTLEMENT

When determining past service cost, or a gain or loss on settlement, the entity remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

- a) The benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and
- b) The benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

PAST SERVICE COST

The entity recognises past service cost as an expense at the earlier of the following dates:

- a) when the plan amendment or curtailment occurs; and
- b) when the entity recognises related restructuring costs or termination benefits.

GAINS AND LOSSES ON SETTLEMENT

The entity recognises a gain or loss on the settlement of a defined benefit plan when the settlement occurs.

RECOGNITION AND MEASUREMENT

The benefit costs are recognised in the statement of financial performance. Any actuarial gains or losses are recognised in the statement of financial performance in the period in which they arise. The economic entity's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service

SIGNIFICANT ACCOUNTING POLICIES

in the current and prior years; that benefit is discounted to determine its present value, and any unrecognised past service cost and the fair value of any plan assets are deducted.

The discount rate is the yield at the reporting date on high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension fund liability. Past service cost is recognised immediately to the extent that the benefits have already vested and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation, less the fair value of the plan assets, less unrecognised past service cost. Any resulting asset is limited to the present value of available refunds and reductions in future contributions to the plan.

FAIR VALUE

The benefit costs are recognised in the statement of financial performance. Any actuarial gains or losses are recognised in the statement of financial performance in the period in which they arise. The economic entity's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value, and any unrecognised past service cost and the fair value of any plan assets are deducted.

COMPONENTS OF DEFINED BENEFIT COST

The entity recognises the components of defined benefit cost in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset, as follows:

- a) Service cost;
- b) Net interest on the net defined benefit liability (asset); and
- c) Remeasurements of the net defined benefit liability (asset).

CURRENT SERVICE COST

The entity determines current service cost using actuarial assumptions determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, it determines current service cost for the remainder of the reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

NET INTEREST ON THE NET DEFINED BENEFIT LIABILITY (ASSET)

The entity determines net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate specified.

To determine net interest, the entity uses the net defined benefit liability (asset) and the discount rate determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, the entity determines net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement using:

- a) The net defined benefit liability (asset) determined in accordance with the section on Past service cost gains and losses on settlement (part b); and
- b) The discount rate used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

In applying this, the entity also takes into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY (ASSET)

Remeasurements of the net defined benefit liability (asset) comprise:



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

SIGNIFICANT ACCOUNTING POLICIES

- a) Actuarial gains and losses;
- b) The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- c) Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

PRESENTATION**OFFSET**

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

- a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and
- b) 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.

CURRENT/NON-CURRENT DISTINCTION

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

- a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and
- b) 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.

COMPONENTS OF DEFINED BENEFIT COST

The entity recognises service cost, net interest on the net defined benefit liability (asset) and remeasurements in surplus or deficit.

TERMINATION BENEFITS**RECOGNITION**

The entity recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

MEASUREMENT

The entity measures termination benefits on initial recognition, and measures and recognises subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post employment benefits, the entity applies the requirements for post employment benefits. Otherwise:

- a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short term employee benefits; and
- b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long term employee benefits.

1.22. TRANSFER OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL**DEFINITIONS**

An acquirer is the economic entity that obtains control of the acquiree or transferor.

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

Control is the power to govern the financial and operating policies of another economic entity so as to benefit from its activities.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an economic entity's objectives, either by providing economic benefits or service potential.

A merger is the establishment of a new combined entity in which neither of the former entities obtains control over any other, and no acquirer can be identified.

Transfer date is the date on which the acquirer obtains control of the function, and the transferor loses control of that function.

SIGNIFICANT ACCOUNTING POLICIES

A transfer of functions is the reorganisation and/or the re allocation of functions between entities by transferring functions between entities or into another economic entity.

A transferor is the entity that relinquishes control of a function.

Common control ~ For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an economic entity's objectives, either by providing economic benefits or service potential. A function consists of inputs and processes applied to those inputs that have the ability to create outputs. A function can either be a part or a portion of an entity or can consist of the whole economic entity. Although functions may have outputs, outputs are not required to qualify as a function. The three elements of a function are defined as follows:

- + Input: Any resource that creates, or has the ability to create, outputs when one or more processes are applied to it;
- + Process: Any system, standard, protocol, convention or rule that, when applied to an input or inputs, creates or has the ability to create outputs; and
- + Output: The result of inputs and processes applied to achieve and improve efficiency. This may be in the form of attaining service delivery objectives, or the delivery of goods and/or services.

DETERMINING THE TRANSFER DATE

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control, and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.

ASSETS ACQUIRED [TRANSFERRED] AND LIABILITIES ASSUMED [RELINQUISHED]

The recognition of assets and liabilities is subject to the following conditions:

The assets acquired and the liabilities assumed are part of what had been agreed in terms of the binding arrangement (if applicable), rather than the result of separate transactions.

ACCOUNTING BY THE ENTITY AS ACQUIRER

INITIAL RECOGNITION AND MEASUREMENT

As of the transfer date, the economic entity recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed are measured at their carrying amounts.

The consideration paid by the economic entity can be in the form of cash, cash equivalents or other assets. If the consideration paid is in the form of other assets, the economic entity recognises such assets on the transfer date at their carrying amounts.

The difference between the carrying amounts of the assets acquired, the liabilities assumed, and the consideration paid to the transferor is recognised in accumulated surplus or deficit.

1.23. PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- + The economic 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.

SIGNIFICANT ACCOUNTING POLICIES

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

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 is:

- + 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; or
- > The amount of the obligation cannot be measured with sufficient reliability.

1.24. COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements if both the following criteria are met:

- + Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- + Contracts should relate to something other than the routine, steady, state business of the entity; therefore, salary commitments relating to employment contracts or social security benefit commitments are excluded.

GIBELA MSA COMMITMENTS – NEW ROLLING STOCK

METHOD

New rolling stock commitments are calculated in terms of the Gibela MSA contract, which is the provision of 600 trains to PRASA over several years.

The Rand value of the contract price per train due at the reporting date is calculated based on the number of trains that still need to be delivered over the period of the contract.

The calculation is split between the "ZAR" trains and the "Multi currency trains". The price of the first 103 trains is based on the bid price. The price of the remaining trains up to 600 is based on the forex value at financial close (8 May 2014). A local indexation formula (LIF) and a foreign indexation formula (FIF) are calculated at each year-end. The indexation rate is used to calculate the invoicing for the upcoming period and also to calculate the outstanding commitment.



SIGNIFICANT ACCOUNTING POLICIES

The Total Contract Price is then calculated as follows:

- + In respect of all New Trains manufactured or to be manufactured, the aggregate contract process for all such New Trains;
- + In respect of Capital Spares (including Consumables), the Recommended Capital Spares Value;
- + In respect of the Tools and Test Equipment, the Recommended Tools and Test Equipment Value; and
- + Or the aggregate thereof, as the context may require.

INDEXATION

Indexation means adjusting a price, wage, or other value based on changes in another price or a composite indicator of prices.

- + Local Indexation Formula (LIF)
 - > Salaries
 - > Stainless steel flat products, hot-rolled steel type
 - > Domestic Steel ~ hot rolled
 - > RCP ~ Metric ton
 - > Production Price Index
 - > Price of Aluminium products per ton
 - > Petro-chemical building materials
 - > Electricity, gas, water
 - > Actual labour cost
 - > Consumer Price Index
- + Foreign Indexation Formula (FIF)
 - > Raw aluminium
 - > Copper, A-grade
 - > Quality non-alloy steel profiles
 - > Wages and payroll taxes
 - > Production Price Index
 - > Rubber and plastic products and other non-metallic mineral products
 - > Production Price Index for energy and semi-manufactured goods, and equipment

ASSUMPTIONS

Assumptions used at the reporting date:

- + The current period's indexation is used to calculate the future commitment;
- + The contract price is variable based on the indexation;
- + The number of trains to be delivered stays fixed at 600;

and

- + If the variance between the LIF and CPI is greater or smaller than 4%, a discussion is held to agree on an average indexation percentage.

For the 2025/26 year, the variance was less than 4%. It was determined and agreed that a rate of 3.8412% will be used based on the MSA Indexation calculated as of 31 March 2025.

DATA

The data used at the reporting date:

- + Original contract price at the Bid rates
- + Contract price at Financial close rates
- + Delivery schedule
- + Indices:
 - > Local Indexation Formula (LIF)
 - > Foreign Indexation Formula (FIF)
 - > Consumer Price Index (CPI)
 - > Indexation
- + Foreign rates
 - > Euro (Eur)
 - > Brazilian Real (BRL)
 - > Canadian Dollar (CAD)
 - > Indian Rupee(INR)

SENSITIVITY ANALYSIS

Changes to the following variable data will affect the disclosed calculated balances:

- + Delivery schedule
- + Indices:
 - > Local Indexation Formula (LIF)
 - > Foreign Indexation Formula (FIF)
 - > Consumer Price Index (CPI)
 - > Indexation
- + Foreign rates

GIBELA TSSSA COMMITMENTS ~ ROLLING STOCK MAINTENANCE

METHOD

Rolling stock maintenance commitments are calculated in terms of the Gibela TSSSA contract. The Gibela TSSSA contract deals with the maintenance part of the trains delivered in terms of the Gibela MSA contract.



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

SIGNIFICANT ACCOUNTING POLICIES

The calculation is based on the Rand value of the fixed and variable service payments that will still need to be paid over the remainder period of the maintenance cycle.

The service payments calculation process is as follows:

- + All service payments are payable every month and are composed of a fixed and variable price for the Term.
- + The fixed price is defined as Price per Month (PpM)
- + The variable price is the sum of the variable price for each Regional Fleet based on the Price per Kilometre (PpK)
- + The Price per Kilometre (Ppk) is selected using the following calculations:
 - > The Forecasted Kilometres per Year per Train (PKpYpT)
 - > Forecasted Kilometres (FK)
- + The Actual Monthly Kilometres Travelled (AMKT) and the Price per Kilometre (Ppk) are used to calculate the variable price.
- + Service payments will be settled in South African Rands (ZAR) for the ZAR portion and in Euros (EUR) for the Foreign Currency Portion.

INDEXATION

Indexation means adjusting a price, wage, or other value based on changes in another price or a composite indicator of prices.

- + Local Indexation Formula (LIF)
 - > Salaries
 - > Domestic Steel – hot rolled
 - > RCP – Metric ton
 - > Production Price Index
 - > Price of Aluminium products per ton
 - > Petro chemical building materials
 - > Electricity, gas, water
 - > Actual labour cost
- + Foreign Indexation Formula (FIF)
 - > Raw aluminium
 - > Copper, A grade
 - > Quality non alloy steel profiles
 - > Wages and payroll taxes
 - > Production Price Index

- > Rubber and plastic products and other non metallic mineral products
- > Production Price Index for energy and semi-manufactured goods, and equipment

ASSUMPTIONS

Assumptions used at the reporting date:

- + The floor indexation is used to calculate the future commitment;
- + The maintenance cycle commences on the date of delivery of the first train and continues for the earlier of 19 years or 8 years from the end;
- + The number of trains to be delivered stays fixed at 600;
- + The project team determines the future delivery date (PAC) per train;
- + The kilometres per month (KpM) per region are forecasted by the project team annually based on the respective trains' planned usage for that year;
- + The forecast kms for the contract period per region was received by the project team from regional operational teams. As per the project team, the estimated kilometres received for each region have been deemed reasonable, with the exception of Gauteng, which has been reduced to a forecast of circa 1.1 million kilometres based on prior year actual travel and new corridors to be rolled out in the new financial year;
- + A conservative and consistent growth factor of 2% per annum is assumed per region in calculating the future KpM per region up to 2035. The projected growth is compounded annually across all regions, aligned to the annual recovery of corridors, an increase in service lines within corridors, and an increase in frequency of service, culminating in optimal service across regions; and
- + CPI projections have been formulated utilising the following NT projections from the BR24 forecast:
 - > 2025/26: 4.661%
 - > 2026/27: 4.528%
 - > 2027/28: 4.778%

The projections beyond 2028 are based on a strong alignment with the SARB mandate, which aims to achieve 'price stability, maintaining inflation within the target range of 3-6%, as set

SIGNIFICANT ACCOUNTING POLICIES

by the government. This alignment was reaffirmed at the March 2025 meeting, instilling confidence in the projections.

PRASA maintains the position to reach the upper limit of the target conservatively, i.e., 6% on average over the remaining period to the end of the contract due to improved global financial conditions in the short term (increasing marginally over the longer term), subdued prices for key export commodities, coupled with local supply side constraints and increased capital flow volatility. This required an annual increase of 0.25% from March 2027 to March 2036, which averages 5.778% over the same period.

LIF projections – the LIF basket comprises nine indices, including labour, representing more than 60% of the total. Therefore, PRASA maintains the assumption of an annual increase of 0.25% from March 2027 to March 2036 as the conservative scenario (limiting the annual counterbalance across the nine indices).

FIF projections – the FIF comprises the indices related to the “Harmonised Index of Consumer Prices” (consumer price index applicable for the European Union on the EUROSTAT SITE) Given the significant reduction in the agreed percentage for 2024/2025, the assumption of an annual increase of 0.25% from March 2025 to March 2036 is maintained as the conservative scenario (increasing the index with the annual counterbalance of a fixed exchange rate for calculation purposes). On the basis of this baseline readjustment in 2024, and given the global outlook of lower inflation rates and improved labour costs, it is anticipated that there would be a continued cycle of low interest rates in the EU during the outer years of the contract, which may see this conservative outlook adjusted lower, especially if the current inflationary pressures on materials and labour continues to stabilise (as seen in the past year).

Foreign exchange rate – The Euro and the USD may come under some pressure as markets anticipate a steady movement towards the end of the tightening cycle. However, it is expected that this will be somewhat delayed, as recent CPI indicators, especially from the US, have come out higher than expected, with monetary policy expected to remain tight longer. Thus, given the assumptions in the model, i.e. increasing inflation/CPI rate to reach the higher end of the

average inflation target (possibly resulting in lower average real investment interest rates), lower capital flows into RSA, and weaker competitiveness outlook as embedded in the LIF and FIF increases assumed above and countered by a concomitant interest rate response in support of the ZAR, the assumption of a constant Euro exchange rate (as at 31 March 2025) has been factored in an effort to reflect the subsequent rand strength. This conservative approach could feasibly see the annual adjustment in PRASA's favour.

DATA

The data used at the reporting date:

- + Price per month (PpM)
- + Price per kilometre (PpK)
- + Future delivery date (PAC Date)
- + Kilometre per month (KpM) per region
- + Indices:
 - > Local Indexation Formula (LIF)
 - > Foreign Indexation Formula (FIF)
 - > Consumer Price Index (CPI)
 - > Salaries (LCI)
 - > Indexation
- + Base and floor

SENSITIVITY ANALYSIS

Changes to the following variable data will affect the disclosed calculated balances:

- + Price per month (PpM)
- + Price per kilometre (PpK)
- + Future delivery date (PAC Date)
- + Kilometre per month (KpM) per region
- + Indices:
 - > Local Indexation Formula (LIF)
 - > Foreign Indexation Formula (FIF)
 - > Consumer Price Index (CPI)
 - > Salaries (LCI)
 - > Indexation

1.25. 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



SIGNIFICANT ACCOUNTING POLICIES

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.

RENDERING OF SERVICES

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- + The amount of revenue can be measured reliably;
- + It is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity;
- + The stage of completion of the transaction at the reporting date can be measured reliably; and
- + the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

FARE REVENUE

Revenue from the rendering of passenger services is recognised in the statement of financial performance in the period the service is rendered. It comprises transport services for both passenger and long-distance journeys, including train and bus commuters, rendered during the period.

1.26. 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 are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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 regulations, or a binding arrangement, imposed upon the use



SIGNIFICANT ACCOUNTING POLICIES

of a transferred asset by entities external to the reporting entity.

RECOGNITION

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

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

MEASUREMENT

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

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.

1.27. ACCUMULATED SURPLUS

The accumulated surplus represents the net difference between the total assets and the total liabilities. Any surplus/deficit realised during a specific financial year is credited/debited against the accumulated surplus.

1.28. INVESTMENT INCOME

Investment income is recognised on a time proportion basis using the effective interest method for financial instruments.

1.29. 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 consolidated annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

1.30. COMPARATIVE FIGURES

Prior period comparative information has been presented in the current financial year. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.31. 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



SIGNIFICANT ACCOUNTING POLICIES

of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. IRREGULAR EXPENDITURE

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year-end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required, except to update the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonation is being awaited at year end must be recorded in the irregular expenditure register. No further action is required, with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such

in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.33. BUDGET INFORMATION

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

General-purpose financial reporting by an economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

The budget for the economic entity includes the Passenger Rail Agency of South Africa, Autopax Passenger Services (SOC) Ltd, and Intersite Asset Investment (SOC) Ltd, approved budgets under its control.

The consolidated annual financial statements and the budget are on the same basis of accounting; therefore, a comparison with the budgeted amounts for the reporting period has been included in the Statement of comparison of budget and actual amounts.

1.34. RELATED PARTIES

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

SIGNIFICANT ACCOUNTING POLICIES

A related party transaction is a transfer of resources, services, or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not in control over those policies.

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

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

The economic entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the economic entity to have adopted if dealing with that individual

entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the economic entity is exempt from the disclosures in accordance with the above, the economic entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its consolidated annual financial statements.

1.35. EVENTS AFTER REPORTING DATE

The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurs.

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non adjusting events, where non disclosure could influence the economic decisions of users taken on the basis of the financial statements.

NOTES TO THE CONSOLIDATED

ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1. STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 April 2025 or later periods:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
GRAP 105 Transfer of Functions Between Entities Under Common Control	Not yet determined by the Minister of Finance	Impact is currently being assessed
GRAP 2023 Improvements to the Standards of GRAP 2023	Not yet determined by the Minister of Finance	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Not yet determined by the Minister of Finance	Unlikely there will be a material impact
IGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Impact is currently being assessed
GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed

3. INVENTORIES

Stock maintenance material

446,529

475,634

446,529

462,871

INVENTORY PLEDGED AS SECURITY

None of the inventory is pledged as security for liabilities. During the year, R12.1 million (2024: R19 million) worth of material was recognised in the statement of financial performance.

In addition, during 2025, the inventory of R1.5 million (2024: R13.8 million) was written down to net realisable value. The amount is included in the statement of financial performance in the 'general expenses' line item.

4. LOANS TO CONTROLLED ENTITIES

CONTROLLED ENTITIES

Autopax Passenger Services (SOC) Ltd

Autopax was a subsidiary throughout the year. The interest in the surplus of the subsidiary amounted to R2.2 billion (2024: Deficit R187 million). The investment and loan have been impaired to nil.

RECONCILIATION OF PROVISION FOR IMPAIRMENT OF LOANS TO ECONOMIC ENTITIES

Cumulative loan granted and expenses paid	-	1,814,236	-	1,770,148
Cumulative impairment of loans in subsidiaries	-	(1,814,236)	-	(1,770,148)
	-	-	-	-

Autopax received R44 million (2024: R104 million) funding from the controlling entity for operations. Funding of R1 770 million received in previous financial years has been impaired to nil. PRASA purchased all assets of Autopax in terms of the sale agreement effective 31 July 2024. The bus operation acquired by PRASA and will continue to operate in the newly established PRASA long distance division with effect from 1 August 2024.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2025	2024	2025	2024
		Restated*		Restated*

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables ^	792,917	1,259,417	783,152	1,237,275
Deposits	10,795	10,183	10,795	9,037
Operating lease straight-line asset	163,359	149,263	163,359	149,263
Other receivables – Swifambo *	366,975	366,975	366,975	366,975
Other receivables	68,678	-	477,470	119,146
	1,402,724	1,785,838	1,801,751	1,881,696

The entity expects payment from customers for goods and services rendered within 30 days from the date of invoice. The carrying amount of receivables from exchange transactions approximates fair value as the effect of discounting is immaterial.

Certain receivables and payables from exchange transactions between Transnet and the entity were offset for the first time during the 2022 financial year due to a legally enforceable right.

^ Included in trade receivables are balances for managed portfolio tenant debtors and Transnet billing in respect of train control officers.

Receivables are shown net of impairment losses to R3 billion (2024: R3 billion). Included in trade receivables are train control services rendered, traction recovery and electricity charges to Transnet. The prepayment amount consists of advance payments for insurance premiums, licence fees and municipal rates prepayments in KwaZulu Natal.

* PRASA entered into a contractual agreement with Swifambo Rail Leasing (SRL) on 25 March 2013 to construct and supply new locomotives from Vossloh Spain, which were to be utilised for Mainline Passenger Services. The expenditure would be incurred for a period of 5 years. Risk and rewards of ownership would pass to PRASA upon delivery of the locomotives, and after PRASA satisfied itself that all quality parameters are met. Thirteen locomotives were delivered to PRASA during the 2014/15 and 2015/16 financial years. No locomotives were delivered subsequently, as during a forensic investigation, it became apparent that the contract between SRL and PRASA never came into existence, as conditions precedent were not timely fulfilled. Furthermore, the investigation revealed irregularities, including unlawfulness. The court ruled in favour of PRASA to set aside the contract. The matter was taken on appeal, first to the Supreme Court of Appeal (SCA), and that court confirmed the order of the High Court. Swifambo applied for leave to appeal the decision of the SCA at the Constitutional Court. On 2 May 2019, the Constitutional Court dismissed Swifambo's application for leave to appeal on the basis that there were no prospects of success. This matter is now concluded, and the High Court's order stands, requiring Swifambo to repay the money claimed by PRASA in connection with the contract between the parties.

The receivable relating to Swifambo was impaired to the current estimated potential recoverable value in a prior financial year. This value was based on initial evidence from the liquidator of Swifambo. However, on 28 October 2020, the liquidator halted the sale of the remaining Swifambo locomotives due to a potential commercial settlement being reached between PRASA, Vossloh / Stadler and the liquidators of Swifambo. The impact of any potential settlement has not been determined as yet and will only be concluded once a binding agreement has been reached. This potential settlement will impact the receivable recognised and recoverable amounts currently reflected in the accounts of PRASA.



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2025	2024	2025	2024
Figures in Rand thousand		Restated*		Restated*

ALLOWANCE FOR IMPAIRMENT

As of 31 March 2025, the movement in the allowance for impairment on trade and other receivables was R161 million (2024: R204 million), which is disclosed in note 28.

The economic entity's trade receivables are stated after allowance for impairment based on management's assessment of the creditworthiness of the respective debtors.

RECONCILIATION OF ALLOWANCE FOR IMPAIRMENT OF RECEIVABLES FROM EXCHANGE TRANSACTIONS:

Opening balance	(3,107,631)	(2,900,096)	(3,105,497)	(3,309,471)
Allowance for impairment	162,832	(207,535)	160,698	203,974
	(2,944,799)	(3,107,631)	(2,944,799)	(3,105,497)

None of the receivables from exchange transactions are pledged as security for liabilities.

6. VAT RECEIVABLE

VAT	34,979	67,607	35,101	60,662
-----	---------------	---------------	---------------	---------------

PRASA levies VAT on non commuter services, including leasing of commercial space. Input VAT is claimed on an apportionment basis using the turnover based method.

7. PREPAYMENTS

ECONOMIC ENTITY				
2025	Rolling stock	Licences	Other	Total
Balance at the beginning of the year	5,742,642	2,452	151	5,745,245
Transfer to Property, Plant and Equipment	(891,961)	-	-	(891,961)
Transfer to inventory	(16,805)	-	-	(16,805)
Payments	-	3,590	-	3,590
Allocations	-	(3,786)	(151)	(3,937)
Total	4,833,876	2,256	-	4,836,132
Current portion	(891,962)	(2,256)	-	(894,218)
Non-current portion	3,941,914	-	-	3,941,914
2024	Rolling stock	Licences	Other	Total
Balance at the beginning of the year	6,636,457	3,219	196	6,639,872
Transfer to Property, Plant and Equipment	(891,961)	-	-	(891,961)
Transfer to inventory	(1,854)	-	-	(1,854)
Payments	-	3,966	37	4,003
Allocations	-	(4,733)	(82)	(4,815)
Total	5,742,642	2,452	151	5,745,245
Current portion	(891,962)	(2,452)	(151)	(894,565)
Non-current portion	4,850,680	-	-	4,850,680



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

CONTROLLING ENTITY

2025

	Rolling stock	Licences	Total
Balance at the beginning of the year	5,742,642	-	5,742,642
Transfer to Property, Plant and Equipment	(891,961)	-	(891,961)
Transfer to inventory	(16,805)	-	(16,805)
Transfer from Autopax to the controlling entity	-	2,699	2,699
Payments	-	2,061	2,061
Allocations	-	(2,504)	(2,504)
Total	4,833,876	2,256	4,836,132
Current portion	(891,962)	(2,256)	(894,218)
Non-current portion	3,941,914	-	3,941,914

2024

	Rolling stock	Total
Balance at the beginning of the year	6,636,457	6,636,457
Transfer to Property, Plant and Equipment	(891,961)	(891,961)
Transfer to inventory	(1,854)	(1,854)
Total	5,742,642	5,742,642
Current portion	(891,961)	(891,961)
Non-current portion	4,850,681	4,850,681

On the 14 of October 2013, PRASA entered into an agreement with the Gibela Rail Transport Consortium (Gibela) for the design, supply and manufacture of 600 new trains. The financial agreement was approved and gazetted by the Minister of Finance on the 16 of April 2014. The contractual terms of the Agreement stipulate that the risks and rewards of ownership will pass to PRASA upon delivery of the rolling stock and after PRASA satisfies itself that all quality parameters are met. PRASA has received 268 trains in total with 60 trains (2024: 62 trains) received during the 2024/25 financial year. The short-term portion of the prepayment is based on the number of trains anticipated in the following financial year. 62 trains will be delivered according to the delivery schedule, during the 2025/26 financial year.

Prepaid licence fees relate to licence fees paid during the financial year. The validity term of twelve months extends beyond the financial year end.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances	782,736	224,053	719,769	202,933
Short-term deposits	3,936,190	12,303,713	3,936,190	12,303,713
Tenant deposits held in Trust	60,806	56,992	60,806	56,992
	4,779,732	12,584,758	4,716,765	12,563,638

Tenant deposits are held in a Trust account with ABSA Bank. Interest earned on these deposits amounts to R3.8 million (2024: R3.6 million) and is included in the tenant deposit held in Trust.

Call deposits earn interest at an average rate of 7.5% (2024: 8%) per annum.



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

9. INVESTMENT PROPERTY

ECONOMIC ENTITY					
Cost / Valuation				4,721,376	4,545,196
Controlling entity					
Cost / Valuation				4,624,076	4,452,296

RECONCILIATION OF INVESTMENT PROPERTY – ECONOMIC ENTITY – 2025

	OPENING BALANCE	ADDITIONS	CAPITALISATION	FAIR VALUE ADJUSTMENTS	WRITE OFF	TOTAL
Investment property	4,545,196	140,633	(18)	36,400	(835)	4,721,376

RECONCILIATION OF INVESTMENT PROPERTY – ECONOMIC ENTITY – 2024

	OPENING BALANCE	ADDITIONS	RETIREMENT	FAIR VALUE ADJUSTMENTS	TOTAL
Investment property	4,167,443	400,470	(22,774)	57	4,545,196

RECONCILIATION OF INVESTMENT PROPERTY – CONTROLLING ENTITY – 2025

	OPENING BALANCE	ADDITIONS	CAPITALISATION	FAIR VALUE ADJUSTMENTS	WRITE OFF	TOTAL
Investment property	4,452,296	140,633	(18)	32,000	(835)	4,624,076

RECONCILIATION OF INVESTMENT PROPERTY – CONTROLLING ENTITY – 2024

	OPENING BALANCE	ADDITIONS	RETIREMENT	FAIR VALUE ADJUSTMENTS	TOTAL
Investment property	4,291,205	180,145	(22,774)	3,720	4,452,296

INVESTMENT PROPERTY IN THE PROCESS OF BEING CONSTRUCTED OR DEVELOPED

Cumulative expenditure recognised in the carrying value of
Investment property

Land and building – Cost	511,825	411,966	511,825	411,966
--------------------------	---------	---------	---------	---------

A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the entity.

DETAILS OF VALUATION

Investment property consists of commercial properties situated in KwaZulu Natal, Western Cape, Gauteng and Eastern Cape. The properties comprise commercial properties rented out to third parties under operating leases ranging from 1 month to 50 years.

The fair market valuation of the investment property was professionally determined by an independent valuer, Knight Frank Valuers (2024: Knight Frank Valuers). The capitalisation of net income method, as well as the comparable sales method, was used.

The valuers are members of the Institute of Valuers and have the appropriate qualifications and experience in the valuation of properties in the relevant locations.

These assumptions are based on current market conditions.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

Amounts recognised in surplus and deficit for the year.

Rental revenue from investment property	495,391	384,631	495,391	384,631
From Investment property that generated rental revenue:				
Direct operating expenses (excluding repairs and maintenance)	(266,917)	(235,996)	(266,917)	(235,996)
Repairs and maintenance	(34,433)	(29,906)	(34,433)	(29,906)

10. PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,224,552	(10,709)	1,213,843	1,224,728	(10,709)	1,214,019
Facilities and leasehold	10,828,440	(5,911,447)	4,916,993	10,025,660	(5,663,877)	4,361,783
Buses and vehicles	966,305	(820,519)	145,786	912,595	(818,647)	93,948
Network assets	12,259,229	(6,601,560)	5,657,669	13,529,608	(7,307,394)	6,222,214
Rolling stock	63,166,934	(16,808,913)	46,358,021	54,205,902	(18,132,972)	36,072,930
Movables and workshop equipment	1,229,029	(1,003,766)	225,263	1,146,212	(879,555)	266,657
Facilities and leasehold: Assets under construction	2,838,827	-	2,838,827	2,477,412	-	2,477,412
Rolling stock: Assets under construction	687,252	-	687,252	3,777,492	-	3,777,492
Movables and workshop equipment: Assets under construction	452,041	-	452,041	478,721	-	478,721
Buses and vehicles: Assets under construction	4,302	-	4,302	1,940	-	1,940
Network assets: Assets under construction	12,933,248	-	12,933,248	7,697,573	-	7,697,573
Total	106,590,159	(31,156,914)	75,433,245	95,477,843	(32,813,154)	62,664,689



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

CONTROLLING ENTITY	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,224,552	(10,709)	1,213,843	1,224,328	(10,709)	1,213,619
Facilities and leasehold	10,828,440	(5,911,447)	4,916,993	10,024,031	(5,662,587)	4,361,444
Buses and vehicles	966 305	(820,519)	145,786	602,674	(525,452)	77,222
Network assets	12,259,229	(6,601,560)	5,657,669	13,529,608	(7,307,394)	6,222,214
Rolling stock	63,166,934	(16,808,913)	46,358,021	54,205,902	(18,132,972)	36,072,930
Movables and workshop equipment	1,229,029	(1 003 766)	225,263	1,139,097	(893,187)	245,910
Facilities and leasehold: Assets under construction	2,838,827	-	2,838,827	2,477,412	-	2,477,412
Rolling stock: Assets under construction	687,252	-	687,252	3,777,492	-	3,777,492
Movables and workshop equipment: Assets under construction	452,041	-	452,041	478,721	-	478,721
Buses and vehicles: Assets under construction	4,302	-	4,302	1,940	-	1,940
Network assets: Assets under construction	12,933,248	-	12,933,248	7,697,573	-	7,697,573
Total	106,590,159	(31,156,914)	75,433,245	95,477,843	(32,813,154)	62,664,689

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – ECONOMIC ENTITY – 2025

	OPENING BALANCE	ADDITIONS	CAPITALISATION	RETIREMENTS AND WRITE-OFFS	TRANSFERS	DEPRECIATION	IMPAIRMENT LOSS	TOTAL
Land	1,214,019	218	-	(394)	-	-	-	1,213,843
Facilities and leasehold	4,361,783	802,489	-	-	226	(247,505)	-	4,916,993
Buses and vehicles	93,948	61,568	-	(431)	19,399	(28,698)	-	145,786
Network assets	6,222,214	529,305	-	(495,993)	446	(598,303)	-	5,657,669
Rolling stock	36,072,930	13,520,615	-	(818,246)	-	(1,878,310)	(538,968)	46,358,021
Movables and workshop equipment	266,657	84,671	-	-	(18,557)	(107,508)	-	225,263
Facilities and leasehold: Assets under construction	2,477,412	722,050	(360,629)	-	(6)	-	-	2,838,827
Rolling stock: Assets under construction	3,777,492	12,305,938	(13,333,346)	-	517	-	(2,063,349)	687,252
Movables and workshop equipment: Assets under construction	478,721	252,232	(275,292)	-	(3,620)	-	-	452,041
Buses and vehicles: Assets under construction	1,940	72,634	(61,568)	-	(8,704)	-	-	4,302
Network assets: Assets under construction	7,697,573	5,250,573	(9,368)	-	(5,530)	-	-	12,933,248
	63,891,586	34,886,958	(15,324,867)	(1,315,064)	(15,829)	(2,860,324)	(2,602,317)	76,660,143



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – ECONOMIC ENTITY – 2024

	OPENING BALANCE	ADDITIONS	CAPITALISATION	RETIREMENTS AND WRITE-OFFS	DEPRECIATION	IMPAIRMENT LOSS	IMPAIRMENT REVERSAL	TOTAL
Land	1,214,037	-	-	(18)	-	-	-	1 214 019
Facilities and leasehold	4 544,553	12,837	-	(131)	(195,476)	-	-	4,361,783
Buses and vehicles	91,687	62,676	-	(4,667)	(54,608)	(3,507)	2,367	93,948
Network assets	6,796,577	-	-	-	(574,363)	-	-	6,222,214
Rolling stock	22,859,713	14,407,103	-	(26,919)	(1,181,466)	-	14,499	36,072,930
Movables and workshop equipment	254,882	93,212	-	(554)	(80,883)	-	-	266,657
Facilities and leasehold: Assets under construction	1,462,856	1,027,676	(13,119)	(28,810)	-	-	28,809	2,477,412
Rolling stock: Assets under construction	1,692,136	16,492,459	(14,407,103)	-	-	-	-	3,777,492
Movables and workshop equipment: Assets under construction	563,002	789,111	(873,392)	-	-	-	-	478,721
Buses and vehicles: Assets under construction	34,102	30,822	(62,984)	-	-	-	-	1,940
Network assets: Assets under construction	3,341,609	4,272,615	-	-	-	-	83,349	7,697,573
	42,855,154	38,415,408	(15,356,598)	(61,099)	(2,086,796)	(3,507)	129,024	63,891,586

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – CONTROLLING ENTITY – 2025

	OPENING BALANCE	ADDITIONS	CAPITALISATION	RETIREMENTS AND WRITE-OFFS	TRANSFERS	PURCHASE OF AUTOPAX ASSETS	DEPRECIATION	IMPAIRMENT LOSS	TOTAL
Land	1,213,619	218	-	(394)	-	400	-	-	1,213,843
Facilities and leasehold	4,361,444	802,489	-	-	310	255	(247,505)	-	4,916,993
Buses and vehicles	77,222	61,568	-	(431)	-	36,126	(28,699)	-	145,786
Network assets	6,222,214	529,306	-	(495,993)	446	-	(598,304)	-	5,657,669
Rolling stock	36,072,930	13,520,615	-	(818,246)	-	-	(1,878,310)	(538,968)	46,358,021
Movables and workshop equipment	245,910	84,671	-	-	-	2,190	(107,508)	-	225,263
Facilities and leasehold: Assets under construction	2,477,412	722,050	(360,629)	-	(6)	-	-	-	2,838,827
Rolling stock: Assets under construction	3,777,492	12,306,455	(13,333,346)	-	-	-	-	(2,063,349)	687,252
Movables and workshop equipment: Assets under construction	478,721	252,232	(275,292)	-	(3,620)	-	-	-	452,041
Buses and vehicles: Assets under construction	1,940	72,634	(61,568)	-	(8,704)	-	-	-	4,302
Network assets: Assets under construction	7,697,573	5,250,057	(9,368)	-	(5,014)	-	-	-	12,933,248
	63,853,374	34,886,960	(15,324,867)	(1,315,064)	(16,588)	38,971	(2,860,326)	(2,602,317)	76,660,143



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – CONTROLLING ENTITY – 2024

	OPENING BALANCE	ADDITIONS	CAPITALISATION	RETIREMENTS AND WRITE- OFFS	DEPRECIATION	IMPAIRMENT REVERSAL	TOTAL
Land	1,213,637	-	-	(18)	-	-	1,213,619
Facilities and leasehold	4,544,010	12 838	-	-	(195,404)	-	4,361,444
Buses and vehicles	63,057	62,676	-	(1,725)	(46,786)	-	77,222
Network assets	6,796,577	-	-	-	(574,363)	-	6,222,214
Rolling stock	22,859,713	14,407,103	-	(26,919)	(1 181,466)	14,499	36,072,930
Movables and workshop equipment	233,180	92,637	-	(157)	(79,750)	-	245,910
Facilities and leasehold: Assets under construction	1,462,856	1,027,676	(13,119)	(28,810)	-	28,809	2,477,412
Rolling stock: Assets under construction	1,692,136	16,492,459	(14,407,103)	-	-	-	3,777,492
Movables and workshop equipment: Assets under construction	563,002	789,111	(873,392)	-	-	-	47,8721
Buses and vehicles: Assets under construction	34,102	30,822	(62,984)	-	-	-	1,940
Network assets: Assets under construction	3,341,609	4,272,615	-	-	-	83,349	7,697,573
	42,803,879	38,414,834	(15,356,598)	(57,629)	(2,077,769)	126,657	63,853,374

PLEGGED AS SECURITY

No assets are pledged as security.

REPAIRS AND MAINTENANCE

Expenditure incurred for repairs and maintenance for property, plant and equipment included in the Statement of Financial Performance

728,033	572,534	714,064	536,160
---------	---------	---------	---------

PROPERTY, PLANT AND EQUIPMENT IN THE PROCESS OF BEING CONSTRUCTED OR DEVELOPED

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Facilities and leasehold: Assets under construction	88,194	133,117	88,194	133,117
Investment Property: Assets under construction	58,094	-	58,094	-
Network: Assets under construction	1,006,972	678,062	1,006,972	678,062
	1,153,260	811,179	1,153,260	811,179

The duration for Asset Under Construction was extended due to delays in project dependencies, outstanding key materials for the works, extensions of time for incomplete works, non-adherence to agreed contract timelines, and delays in accessing sites, among other factors.

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Facilities and leasehold: Assets under construction

The projects were halted due to terminations resulting from poor performance and legal disputes

332,425	331,066	332,425	331,066
332,425	331,066	332,425	331,066



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

11. INTANGIBLE ASSETS

ECONOMIC ENTITY	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Copyright	14,171	(12,049)	2,122	14,171	(11,342)	2,829
Software	842,065	(580,495)	261,570	662,684	(468,915)	193,769
Intangible assets under development	12,393	-	12,393	131,044	-	131,044
Gibela intangibles	16,235	(8,314)	7,921	-	-	-
	884,864	(600,858)	284,006	807,899	(480,257)	327,642

CONTROLLING ENTITY	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Copyrights	14,171	(12,049)	2,122	14,171	(11,342)	2,829
Computer software, other	842,065	(580,495)	261,570	662,003	(468,234)	193,769
Software	12,393	-	12,393	131,044	-	131,044
Gibela intangibles	16,235	(8,314)	7,921	-	-	-
	884,864	(600,858)	284,006	807,218	(479,576)	327,642

RECONCILIATION OF INTANGIBLE ASSETS - ECONOMIC ENTITY - 2025

	OPENING BALANCE	ADDITIONS	CAPITALISATION	RECLASSIFICATION	TRANSFERS	AMORTISATION	TOTAL
Copyrights	2,829	-	-	-	-	(707)	2,122
Software	193,769	126,013	-	-	53,367	(111,579)	261,570
Intangible assets under development	131,044	36,531	(132,600)	(22,582)	-	-	12,393
Gibela intangibles	-	16,235	-	-	-	(8,314)	7,921
	327,642	178,779	(132,600)	(22,582)	53,367	(120,600)	284,006



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

RECONCILIATION OF INTANGIBLE ASSETS – ECONOMIC ENTITY – 2024

	OPENING BALANCE	ADDITIONS	TRANSFERS	AMORTISATION	TOTAL
Copyrights	3,536	-	-	(707)	2,829
Software	210,955	-	15,018	(32,204)	193,769
Intangible assets under development	42,906	93,304	(5,166)	-	131,044
	257,397	93,304	9,852	(32,911)	327,642

RECONCILIATION OF INTANGIBLE ASSETS – CONTROLLING ENTITY – 2025

	OPENING BALANCE	ADDITIONS	CAPITALISATION	RECLASSIFICATION	TRANSFERS	AMORTISATION	TOTAL
Copyrights	2,829	-	-	-	-	(707)	2 122
Computer software, other	193,769	126,013	-	-	53,367	(111,579)	261,570
Intangible assets under development	131,044	36,531	(132,600)	(22,582)	-	-	12,393
Gibela intangibles	-	16,235	-	-	-	(8,314)	7,921
	327,642	178,779	(132,600)	(22,582)	53,367	(120,600)	284,006

RECONCILIATION OF INTANGIBLE ASSETS – CONTROLLING ENTITY – 2024

	OPENING BALANCE	ADDITIONS	TRANSFERS	AMORTISATION	TOTAL
Copyrights	3,536	-	-	(707)	2,829
Computer software, other	210,955	-	15,018	(32,204)	193,769
Intangible assets under development	42,906	93,304	(5,166)	-	131,044
	257,397	93,304	9,852	(32,911)	327,642

INTANGIBLE ASSETS IN THE PROCESS OF BEING CONSTRUCTED OR DEVELOPED

Cumulative expenditure recognised in the carrying value of Intangible assets

	20,314	131,044	20,314	131,044
Software				

There are no intangible assets that are taking a significantly longer period of time to complete than expected.

There are no intangible assets where development has been halted either during the current or previous reporting period(s).

12. OPERATING LEASE ASSET (LIABILITY)

Development lease receivable	3,636,710	2,338,880	3,636,710	2,338,880
Lease rentals on operating lease	4,723	2,172	-	-
Development lease liability	(2,279,860)	(1,177,071)	(2,279,860)	(1,177,071)
	1,361,573	1,163,981	1,356,850	1,161,809
Non-current assets	3,641,433	2,341,052	3,636,710	2,338,880
Non-current liabilities	(2,279,860)	(1,177,071)	(2,279,860)	(1,177,071)
	1,361,573	1,163,981	1,356,850	1,161,809



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

PRASA entered into development leases with private parties. These arrangements entail the construction of infrastructure on PRASA's land at their own cost for use by these parties over the lease period. The private party has the right of use of the PRASA land throughout the development lease. At the end of the lease period, the right to the use of the land and the infrastructure reverts to PRASA.

The risks and rewards associated with owning the land do not pass to the lessee at any stage of this arrangement. The land is recognised as Investment property because it is used for commercial purposes.

The residual interest relating to the infrastructure constructed by the private party is measured at the net present value of the estimated gross residual value of the infrastructure at the end of the lease and is recognised as a receivable.

The fair market valuation of the land was professionally determined by an independent valuer, Knight Frank Valuers (2024: Knight Frank Valuers). The capitalisation of net income method, as well as the comparable sales method, was used.

Intersite has entered into an operating lease agreement with private parties. The one arrangement entails the leasing of dark fibre infrastructure over a lease period of 15 years with an option to renew. The infrastructure is owned by the holding company, PRASA and leased to Intersite via an operating lease agreement for commercialisation purposes. The private party has the use of the said asset, and at the end of the leased period, the rights to the asset revert to PRASA. The risks and rewards of owning the infrastructure do not pass to the private party at any stage of this arrangement. However, the lease was cancelled.

Intersite, through the buyback of two development leases situated in Umgeni, KwaZulu-Natal, has entered into two operating leases with the tenants CTM and Zebbies. The terms of these leases range from 6 to 17 years. Both leases have escalations of 7%pa. There is no specified cancellation clause; however, the agreement indicates that it shall endure for the lease period and terminate on the termination date by effluxion of time or being in breach.

13. OTHER FINANCIAL ASSETS AT AMORTISED COST

Escrow account – Cape Town Station	-	21,927	-	-
Escrow account – Tippet Building	38,390	-	-	-
	38,390	21,927	-	-

CAPE TOWN STATION

During April 2022, Intersite Asset Investments received capital grant funding amounting to R351,114,053 from PRASA Group for a 25% co investment opportunity into Cape Town Station redevelopment. The 25% undivided share relates to the development of the top structure, consisting of student accommodation to the tune of 3,134 beds and 7,020m² of retail. The investment of R351,114,053 (incl. VAT) was paid into an escrow account, and the developer (Eris Property Group) has drawn down from the account as work progresses. The amount in the prior year of R21 927 129 has been fully drawn down.

TIPPET BUILDING

During April 2023, Intersite Asset Investments received capital grant funding amounting to R38 389 520 from PRASA Group for a 49% co investment opportunity into the Tippet Building in Johannesburg. Interest on the escrow account accrues to Intersite.

The entity's maximum exposure to credit risk is the carrying amount of the instrument.



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

14. OTHER FINANCIAL ASSET AT FAIR VALUE

Right to lease income	285,600	285,893	-	-
-----------------------	---------	---------	---	---

2025

	OPENING BALANCE	ADDITIONS	RETIREMENT	FAIR VALUE ADJUSTMENT	TOTAL
Right to lease income	285,893	19,129	-	(19,422)	285,600

2024

	OPENING BALANCE	ADDITIONS	RETIREMENT	FAIR VALUE ADJUSTMENT	TOTAL
Right to lease income	180,124	-	-	-	180,124

Intersite's right to lease income is the consideration paid when it exercised the lease option and acquired a 25% interest in the leasehold rights of the second phase lease of the Cape Town Station property.

Right to lease income revaluation

The Cape Town Station property has entered its first full year of operation and must be fairly valued at the end of each accounting period. The investment will reduce over the remaining period of the forty-five-year lease and is disclosed as a financial asset. The lease period commenced during construction and has seen 3.67 years expire before the first fair valuation could take place at the end of March 2025.

This has seen the cumulative investment balance reduce by R19 million for the 3.67 years of the lease that have expired. This reduction must be contrasted against the lease income received of R30 million since November 2023, when trading operations started. This is in addition to the R80 million increase in land value paid through land rentals to PRASA as a result of the development taking place.

The fair market valuation of the right to lease income was professionally determined by an independent valuer, Knight Frank Valuers. The discounted cash flow valuation method was used. Significant assumptions include the following:

RATE APPLIED

Discount rate	14%	-	-	-
Market cap rate	8%	-	-	-
Revisionary cap rate	8.25%	-	-	-
Growth in the market rental	6%	-	-	-

The valuers are members of the Institute of Valuers and have the appropriate qualifications and experience in the valuation of properties in the relevant location.

Fair value hierarchy of financial assets at fair value.

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurement. The fair value hierarchy has the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

Level 3 applies inputs which are not based on observable market data.

LEVEL 2

Right to lease income	(19,422)	-	-	-
-----------------------	----------	---	---	---

The entity's maximum exposure to credit risk is the carrying amount of the instrument.

15. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	109,213	123,929	109,212	102,549
Income received in advance	54,483	14,862	54,483	14,862
Retention	1,752,800	1,649,397	1,752,800	1,649,397
Accrued leave pay	914,150	824,620	914,150	817,458
Deposits received	32,657	62,925	32,657	62,925
Other payables ^	60,112	252,204	60,112	162,678
Accruals*	6,026,833	5,145,055	6,026,749	5,024,123
	8,950,248	8,072,992	8,950,163	7,833,992

The entity is required to settle its obligations for goods and services received within 30 days from the date of invoice. The carrying amount of payables from exchange transactions approximates fair value as the effect of discounting is immaterial. Payables from exchange transactions are interest-bearing if settled after 30 days from the date of the invoice. Income received in advance and retentions are non-interest-bearing and are settled in terms of the contract agreement.

^ Included in other payables are creditors for Transnet, Eskom and payroll vendors.

* Included in this balance are accruals for capital expenditure, utilities and municipal services, 13th cheque and Workmen's Compensation.

16. EMPLOYEE BENEFIT OBLIGATIONS

DEFINED BENEFIT PLANS – GENERAL INFORMATION

Employees of the economic entity participate in the Transmed Medical Scheme administered by Metropolitan Health Group (Pty) Ltd.

POST-RETIREMENT MEDICAL AID PLAN

The terms of the post retirement medical scheme are summarised below:

- + The entity subsidises some employees for a fixed amount of R213 per month in retirement. The amount is fixed, irrespective of the number of dependents on the medical scheme, and will not increase in the future. Employees of the entity retiring after 31 March 2012 are not eligible for the post retirement medical aid subsidy. In addition, dependants of employees who die in service after 31 March 2012 are no longer eligible for a post-employment medical aid subsidy.
- + Dependants of eligible continuation members receive the subsidy after the death of the principal member.
- + The actuarial projection method used to value the fund is the Projected Unit Credit method. The valuation was done by Old Mutual Corporate Consultants (2024: Old Mutual Corporate Consultants).



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

THE AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION ARE AS FOLLOWS:

Opening balance of the defined benefit obligation	(4,270)	(5,031)	(4,069)	(4,805)
Benefits paid	627	663	627	635
Actuarial gain / (losses) from financial assumption	(377)	(412)	(377)	(392)
Actuarial gain / (losses) from demographic assumptions	555	982	555	944
Interest expense	(464)	(472)	(464)	(451)
Settlements	-	-	(201)	-
Closing balance of the defined benefit obligation	(3,929)	(4,270)	(3,929)	(4,069)

Non-current liabilities	(3,394)	(3,671)	(3,394)	(3,470)
Current liabilities	(535)	(599)	(535)	(599)
	(3,929)	(4,270)	(3,929)	(4,069)

Net expense recognised in the Statement of Financial Performance is as follows:

Interest expense	(464)	(472)	(464)	(451)
Actuarial gain / (losses) from financial assumption	(377)	(412)	(377)	(392)
Actuarial gain / (losses) from demographic assumptions	555	982	555	944
	178	570	178	552

PRINCIPAL ACTUARIAL ASSUMPTIONS AT THE REPORTING DATE:

Assumptions used at the reporting date:

Discount rates used	9.90%	11.80%	9.90%	11.80%
Age of spouse	Retired members: husbands 4 years older than wives	Retired members: husbands 4 years older than wives	Retired members: husbands 4 years older than wives	Retired members: husbands 4 years older than wives
Post-retirement mortality assumption	In accordance with PA90, rated down 2 years plus 1% improvement per annum (from the base year of 2006). No explicit assumption was made about additional mortality or health care costs due to AIDS.	In accordance with PA90, rated down 2 years plus 1% improvement per annum (from the base year of 2006). No explicit assumption was made about additional mortality or health care costs due to AIDS.	In accordance with PA90, rated down 2 years plus 1% improvement per annum (from the base year of 2006). No explicit assumption was made about additional mortality or health care costs due to AIDS.	In accordance with PA90, rated down 2 years plus 1% improvement per annum (from the base year of 2006). No explicit assumption was made about additional mortality or health care costs due to AIDS.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2025	2024	2025	2024
		Restated*		Restated*

SENSITIVITY ANALYSIS

Should the discount rate decrease by 1% the accrued liability will be R3.9 million (2024: R4.2 million); should the discount rate increase by 1% the accrued liability will be R3.5 million (2024: R3.9 million) for the economic entity.

The post-retirement medical plan exposes the economic entity to actuarial risks, such as longevity risk, interest rate risk and market (investment) risks.

Expected contributions for the next period

Benefits paid	535	627	535	599
---------------	-----	-----	-----	-----

DEFINED BENEFIT PLAN ASSETS

The economic entity operates a defined benefit fund administered by Metropolitan Retirement Fund Administrators. The assets of the funds are held separately from those of the economic entity. The fund was actuarially valued by Old Mutual Corporate Consultants, an independent company (2024: Old Mutual Corporate Consultants).

A member with at least 10 years of pensionable service is entitled to the following benefits on attaining the minimum retirement age:

- + An annual pension equal to: (Average pensionable salary) x (pensionable service) x (accrual factor of 1); and
- + Plus a gratuity equal to: $(1/3) \times (1) \times$ (gratuity factor).

A member with less than 10 years of pensionable service is entitled to gratuity equal to twice the member's own contribution without interest, on attaining the age limit.

The rules do not permit late retirement after the attainment of the age limit.

Fair value of plan assets	1,053,516	1,053,516	1,053,516	1,053,516
Total present value of obligations	(625,489)	(625,489)	(625,489)	(625,489)
Surplus	428,028	428,028	428,028	428,028
Unrecognised asset (effect of asset ceiling limit paragraph 67)	(428,028)	(428,028)	(428,028)	(428,028)
(Liability) / Asset recognised at the end of the year	-	-	-	-

The fair value of the fund assets exceeds the present value of obligations by R428 million (2024: R428 million) at the end of the financial year. The surplus in the fund is recognised in the statement of financial position to the extent that the surplus amount is apportioned to PRASA by the Trustees. There has been no apportionment to PRASA and therefore no amount has been recognised in the statement of financial position.



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2025	2024	2025	2024
Figures in Rand thousand		Restated*		Restated*
Note(s)				
Movement in the fair value of plan assets				
Fair value of plan assets at the beginning of the year	1,053,516	1,537,037	1,053,516	1,537,037
Interest income on assets	131,752	131,752	131,752	131,752
Member contribution	68	68	68	68
Company contribution	168	168	168	168
Benefits paid	(82,355)	(82,355)	(82,355)	(82,355)
Net return on assets	(55,514)	(55,514)	(55,514)	(55,514)
Assets at Fair Market Value at the end of the year	1,053,516	1,536,963	1,053,516	1,536,963
Surplus / (Deficit) at the end of the year (not recognised)	428,028	428,028	428,028	428,028
Actual Return on Assets	(401,328)	(401,328)	(401,328)	(401,328)
Asset composition				
Cash	111,673	111,673	111,673	111,673
Equity	199,115	199,115	199,115	199,115
Bonds	477,243	477,243	477,243	477,243
Property	46,355	46,355	46,355	46,355
International equities	219,130	219,130	219,130	219,130
Assets at Fair Market Value at the end of the year	1,053,516	1,053,516	1,053,516	1,053,516
Reconciliation of defined benefit obligation				
Present value of defined benefit obligations at the beginning of the year	(624 555)	(624 555)	(624 555)	(624 555)
Interest cost	(59,037)	(59,037)	(59,037)	(59,037)
Past and current service cost	(257)	(257)	(257)	(257)
Member contributions	(68)	(68)	(68)	(68)
Benefits paid	82,355	82,355	82,355	82,355
Actuarial loss	(23,927)	(23,927)	(23,927)	(23,927)
	(625,489)	(625,489)	(625,489)	(625,489)
Reconciliation of Balance Sheet				
(Liability) / Asset recognised at the beginning of the year	-	-	-	-
Net defined benefit cost	(168)	(168)	(168)	(168)
Company Contributions	168	252	168	252
(Liability) / Asset recognised at the end of the year	-	-	-	-
Components of defined benefit cost				
Past and current service costs	(257)	(257)	(257)	(257)
Net interest on net defined benefit asset	(5)	(5)	(5)	(5)
Remeasurements due to actuarial gains/(losses)	94	94	94	94
	(336)	(336)	(336)	(336)

These expenses are recognised in operating expenses.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

The principal actuarial assumptions used were as follows:

Components of net interest on the net defined benefit asset

Interest cost on defined benefit obligation	(59,037)	(59,037)	(59,037)	(59,037)
Interest income on assets	151,186	151,186	151,186	151,186
Interest on limit	(92,154)	(92,154)	(92,154)	(92,154)
	(5)	(5)	(5)	(5)

Contributions, Premiums and Benefit Payments

Member contribution	68	68	68	68
Company contribution	168	168	168	168
Risk premiums	-	-	-	-
Administration expense	-	-	-	-
Benefit payments	(82,355)	(82,355)	(82,355)	(82,355)
	(82,119)	(82,119)	(82,119)	(82,119)

Key Economic Assumptions

Discount rate	11.80%	11.80%	11.80%	11.80%
Inflation rate	6.30%	6.30%	6.30%	6.30%
Salary increase rate	7.30%	7.30%	7.30%	7.30%
Pension increase allowance	4.73%	4.73%	4.73%	4.73%

The defined benefit obligation exposes the economic entity to actuarial risks, such as longevity risk, interest rate risk and market (investment) risks.

VALUATION METHOD AND ASSUMPTIONS

The actuarial valuation method that has been used is the "Projected Unit Credit Method".

The discount rate was based on the annualised yield on R2,032 as at 31 March 2025. The expected rate of return on the assets is 11.8% per annum. This is consistent with the discount rate used.

Inflation has been estimated as 6.3% per annum. This assumption has been based on the relationship between current conventional bond yields and current index linked bond yields (the reference ILG bond is I2031).

The assumption that the level of salary increases to be awarded in the long term will, on average, be equal to inflation plus 1.0% plus a merit increase based on the actuarial valuation assumptions.

The current service cost relates to retirement benefits only. The assumption that contributions for risk benefits (death, disability and funeral benefits) are accounted for separately in the Employers' accounts.

Employers should note that the actuarial results are highly sensitive to the financial assumptions used to determine the Fund's financial position. There will therefore be an inherent volatility in the Fund's figures shown in the balance sheet and income statement, where assumptions are used to estimate the financial position of the Fund.

The assets have been valued at their market value as of the valuation date.

DESCRIPTION OF DEFINED BENEFIT PLAN RISKS

The key risks faced in a defined benefit plan are set out below:

**PASSENGER RAIL AGENCY OF SOUTH AFRICA**

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

DEMOGRAPHIC

LONGEVITY

The risk of pensioners living longer than assumed in the valuation basis. This will lead to the benefits being paid for longer than anticipated, with actual costs exceeding the funding set aside for the expected liability.

MORTALITY

The risk that current active members die earlier than expected and their dependents qualify for a benefit earlier than assumed, leading to a greater and earlier than anticipated payment of benefits.

DEMOGRAPHIC PROFILE

The risk that the demographic profile of the group of beneficiaries becomes materially different from that assumed in the valuation basis, leading to paying more than predicted by the expected liability determined in the valuation.

FINANCIAL

VALUATION ASSUMPTIONS (MARKET RISK)

The risk that the liability as calculated does not reflect the economic realities faced by the PRASA sub fund (via invested assets). This would result from using valuation assumptions that do not bear out actual experience in the future. For example, unanticipated shifts in the bond yield curve could have an impact on the calculation of liability.

PENSION INCREASES

The risk that pensions increase at a level greater than that assumed in the valuation.

LIQUIDITY RISKS

The risk of the PRASA sub fund not having sufficient cash flow from investments or cash in the bank to meet immediate benefit payments at any point in time. This may result in extra costs being incurred in disinvesting, or losses in disinvesting invested capital due to unfavourable market prices, resulting in a reduction in assets held.

OPERATIONAL

DATA

Risk associated with errors in the data and/ or reality not matching the valuation assumptions made.

FRAUD

This includes, for example, data fraud where employees/ pensioners provide incorrect details around dependents, or certificates of existence are fraudulently obtained.

SYSTEMATIC

FUTURE CHANGES IN LEGISLATION

Changes in future legislation may lead to unforeseen capital requirements, for instance, should legislation lead to increased solvency reserve requirements.

DESCRIPTION OF ASSET LIABILITY MATCHING STRATEGIES, ANNUITIES AND OTHER TECHNIQUES TO MANAGE RISK

It is noted, however, according to the report on the statutory valuation of the fund as at 31 March 2025, the valuator is satisfied with the appropriateness of the assets of the fund to match its liabilities.

It is noted that the strategic asset allocation reported on is as follows:



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2025	2024	2025	2024
		Restated*		Restated*

STRATEGIC ASSET ALLOCATION

Cash	5.50%	5.50%	5.50%	5.50%
Equity	22.00%	22.00%	22.00%	22.00%
Cashflow matching (LDI)	45.00%	45.00%	45.00%	45.00%
Property	5.50%	5.50%	5.50%	5.50%
International equities	22.00%	22.00%	22.00%	22.00%
	100.00%	100.00%	100.00%	100.00%

The significant cashflow matching component of the strategic asset allocation would be appropriately designed to match the required future pension outgo as and when it arises, and to be forward managed on that basis.

DESCRIPTION OF FUNDING ARRANGEMENTS AND FUNDING POLICY THAT AFFECTS FUTURE CONTRIBUTIONS AND THE MATURITY PROFILE OF THE OBLIGATION.

The future service liabilities in respect of the active members of the fund are funded by a combination of member contributions of 7.5% of pensionable salaries and employer contributions of 11.025% of pensionable salaries. Hence, the total contributions of 18.525% of pensionable salaries. (According to the latest statutory valuation report of the fund at 31 March 2025).

The contribution rates are determined according to the Attained Age method, which is based on the present value of benefits in proportion to all projected salaries, in respect of all future service of all active members as at the valuation date. The Attained Age method is a conservative funding approach appropriate for a small, closed group of active members, as is the case with the Prasa sub fund.

As pensioner benefits are already fully accrued, no required contributions are needed in respect of pensioners.

17. PROVISIONS

RECONCILIATION OF PROVISIONS – ECONOMIC ENTITY – 2025

	OPENING BALANCE	ADDITIONS	REDUCTION	UTILISED DURING THE YEAR	TOTAL
Provisions for claims*	1,420,131	31,959	-	(54,856)	1,397,234
Restructuring provision	11,704	-	(6,901)	(4,803)	-
	1,431,835	31,959	(6,901)	(59,659)	1,397,234

RECONCILIATION OF PROVISIONS – ECONOMIC ENTITY – 2024

	OPENING BALANCE	ADDITIONS	REDUCTION	UTILISED DURING THE YEAR	TOTAL
Provisions for claims*	1 454,263	-	(15,442)	(18,690)	1,420,131
Restructuring provision	17,230	1,221	-	(6,747)	11,704
	1,471,493	1,221	(15,442)	(25,437)	1,431,835

RECONCILIATION OF PROVISIONS – CONTROLLING ENTITY – 2025

	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	TOTAL
Provisions for claims*	1,420,131	31,959	(54,856)	1,397,234



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

RECONCILIATION OF PROVISIONS – CONTROLLING ENTITY – 2024

	OPENING BALANCE	REDUCTION	UTILISED DURING THE YEAR	TOTAL
Provisions for claims*	1,454,263	(15,442)	(18,690)	1,420,131
Non-current liabilities	670,787	769,303	670,787	769,303
Current liabilities	726,447	662,532	726,447	650,828
	1,397,234	1,431,835	1,397,234	1,420,131

PROVISION FOR CLAIMS

- * The amount shown comprises the gross provision in respect of certain claims brought against the economic entity by commuters in respect of accidents which occurred in the current and previous financial years. It is not expected that the outcome will give rise to significant claims over and above the amounts provided for.

The Chain Ladder method was applied in calculating the development factors for PRASA liability losses as at 31 March 2025. Ultimately, these factors will be used to estimate the level of reserves required. The Chain Ladder method is a calculation approach used to estimate outstanding claims (Incurred But Not Reported (IBNR)) and future claim payments as required, whereby the weighted average of past claim development is projected into the future with adjustments to development patterns where applicable. The projection is based on the ratios of cumulative past claims, paid and incurred, for successive years of development. The method can be applied to past claims data with either explicit or implicit allowance for claims inflation. Based on the stability in the average claim values, the implicit adjustment was retained. The actuarial valuation was performed by Kunene Makopo Risk Solutions (2024: Kunene Makopo Risk Solutions), an independent Company.

A discount rate of 7.90% (2024: 7.90%) was used to discount future estimated payments. Each year was discounted to represent today's value. In addition to adjustments to the incurred claim patterns as derived from prior years' reporting patterns, the discounting model attempts to allow for further uncertainties in the timing of claim payments for up to 17 years into the future. The derived development and settlement factors were applied to these outstanding losses to project a future settlement pattern, and then, based on the total settlement pattern, a discounting cash flow model was developed.

18. SHARE CAPITAL

Authorised

Ordinary shares of R1 each

4,248,258

4,248,258

4,248,258

4,248,258

There were no movements in the share capital of the entity (2024: None). The shares are 100% (2024: 100%) owned by the Government.

Issued

Ordinary

4,248,258

4,248,258

4,248,258

4,248,258



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2025	2024	2025	2024
		Restated*		Restated*

19. OPERATING LEASES

Operating lease income

Operating lease income	769,533	696,521	760,351	706,183
Premises	769,533	696,521	760,351	706,183
Garages and parking	-	-	-	-
Facilities and equipment	-	-	-	-

The future minimum lease payments receivable under non cancellable operating leases are as follows:

Not later than one year	126,841	126,841	126,841	126,841
Later than one year and not later than five years	317,785	317,785	317,785	317,785
Later than five years	723,797	723,797	723,797	723,797
	1,168,423	1,168,423	1,168,423	1,168,423

Description of the economic entity as the lessor's significant leasing arrangements.

Short term commercial and residential operating leases.

The economic entity has entered into a number of short term commercial and residential operating leases in respect of certain land and buildings with third parties. The average term of these leases is between 3 and 5 years with no option to purchase. In a few older lease agreements, renewal options are available for a short term period. These are only applicable if they have complied with all terms and conditions of the original lease, and on renewal, lease rentals are subject to escalation. Newer lease agreements have no renewal options but have rights of first refusal should the economic entity decide to continue leasing the properties on expiry of the lease. Lease agreements typically include a clause allowing the lessor to cancel the agreement upon providing sufficient notice to the lessee if the lease terms conflict with commuter services.

Intersite, through the buyback of two development leases situated in Umgeni, KwaZulu-Natal, has entered into two operating leases with the tenants CTM and Zebbies. The terms of these leases range from 6 to 17 years. Both leases have escalations of 7% pa. There is no specified cancellation clause; however, the agreements indicate that it shall endure for the lease period and terminate on the termination date by effluxion of time or being in breach.

Intersite other rental income relates to the estimated 25% co investment share in net income in the Cape Station development for the period.

20. INVESTMENT INCOME

INTEREST INCOME

Bank	795,578	1,525,762	790,349	1,523,111
Interest charged on trade and other receivables	30,867	23,722	30,867	23,722
	826,445	1,549,484	821,216	1,546,833

Call deposits earn interest at an average of 7.5% (2024: 8%) per annum.

PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

21. FAIR VALUE ADJUSTMENTS

Investment property	231,502	36,524	227,040	40,187
Right to lease income	(19,422)	-	-	-
	212,080	36,524	227,040	40,187

22. GOVERNMENT SUBSIDY

Operating grants

Operating and capital grants	19,354,021	20,451,826	19,315,631	20,355,183
------------------------------	-------------------	-------------------	-------------------	-------------------

23. REVENUE

Actuarial gains	178	570	178	552
Fare revenue	658,718	523,211	570,144	257,106
Fair value adjustment	212,080	36,524	227,040	40,187
Gain on exchange differences	173,387	60,156	173,387	60,156
Government subsidy	19,354,021	20,451,826	19,315,631	20,355,183
Investment revenue	826,445	1,549,484	821,216	1 546,833
Operating lease rental income	769,533	696,521	760,351	706,183
Other income	123,980	274,371	97,594	251,882
Recoveries	556,863	437,525	(201)	437,525
	22,675,205	24,030,188	21,965,340	23,655,607

The amount included in revenue arising from exchanges of goods or services is as follows:

Actuarial gains	178	570	178	552
Fair revenue	658,718	523,211	570,144	257,106
Gain on exchange differences	173,387	60,156	173,387	60,156
Investment revenue	826,445	1,549,484	821,216	1,546,833
Operating lease rental income	769,533	696,521	760,351	706,183
Other income	123,980	274,371	97,594	251,882
Recoveries	556,863	437,525	(201)	437,525
	3,109,104	3,541,838	2,422,669	3,260,237

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Transfer revenue				
Government subsidy	19,354,021	20,451,826	19,315,631	20,355,183

NATURE AND TYPE OF REVENUE

FARE REVENUE

Revenue from the rendering of passenger services is recognised in the statement of financial performance in the period the service is rendered. It comprises transport services for train and bus commuters, covering both passenger and long-distance journeys, rendered during the period. Fare revenue includes ticket sales to train and bus commuters for passenger and cargo, and short and long-distance journeys.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

GOVERNMENT SUBSIDY

The operational subsidy is received annually to fund PRASA's operations. The following Medium Term Expenditure Framework allocations have been made in respect of future years:

- + 2026: R8.2 billion
- + 2027: R8.5 billion
- + 2028: R8.9 billion

24. EMPLOYEE-RELATED COSTS

Basic	6,034,040	6,399,809	5,995,884	6,247,426
Allowance	159,419	145,878	156,847	137,698
Overtime payments	140,349	71,115	137,201	62,630
	6,333,808	6,616,802	6,289,932	6,447,754

The defined contribution plan included in the basic employee-related cost is R705 million (2024: R705 million)

25. DEPRECIATION AND AMORTISATION

Property, plant and equipment	2,863,087	2,086,921	2,861,604	2,077,894
Intangible assets	158,493	32,911	158,493	32,911
	3,021,580	2,119,832	3,020,097	2,110,805

26. IMPAIRMENT LOSS

IMPAIRMENTS

Property, plant and equipment	2,603,050	(125,517)	2,603,050	(126,657)
--------------------------------------	-----------	-----------	-----------	-----------

The impairment of rolling stock relates to the GO program assets that are not in use. Internal sources of information showed evidence of obsolescence, physical damage and a decline in the use of certain coaches by commuters. The recoverable service amount for rolling stock is the fair value less costs to sell. Due to the lack of an active market for second hand coaches, the disposal of the coaches as scrap metal is the best information available. The observable selling price of the coaches as scrap metal was used as the fair value.

Autopax Passenger Services (SOC) Ltd

Autopax received funds from PRASA in the 2024 financial year of R104 million. The amount was impaired to nil as Autopax is experiencing cash flow constraints due to poor operational performance, and the amount may not be recoverable.

	-	-	-	104,33
	2,603,050	(125,517)	2,603,050	(22,327)

27. FINANCE COSTS

Trade and other payables	51,837	7,046	51,625	6,428
Bank	3	2	2	-
Interest on post-retirement benefits	464	472	464	451
	52,304	7,520	52,091	6,879

Payables from exchange transactions are interest-bearing if settled after 30 days from the date of invoice, and the incurred interest is due to late payments to suppliers.



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

28. GENERAL EXPENSES

Auditors remuneration	68,451	64,535	66,030	61,327
Auxiliary transport	463	6,129	967	7,383
Bank charges	11,111	7,751	10,408	6,133
Commission paid	12,755	12,204	8,345	(11)
Community development and training	(88,083)	83,980	(88,083)	83,980
Computer expenses	161,593	200,276	161,593	200,272
Consulting and professional fees	80,585	78,091	71,379	68,085
Energy expenses	748,069	798,699	709,503	674,432
Fines and penalties	(321)	-	(321)	-
Haulage fees	3,293	(976)	3,293	(976)
Health and risk	18,852	15,829	18,225	14,258
Insurance	820,032	832,521	819,334	830,994
Legal fees	138,105	166,411	138,105	166,270
Licence and transport certificate fees	6,516	4,427	5,234	48
Managed portfolio expenses	100,726	68,527	98,959	67,584
Management fees on external services	5,207	6,068	5,207	6,021
Marketing	184,784	8,510	184,784	8,459
Material expense	30,480	36,942	27,172	18,898
Municipal charges	508,314	476,683	508,224	472,332
Operating lease expense	80,894	90,105	71,457	76,594
Other expenses	298,543	(560,308)	(275,510)	(659,474)
Printing	8,449	12,918	8,449	12,874
RSR rail safety licence fees	37,672	35,721	8,477	35,721
Bad debts and debt impairment	65,927	(102,556)	65,927	(103,196)
Security	1,555,102	1,347,123	1,553,894	1,340,807
Telephone and fax	29,857	44,349	29,649	43,721
Training	17,551	8,859	17,546	8,837
Travel and accommodation – Staff	8,971	9,033	6,504	1,319
Travel expense	24,784	29,361	24,739	29,147
	4,938,682	3,781,212	4,259,490	3,471,839



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

29. CASH GENERATED FROM OPERATIONS

Surplus	3,113,565	10,465,545	3,142,433	10,513,197
Adjustments for:				
Depreciation and amortisation	3,021,580	2,119,832	3,020,097	2,110,805
Gain on sale of assets and liabilities	1,352,044	49,250	1,352,044	48,290
Fair value adjustments	(212,080)	(36,524)	(227,040)	(40,187)
Impairment - Property, plant and equipment	2,603,050	(125,517)	2,603,050	(126,657)
Impairment - Receivable from exchange transactions	65,927	(4,997)	65,927	(103,196)
Impairment - Loans from entities	-	-	-	104,330
Movements in retirement benefit assets and liabilities	(341)	(761)	(140)	(938)
Movements in provisions	(34,601)	(39,658)	(22,897)	(34,132)
Changes in working capital:				
Inventories	29,104	(10,156)	16,342	(12,988)
Receivables from exchange transactions	317,188	(858,397)	14,021	(832,913)
Operating lease	(2,490)	3,203	-	-
Payables from exchange transactions	(1,309,278)	(2,417,793)	(1,074,962)	(2,420,142)
VAT	32,627	(63,077)	25,560	(57,628)
	8,976,295	9,080,950	8,914,435	9,147,841

30. CONTINGENCIES

CONTINGENT LIABILITIES

Opening balance	3,744,090	3,805,923	3 647,744	3,687,114
Contingent liabilities raised during the year	45,431	582,936	68,225	564,775
Contingent liabilities settled/decreased during the year	(327,959)	(644,769)	(254,407)	(604,145)
	3,461,562	3,744,090	3,461,562	3,647,744

CONTINGENT LIABILITIES

Civil disputes	3,288,780	3,530,477	3,288,780	3,456,925
Labour disputes	136,982	178,113	136,982	155,319
Various insurance claims – For personal injuries as well as legal and other matters which may result in a possible loss in future.	35,800	35,500	35,800	35,500
	3,461,562	3,744,090	3,461,562	3,647,744

CIVIL DISPUTES

1. Prodigy Business Services	-	24,624	-	24,624
2. Rail & Road Assessing Services – For alleged failure to pay for services rendered. An application was launched for the dismissal of the action.	3,450	3,450	,3450	3,450
3. Tiro Projects	-	2,370	-	2,370
4. T2 Tech	-	17,377	-	17,377
5. National Force Security (Liquidated).	8,552	8,552	8,552	8,552
6. Koor Dindar Mothei Quantity Surveyors	-	478	-	478
7. Rasakanya Builders CC	-	2,442	-	2,442
8. Siyaya Rail Solutions	21,626	21,626	21,626	21,626
9. Siyaya db Consulting Engineers	-	15,319	-	15,319



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

CIVIL DISPUTES

10. Vision Africa as part of MMQS MACE (Pty) Ltd	-	14,528	-	14,528
11. Siyangena Technologies	1,080,901	1,080,901	1,080,901	1,080,901
12. Siyangena Technologies	776,137	776,137	776,137	776,137
13. David Underwood/Sharpline Graphics	6,884	6,884	6,884	6,884
14. Mtiya Dynamics – Claim	1,995	1,995	1,995	1,995
15. Sebenza Shipping and Forwarding	-	6,218	-	6,218
16. Fabor Engineering Products (Pty) Ltd	-	233	-	233
17. Phaahlana Mahlako Investments	-	1,164	-	1,164
18. Boyisa Trading Enterprise	208	208	208	208
19. Nkuna Building Construction	-	229	-	229
20. APM v PRASA	-	5,000	-	5,000
21. Diko Van Der Merwe t/a DPV Quantity Surveyors.	2,621	2,621	2,621	2,621
22. Diko Van Der Merwe t/a DPV Quantity Surveyors.	3,236	3,236	3,236	3,236
23. Otcon Construction (Oteo 4Phase JV)	-	6,986	-	6,986
24. Tshireletso Business Enterprises	-	4,054	-	4,054
25. MMQS – MACE	-	12,688	-	12,688
26. Kwikspace Modular Building (Pty) Ltd	-	755	-	755
27. Focus (InCab Signalling)	22,076	22,076	22,076	22,076
28. Mangi and Ngwazi	10,403	10,403	10,403	10,403
29. Vidual Investments Proprietary	2,169	2,169	2,169	2,169
30. Strauss Daly Inc	-	4,762	-	4,762
31. On Demand Investments	2,507	2,507	2,507	2,507
32. Nkambule & Associates	-	3,279	-	3,279
33. Vusa Isizwe Security	90,120	90,120	90,120	90,120
34. Sinqobile Equestrian Security	24,505	24,505	24,505	24,505
35. Bombardier – Claim 1 – 6	457,638	457,638	457,638	457,638
36. Bombardier – Claim 2	7,433	7,433	7,433	7,433
37. Bombardier – Claim 4	9,839	9,839	9,839	9,839
38. Bombardier – Claim 5	13,613	13,613	13,613	13,613
39. Siyaya DB	-	15,372	-	15,372
40. Siyaya DB	-	8,096	-	8,096
41. Siyaya DB	-	7,098	-	7,098
42. Royal Security Services	16,863	16,863	16,863	16,863
43. Insingizi Security Services	6,255	6,255	6,255	6,255
44. Futuris Guarding Security	7,791	7,791	7,791	7,791
45. Sinqobile Equestrian Security	4,724	4,724	4,724	4,724
46. Sechaba Security	3,447	3,447	3,447	3,447
47. Changing Tibes Security	20,462	20,462	20,462	20,462
48. Supreme Security Services	30,174	30,174	30,174	30,174
49. R1 Security Services	18,909	18,909	18,909	18,909
50. Vimtsiree Investments	27,454	27,454	27,454	27,454
51. Royal Security	48,618	48,618	48,618	48,618
52. Gary Donovan WallaceNo&others (High Goal – Security Liquidators)	13,559	13,559	13,559	13,559



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

CIVIL DISPUTES

53. Khuthele	7,492	7,492	7,492	7,492
54. Selina Sokoko	9,000	9,000	9,000	9,000
55. Altron Nexus	4,827	4,827	4,827	4,827
56. Class A	18	18	18	18
57. Valuecorp	-	3,572	-	3,572
58. APM – for alleged loss of business	-	68,763	-	-
59. Transnet – for alleged rent for diesel	-	3,049	-	-
60. Michel Mashile	-	1,700	-	-
61. Andile Woolfred Phewa	800	800	800	800
62. Daniel M	500	500	500	500
63. Dwane Holloway	400	400	400	400
64. Jonfords Developments	-	435	-	435
65. Leketi Attorneys	-	150	-	150
66. MEM Consulting (Pty) Ltd	-	460	-	460
67. Mlungisi Ndzimande	3,400	3,400	3,400	3,400
68. Mokete M	2,000	2,000	2,000	2,000
69. Sifiso Buthelezi/Dr Bridgette Gasa/and three others	-	234	-	234
70. Sibusiso Joseph Dude	4,400	4,400	4,400	4,400
71. Tholakele Upington Gubudela	-	10,000	-	10,000
72. Unahina Business Solutions	-	224	-	224
73. Unahina Business Solutions	-	306	-	306
74. Nissan	-	17,855	-	17,855
75. Toyota	-	17,422	-	17,422
76. Delca Systems	-	8,364	-	8,364
77. Lodemann Holding (Pty) Ltd	193,701	193,701	193,701	193,701
78. GIBB (Pty) Ltd	103,000	103,000	103,000	103,000
79. AFROX	1,736	1,736	1,736	1,736
80. SS Masinga Obo 2 minors	6,000	6,000	6,000	6,000
81. Petros Vusi Skundla	6,300	6,300	6,300	6,300
82. Marble Arch Trading CC	9,000	9,000	9,000	9,000
83. Ethekwini Municipality	6,445	6,445	6,445	6,445
84. City of Johannesburg	115,656	115,656	115,656	115,656
85. Mzameni Bobi	-	40	-	-
86. Cheslyn Wayne Roberts	611	611	611	611
87. Eqstra Corporation PTY	-	18	-	18
88. Leonard Ramatlakane vs The Minister and PRASA	500	500	500	500
89. Blue Flame	24,861	24,861	24,861	24,861
90. Superway Construction (Pty) Ltd	2,903	-	2,903	-
91. Uberrima	401	-	401	-
92. Power Metal Recyclers	2,867	-	2,867	-
93. Thato Abegail Tsautse	12,930	-	12,930	-
	3,263,917	3,530,480	3,263,917	3,456,928



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
Figures in Rand thousand			Restated*		Restated*

The matters listed in the note are matters in respect of which the counterparty mentioned has commenced legal proceedings either in court or through alternative dispute resolution, for example, arbitration proceedings. There is uncertainty relating to outcome, amount, and the timing of the outflow; a final determination in this regard will be made by the presiding officer of the court or the arbitral forum, as the case may be. In the event that PRASA is successful in its defence on any of the matters listed in this note, PRASA may be reimbursed for part of the legal costs it incurred in defending the matter in question.

^ On 8 October 2020 a full bench of the Gauteng High Court ordered that the agreements concluded between PRASA and Siyangena Technologies (Pty) Limited ("Siyangena") be reviewed and set aside. The court also found that the arbitration agreements contained in these agreements are similarly and specifically reviewed and set aside. This decision therefore suspends any claims that Siyangena have lodged by way of arbitration against PRASA. In accordance with the court order, an engineer is to be appointed within 30 days by the parties or by the court, where the parties do not reach agreement, to assess the work that has been done by Siyangena and indicate whether there is a deficit or excess in the payments already made by PRASA. In the event that the engineer finds that there is an excess, Siyangena will be obliged to pay this excess and if she / he finds a deficit, PRASA will be obliged to make good on the deficit. Siyangena has appealed the Gauteng High Court decision and PRASA must await the conclusion of the appeal process before effecting any adjustments to amounts contained in its work-in-progress and contingent liabilities.

In August 2024 the Independent Expert (IE) finalised his report and presented it to the parties. PRASA did not agree with IE's findings and communicated the same to the IE and Siyangena respectively. PRASA then initiated its own evaluation through experts appointed through its duly appointed legal representatives.

Siyangena filed an application for contempt of court and PRASA is challenging the application accordingly. PRASA is currently unable to finalise its answering affidavit due to Siyangena's failure to provide key documents referenced throughout their founding papers. These documents are essential to properly assess and value the works, and their relevance is inherent. The documents sought under Rule 35(12) concern aspects or issues that might arise from the allegations made in their founding affidavit and/or potential defenses that PRASA may raise in response. The requested documentation is necessary for PRASA to fully assess its position and may assist in asserting a defence.

PRASA has served a Rule 30A notice and are in the process of finalising an interlocutory application to compel production of the requested documents. In light of this, PRASA has asked the court to suspend the time period for filing its answering affidavit pending determination of the Rule 35(12) and Rule 30A process.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2025	2024	2025	2024
		Restated*		Restated*

CONTINGENT ASSETS

2025	ECONOMIC ENTITY	CONTROLLING ENTITY
Opening balance	125 385	125 385
94. Non-payment of professional services rendered to Government departments, and other third parties.	80,743	80,743
95. Claims against employees for being absent from work, employed on the basis of misrepresentation and for services not rendered.	32,775	32,775
96. Application to review and set aside the eTicketing contract	11,867	11,867
	125,385	125,385

2024	ECONOMIC ENTITY	CONTROLLING ENTITY
Opening balance	125,423	125,423
1. Non-payment of professional services rendered to Government departments, and other third parties.	48,459	48,459
2. Monies paid to Mazwe Financial Services micro lender in respect of loans to employees.	28,941	28,941
3. Claims against employees for being absent from work, employed on the basis of misrepresentation and for services not rendered.	32,775	32,775
4. Compass Insurance Claim against an insurer of a contractor in respect of the non performance of a contractor that has since been liquidated.	14,740	14,740
5. Application to review and set aside the eTicketing contract	24,640	24,640
	149,555	149,555

The matters above are under litigation and have been recognised as contingent assets. Their existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of PRASA.

31. GIBELA COMMITMENTS

Authorised capital expenditure contracted but not yet provided for

New rolling stock

Gibela commitments	68,146,894	79,750,646	68,146,894	79,750,646
--------------------	------------	------------	------------	------------

Authorised operational expenditure contracted but not yet provided for

Rolling stock maintenance

Gibela commitments	15,853,744	13,348,795	15,853,744	13,348,795
--------------------	------------	------------	------------	------------

32. OTHER COMMITMENTS

AUTHORISED CAPITAL EXPENDITURE

Contracted, but expenditure not yet provided for

> Signals and telecommunications	16,020,075	17,173,927	16,020,075	17,173,927
> Other capital programmes	6,535,800	5,428,386	6,535,800	5,428,386
	22,555,875	22,602,313	22,555,875	22,602,313



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
Figures in Rand thousand			Restated*		Restated*

AUTHORISED OPERATIONAL EXPENDITURE

Contracted, but expenditure not yet provided for

Services	1,266,300	843,172	1,266,300	843,172
----------	-----------	---------	-----------	---------

TOTAL COMMITMENTS

Total commitments

Authorised capital expenditure	22,555,875	22,602,313	22,555,875	22,602,313
Authorised operational expenditure	1,266,300	843,172	1,266,300	843,172
	23,822,175	23,445,485	23,822,175	23,445,485

This committed expenditure relates to plant and equipment and will be financed by available government subsidies.

A re-assessment of the 2023/24 capital and operational commitments was performed to address the qualification on commitments by ensuring completeness and accuracy of our commitments. Refer to note 38.

33. GENERAL OVERHAUL COMMITMENTS

General overhaul	853,189	760,470	853,189	760,470
------------------	---------	---------	---------	---------

The general overhaul (GO) contracts do not specify the applicable contract value. The work is allocated to the suppliers based on the actual demand; this demand is based on the assessment of the coaches. Therefore, the commitment amount does not represent the actual value of work contracted but not yet provided.

The commitment amount is based on work allocations made under the contract, less the expenditure incurred. The allocations, which represent the work to be performed by the appointed contractor, are based on estimates made from previous work done per coach. These allocations form the obligation of work to be performed by each contractor, and based on this assertion, the contract value for the GO contract is amended to reflect this value, less the expenditure incurred to arrive at the estimated commitment at the reporting date.

In 2024 - 25, no additional allocations were made to contractors; however, budget adjustments were made to previous year allocations. Therefore, the initial budget allocations increased from R1,810,047,040 (2024) to R2,680,323,729 (2025), of which R14,903,980 was not allocated to the supplier, thus not a commitment. The expenditure for the year was R1,065,240,624.

34. INTEREST IN OTHER ENTITIES

Investment in controlled entities

NAME OF COMPANY	% HOLDING 2025	% HOLDING 2024	CARRYING AMOUNT 2024	CARRYING AMOUNT 2023
Intersite Asset Investments (SOC) Ltd "Intersite"	100%	100%	-	-
Autopax Passenger Services (SOC) Ltd "Autopax"	100%	100%	-	-

The carrying amounts of controlled entities are shown net of impairment losses.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2025	2024	2025	2024
		Restated*		Restated*

INTERSITE ASSET INVESTMENTS (SOC) LTD

Intersite was a subsidiary throughout the year. The interest in the surplus of the controlled entities amounted to R50 million (2024: R95 million). The investment has been impaired to nil.

Country of incorporation: South Africa.

Principal activity: Property and asset investment vehicle for the economic entity.

Authorised share capital

4,000 ordinary shares of R1 each

Issued share capital

375 ordinary shares of R1 each (2024: 375)

AUTOPAX PASSENGER SERVICES (SOC) LTD

Autopax was a subsidiary throughout the year. The interest in the deficit of the controlled entities amounted to R2.2 billion (2024: deficit R186 million). The investment has been impaired to nil.

Country of incorporation: South Africa

Principal activity: Passenger bus services

Authorised share capital

800 000 000 ordinary shares of R1 each

Issued share capital

601 863 850 ordinary shares of R1 each (2024: 601 863 850)

RELATED PARTY TRANSACTIONS WITH CONTROLLED ENTITIES

During the year, the entity entered into transactions with its wholly owned controlled entities, Intersite and Autopax.

Related party transactions are included under related party note 35

35. RELATED PARTIES

Relationships

Members of key management	Refer to the members' remuneration included in this note.
Reporting department	Department of Transport
Controlling entity	Passenger Rail Agency of South Africa
Controlled entities	Intersite Asset Investment SOC Ltd
Sphere of Government	Autopax Passenger Services SOC Ltd

The economic entity is a Schedule 3B Public Entity in terms of the Public Finance Management Act, 1999 (Act No 1 of 1999). It therefore has a significant number of related parties, including other State owned entities, Government departments and all other entities within the national sphere of Government. The economic entity used the database maintained by the National

PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
Figures in Rand thousand			Restated*		Restated*

Treasury to identify related parties. A list of all related parties is available on the National Treasury website at www.treasury.gov.za. Transactions with related parties are concluded on an arm's length basis.

The entity has a related party relationship with its subsidiaries Autopax and Intersite, as well as with its directors and senior executives (key management).

Transactions with related entities

Services rendered to related parties comprise principally transportation (rail and road) services. Services purchased from associated parties comprised chiefly energy, telecommunications, ICT, transportation and property-related services.

During the year, the entity entered into transactions with its wholly owned subsidiaries, Intersite and Autopax. All transactions with the above are concluded on an arm's length basis.

The following is a summary of transactions with related parties during the year and balances due at year end:

RELATED PARTY BALANCES

Receivables from exchange transactions

Intersite	-	702
Autopax	-	321,773
Impairment	-	(321,773)

PAYABLES FROM EXCHANGE TRANSACTIONS

Autopax	-	1 262
---------	---	-------

LOANS – OWING BY RELATED PARTIES

Autopax	-	1,770,148
Impairment	-	(1,770,148)

RELATED PARTY TRANSACTIONS

Services rendered to related parties

Autopax	4,067	16,318
---------	-------	--------

Services rendered by related parties

Autopax	11	1,313
---------	----	-------

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2025	2024	2025	2024
		Restated*		Restated*

REMUNERATION OF MANAGEMENT

BOARD MEMBERS

PRASA				
Mr D Mohuba	-	556	-	556
Mr M Mukhuba	571	840	571	840
Adv S Sethene	542	552	542	552
Ms N Nokwe Macamo (Chairperson)	1,120	1,027	1,120	1,027
Ms N Mpye	608	628	608	628
Ms S Luthuli	-	338	-	338
Dr R Kgoroeadira	566	138	566	138
Prof J Havenga	478	124	478	124
Adv M Motlogelwa	-	493	-	493
Mr N Makaepea	-	-	-	-
Mr B Nobunga	583	144	583	144
Ms H Ralinala	510	-	510	-
Mr L Joel	255	-	255	-
Mr G Maluleke	-	-	-	-
INTERSITE				
Mr M Mukhuba (Chairperson)	254	220	-	-
Ms N Mpye (ARC Chairperson)	352	305	-	-
Adv S Sethene	203	175	-	-
Mr D Mohuba	58	50	-	-
Ms S Luthuli	58	50	-	-
AUTOPAX				
Adv S Sethene	-	-	-	-
Ms N Mpye (ARC Chairperson)	304	304	-	-
Mr M Mukhuba	50	51	-	-
Mr D Mohuba	50	51	-	-
Ms S Luthuli (Chairperson)	220	220	-	-
Adv M Motlogelwa	191	161	-	-
	6,973	6,427	5,233	4,840

PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*
PRASA					
Ms S Luthuli				(From December 2022)	
Mr N Makaepea				(From October 2020)	
Mr D Mohuba				(From October 2020)	
Mr TN Mpye				(From October 2020)	
Mr M Mukhuba				(From October 2020)	
Adv M Motlogelwa				(From December 2023)	
Ms N Nokwe Macamo				(From October 2020)	
Dr R Kgoroadira				(From December 2023)	
Prof J Havenga				(From December 2023)	
Mr B Nobunga				(From December 2023)	
Ms H Ralinala				(From December 2023)	
INTERSITE					
Ms S Luthuli (ARC member)				(From December 2022)	
Mr D Mohuba – (ARC member)				(From July 2022)	
Ms N Mpye (ARC Chairperson)				(From November 2020)	
Mr M Mukhuba (Chairperson)				(From December 2020)	
AUTOPAX					
Ms S Luthuli (Chairperson)				(From February 2023)	
Mr D Mohuba (ARC member)				(From July 2022)	
Adv M Motlogelwa				(From December 2022)	
Ms N Mpye (ARC Chairperson)				(From December 2020)	
Mr M Mukhuba				(From December 2020)	



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

MANAGEMENT CLASS: EXECUTIVE MANAGEMENT

2025	SALARY	RETIREMENT CONTRIBUTIONS	OTHER BENEFITS RECEIVED	TOTAL
Name				
Mr A Papadopolu	2,499	-	28	2,527
Mr A Rehman	2,171	171	23	2,365
Mr B Alexander (AGCFO)	3,539	270	37	3,846
Mr B Zimase (CAE)	2,114	194	23	2,331
Mr C Mathonsi (Acting Executive Manager – MLPS)	2,192	200	23	2,415
Mr D Mphelo (CIO)	2,972	272	32	3,276
Mr F Marutla (ACEO – PRASA TECH)	2,199	195	23	2,417
Mr H Emeran (CEO – PRASA TECH)	-	-	-	-
Mr H Emeran (GCEO)	7,068	870	78	8,016
Mr K Govender (Advisor)	4,544	-	48	4,592
Mr M Baltac (Strategic Asset Development)	3,770	-	40	3,810
Mr N Malefane (ACEO – PRASA RAIL)	1,892	-	20	1,912
Mr T Holele*	3,471	-	37	3,508
Ms A Lindeque (ACEO PRASA Cres)	2,736	285	30	3,051
Ms M Ngoye (Group Legal and Risk)	3,509	423	38	3,970
Ms N Modibedi (GCHCO)	3,025	276	31	3,332
Ms P Munthali #	3,832	-	40	3,872
Ms N Phasha (A/ GL&R)	2,636	206	27	2,869
Ms Y Isawa (A/CIO)	2,535	84	14	2,633
Ms M Ngonyama (A/CIO)	3,188	-	34	3,222
Ms N Mareko	4,108	118	15	4,241
	64,000	3,564	641	68,205

Ms N Modibedi (GCHCO)

(From April 2023)

Mr H Emeran (GCEO)

(From June 2023)

Ms T Tsautse (AGL&R)

(Till August 2023)

Mr N Khena

(Till February 2024)

Mr B Zimase (CAE)

(From June 2023)

Mr J Mahlangu (A/CAE)

(Till June 2023)

Ms L Fosu (GCFO)

(Till January 2024)

Mr C Mathonsi – A MLPS Executive

(Till October 2023)

Mr S Zwane – A MLPS Executive

(From November 2023)



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

2024	SALARY	RETIREMENT CONTRIBUTIONS	OTHER BENEFITS RECEIVED	TOTAL
Name				
Mr B Alexander (AGCFO)	3,048	229	31	3,308
Mr M Baltac (Strategic Asset Development)	2,236	-	25	2,261
Mr C Camane (Advisor)	1,403	-	15	1,418
Mr V Dlamini (Advisor)	1,261	-	14	1,275
Ms Y February (ACIO)	830	70	9	909
Ms L Fosu (GCFO)	3,286	301	35	3,622
Mr K Govender (Advisor)	3,230	-	35	3,265
Mr H Emeran (AGCEO)	1,584	179	17	1,780
Mr H Emeran (CEO – PRASA TECH)	1,037	128	11	1,176
Adv J Hlongwane (Advisor)	449	-	5	454
Mr T Holele*	2,965	-	31	2,996
Mr E Khan	724	43	7	774
Mr N Khena*	2,831	260	30	3,121
Ms N Kondowe (AGCHO)	841	66	9	916
Ms D Le Roux (AGHCM)	932	72	9	1,013
Ms A Lindeque (ACEO PRASA Cres)	2,297	242	25	2,564
Mr J Mahlangu (ACAE)	1,386	153	16	1,555
Mr N Malefane (ACEO – PRASA RAIL)	1,659	-	17	1,676
Mr F Marutla (ACEO – PRASA TECH)	1,203	88	13	1,304
Mr C Mathonsi (Acting Executive Manager – MLPS)	1,058	79	12	1,149
Mr D Mphelo (AGCEO)	1,189	96	12	1,297
Mr D Mphelo (CIO)	1,474	135	15	1,624
Mr T Mukwevho (ACPO)	971	79	10	1,060
Ms P Munthali #	3,273	-	34	3,307
Ms M Ngoye (Group Legal and Risk)	2,998	359	32	3,389
Mr A Papadopulo	2,131	-	24	2,155
Mr A Rehman	907	72	10	989
Ms T Tsautse (AGL&R)	1,756	-	19	1,775
Ms L Venter (AGHCM)	966	83	10	1,059
	49,925	2,734	532	53,191

Ms N Modibedi (GCHCO)

(From April 2023)

Mr H Emeran (GCEO)

(From June 2023)

Ms T Tsautse (AGL&R)

(Till August 2023)

Mr N Khena

(Till February 2024)

Mr B Zimase (CAE)

(From June 2023)

Mr J Mahlangu (A/CAE)

(Till June 2023)

Ms L Fosu (GCFO)

(Till January 2024)

Mr C Mathonsi – A MLPS Executive

(Till October 2023)

Mr S Zwane – A MLPS Executive

(From November 2023)

Mr T Mukwevho (ACPO)

(Till September 2022)

Mr A Rehman –

(From October 2022)

Mr C Camane (Advisor)

(From October 2022)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

Mr V Dlamini (Advisor)

(From October 2022)

Mr K Govender (Advisor)

(From May 2022)

Adv J Hlongwane (Advisor)

(From February 2023)

Mr E Khan

(Till June 2022)

* The members are suspended from 1 April 2021. From this date, they no longer participate in EXCO-related matters.

The member is suspended from 12 June 2019. From this date, they no longer participate in EXCO-related matters.

36. OTHER RELATED PARTIES

Services rendered to related parties

Major public entities	1,511	72,998	1,511	72,998
Other public entities	4,463	3,944	4,463	3,944
	5,974	76,942	5,974	76,942

Services received from related parties

Major public entities	(1,010,201)	(574,524)	(1,010,201)	(574,524)
Other public entities	(698,820)	(933,598)	(698,820)	(932,624)
	(1,709,021)	(1,508,122)	(1,709,021)	(1,507,148)

Net amounts due to/from related parties

Major public entities	21,465	148,835	21,465	148,835
Other public entities	(25,501)	(98,995)	(25,501)	(98,021)
	(4,036)	49,840	(4,036)	50,814

The following is a summary of transactions with related parties during the year and balances due at year-end:

The majority of transactions with Major public entities are with Transnet and Eskom.

The majority of Other public entities' transactions are with the South African Revenue Services.

Transactions with related entities.

Services rendered to related parties comprise principally transportation (rail and road) services. Services purchased from related parties are chiefly energy, telecommunications, ICT, transportation and property-related services.

37. COMPARATIVE FIGURES

Certain comparative figures have been restated.

Comparative figures with prior period adjustments are disclosed in the prior period adjustment note 38.



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
Figures in Rand thousand			Restated*		Restated*

38. PRIOR YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

STATEMENT OF FINANCIAL POSITION

ECONOMIC ENTITY – 2024					
	Note	As previously reported	Correction of error	Re-classification	Restated
Loans to economic entities		-	-	-	-
Receivables from exchange transactions		1,607,336	178,502	-	1,785,838
Investment property		4,831,089	-	(285,893)	4,545,196
Property, plant and equipment		62,312,664	352,025	-	62,664,689
Other financial assets at fair value		-	-	285,893	285,893
Payables from exchange transactions		(7,720,967)	(1,578,922)	-	(9,299,889)
Accumulated surplus		(75,732,553)	(178,502)	-	(75,911,055)
		(14,702,431)	-	-	(14,702,431)

CONTROLLING ENTITY – 2024				
	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions		1,703,194	178,502	1,881,696
Property, plant and equipment		62,274,452	352,025	62,626,477
Payables from exchange transactions		(7,481,967)	(1,578,922)	(9,060,889)
Accumulated surplus		(75,594,781)	(178,502)	(75,773,283)
		(19,099,102)	-	(19,099,102)

STATEMENT OF FINANCIAL PERFORMANCE

ECONOMIC ENTITY – 2024				
	Note	As previously reported	Correction of error	Restated
General expense		3,959,714	(178,502)	3,781,212

CONTROLLING ENTITY – 2024				
	Note	As previously reported	Correction of error	Restated
General expenses		3,650,341	(178,502)	3,471,839

ERRORS

The following prior period errors adjustments occurred:

ERROR 1

An investigation into the allowance for doubtful debt indicated that an allowance for doubtful debt was raised in the financial period 2020/21 and 2021/22, and lacked supporting documentation. As this allowance for doubtful debt could not be allocated to a debtor, and debtors were assessed for impairment, the amount of R178,502 has been reversed in the 2023/24 financial period.



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2025	2024	2025	2024
		Restated*		Restated*

STATEMENT OF FINANCIAL POSITION

Receivables from exchange transactions	-	178,502	-	178,502
Accumulated surplus	-	(178,502)	-	(178,502)
Statement of Financial Performance				
General expenses	-	(178,502)	-	(178,502)
	-	(178,502)	-	(178,502)

ERROR 2

COMMITMENTS

A re assessment of the 2023/24 capital and operational commitments was performed to address the qualification on commitments by ensuring completeness and accuracy of our commitments.

	ECONOMIC ENTITY			CONTROLLING ENTITY		
	As previously reported	Adjustment	Restated	As previously reported	Adjustment	Restated
Signals and telecommunications	551,343	16,622,584	17,173,927	551,343	16,622,584	17,173,927
Other capital programmes	21,924,409	(16,496,023)	5,428,386	21,924,409	(16,496,023)	5,428,386
Services	928,664	(85,492)	843,172	928,664	(85,492)	843,172
	23,404,416	41,069	23,445,485	23,404,416	41,069	23,445,485

ERROR 3

PROPERTY, PLANT AND EQUIPMENT

During the review of FY2025 financial statements, it was identified that certain projects in the prior period were omitted from the delayed and halted disclosure note because there was no standardised process for identifying and assessing such projects. Furthermore, management identified the prior period error resulting from a refinement in the methodology used to classify projects as delayed or halted.

The updated methodology applied more stringent criteria, leading to the recognition of additional projects that should have been classified as delayed or halted in prior periods but were previously omitted or misclassified.

Management has implemented additional controls to prevent similar errors in the future, including creating a SharePoint significantly delayed register and improving tracking of halted operations.

This error resulted in an understatement of delayed and halted projects in the prior period. The correction has been retrospectively applied, and the comparative figures have been restated as follows:

	ECONOMIC ENTITY			CONTROLLING ENTITY		
	As previously reported	Adjustment	Restated	As previously reported	Adjustment	Restated
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected	69,669	741,510	811,179	69,669	741,510	811,179
Carrying value of property, plant and equipment where construction or development has been halted	366,684	(35,618)	331,066	366,684	(35,618)	331,066
	436,353	705,892	1,142,245	436,353	705,892	1,142,245

PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

ERROR 4

TRADE PAYABLES – RETENTION

During the review of the Gibela retention, it was found that retention of R1,579 billion was not raised. A prior period adjustment was processed in the 2023/24 financial period.

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment	-	352,025	-	352,025
Trade payables	-	(352,025)	-	(352,025)
	-	-	-	-

RECLASSIFICATIONS

The following reclassifications adjustment occurred:

OTHER FINANCIAL ASSETS AT FAIR VALUE

The Cape Town Station property was previously disclosed for R285 million as investment property and has been reclassified as another financial asset at fair value (right to lease income).

39. TRANSFER OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

39.1. DESCRIPTION OF THE TRANSFER

- + Transferor: Autopax
- + Acquirer: Passenger Rail Agency of South Africa
- + Effective Date of Transfer: 31 July 2024

39.2. REASON FOR THE TRANSFER OF FUNCTIONS

The directors of Autopax considered whether the rendering of long-haul bus services, part of the primary mandate of PRASA, will continue, as consecutive years of operating losses eroded the asset base, and this continues to impact the ability of the business to operate efficiently and on a financially sustainable basis.

The lack of funding has hindered the director's ability to invest and improve the bus fleet's efficiency, thereby optimising its revenue-generating ability, bolstered by reduced operating costs. Therefore, the Board of Directors resolved to apply for the company to be placed under business rescue. This was done to give the company enough time to implement the turnaround actions and to secure the necessary funding to implement the approved business plan.

NATURE OF THE FUNCTION TRANSFERRED:

Autopax is a holding company of two South African intercity bus services and is a wholly owned subsidiary of Prasa. Its mandate is to provide long distance, inter city and charter services, as well as bus services crossing borders in Southern Africa via the use of luxury, semi luxury, and intercity coaches.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

39.3. ACCOUNTING POLICY

This transfer of functions has been accounted for in accordance with GRAP 105 – Transfer of Functions Between Entities Under Common Control. As the transfer occurred between entities under common control, the assets and liabilities received were recognised by the receiving entity at the carrying amounts as recorded in the books of the transferring entity at the transfer date. The accounting policy is disclosed in note 1.22.

39.4. ASSETS AND LIABILITIES TRANSFERRED

The following assets and liabilities were transferred at their carrying amounts:

ASSETS TRANSFERRED:	CARRYING AMOUNT	CARRYING AMOUNT	CARRYING AMOUNT	CARRYING AMOUNT
Property, plant and equipment	-	-	36,730	-
Inventory	-	-	10,700	-
Operating licence prepayment	-	-	2,700	-
Intangible assets	-	-	-	-
Total assets	-	-	50,130	-

LIABILITIES ASSUMED	CARRYING AMOUNT	CARRYING AMOUNT	CARRYING AMOUNT	CARRYING AMOUNT
Employment benefit obligation	-	-	(201)	-
Leave pay provision	-	-	(3,490)	-
Provision for service bonus	-	-	(3,526)	-
Total liabilities	-	-	(7,217)	-

39.5. NET EFFECT OF THE TRANSFER

Net Assets Received: The amount has been recognised in accumulated surplus/deficit in accordance with GRAP 105, with no goodwill or gain on transfer recognised

DETAILS	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Carry amount of Assets and Liabilities	-	-	42,913	-
Consideration paid as per the agreement	-	-	(23,758)	-
Net assets	-	-	19,155	-

39.6. CONTINGENT LIABILITIES

As part of the transfer of functions in accordance with GRAP 105, the receiving entity assumed certain liabilities from the transferring entity, including contingent liabilities.

NATURE OF THE CONTINGENT LIABILITY

The contingent liability of R24,188,207 pertains to labour related legal claims, specifically cases of alleged unfair dismissal brought by various employees. These are active cases in progress. The outcome of the claims remains uncertain at the reporting date.



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

40. RISK MANAGEMENT

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Economic entity. The economic entity has adopted a policy of only dealing with creditworthy parties. The economic entity performs ITC checks on tenants before contracts are entered into. Tenants are required to pay deposits, provide guarantees or sureties based on their risk profile.

Financial assets, which potentially subject the economic entity to credit risk, consist principally of receivables from exchange transactions and cash and cash equivalents. The economic entity's cash and cash equivalents are placed with high-credit, quality financial institutions.

Concentrations of credit risk with respect to receivables from exchange transactions are due to leases with Government entities or tenants under operating lease agreements. Where relevant, the economic entity has policies in place to ensure that transactions only take place with customers with an appropriate credit history.

MAXIMUM EXPOSURE TO CREDIT RISK

There has been no significant change during the financial year, or since the end of the financial year, to the economic entity's exposure to credit risk, the approach to measurement or the objectives, policies and processes for managing this risk.

The economic entity's exposure to credit risk consists of prepayments, receivables from exchange transactions and cash and cash equivalents. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the economic entity's maximum exposure to credit risk:

Receivables from exchange transactions	1,334,046	1,785,838	1,732,872	1,881,696
Cash and cash equivalents	4,779,732	125,884,758	4,716,765	12,563,638
	6,113,778	127,670,596	6,449,637	14,445,334

ECONOMIC ENTITY

2025

	Neither past due nor impaired	Past due but not impaired	Impaired	Carrying value
Receivables from exchange transactions	-	1,334,046	2,990,761	4,582,352
Receivables from exchange transactions – impaired	-	-	(2,990,761)	(2,975,015)
Cash and cash equivalents	4,779,732	-	-	12,584,758
	4,779,732	1,334,046	-	14,192,095

The bank deposits and bank balances, receivables and payables approximate their fair value due to the short term nature of these instruments. Receivables from exchange transactions are impaired based on the age of the debtor and the entity's inability to recover the assets.

2024

	Neither past due nor impaired	Past due but not impaired	Impaired	Carrying value
Receivables from exchange transactions	236,325	1,549,513	2,975,015	4,582,352
Receivables from exchange transactions – impaired	-	-	(2,975,015)	(2,975,015)
Cash and cash equivalents	12,584,758	-	-	12,584,758
	12,821,083	1,549,513	-	14,192,095



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

The bank deposits and bank balances, receivables and payables approximate their fair value due to the short term nature of these instruments. Receivables from exchange transactions are impaired based on the age of the debtor and the entity's inability to recover the assets.

CONTROLLING ENTITY				
2025	Neither past due nor impaired	Past due but not impaired	Impaired	Carrying value
Receivables from exchange transactions	-	1,732,872	2,990,761	5,084,881
Receivables from exchange transactions – impaired	-	-	(2,990,761)	(3,381,686)
Cash and cash equivalents	4,716,765	-	-	12,563,638
	4,716,765	1,732,872	-	14,266,833

The bank deposits and bank balances, receivables and payables approximate their fair value due to the short term nature of these instruments. Receivables from exchange transactions are impaired based on the age of the debtor and the entity's inability to recover the assets.

2024	Neither past due nor impaired	Past due but not impaired	Impaired	Carrying value
Receivables from exchange transactions	285,857	1,595,839	3,381,686	5,084,881
Receivables from exchange transactions – impaired	-	-	(3,381,686)	(3,381,686)
Cash and cash equivalents	12,563,638	-	-	12,563,638
	12,849,495	1,595,839	-	14,266,833

The bank deposits and bank balances, receivables and payables approximate their fair value due to the short term nature of these instruments. Receivables from exchange transactions are impaired based on the age of the debtor and the entity's inability to recover the assets.

CREDIT RISK OF FINANCIAL ASSETS CARRIED AT AMORTISED COST

The credit risk of trade and other receivables from exchange transactions is initially determined with reference to credit ratings obtained from external credit ratings agencies for customers included in the balance. Customers are categorised into the following:

Low risk – Customers included in this category have evidenced no defaults or breaches in the contractual repayments. Typically, only a one-month deposit is required for these customers.

Medium risk – Customers in this category are prone to late payments but seldom default on the entire balance owing. Usually, a 2 to 5-month deposit is required for these customers.

High-risk – Customers included in this balance are those who frequently default on their outstanding balances and breach their contracts. Normally, a 6-month deposit is required for these customers.

Tenant receivables comprise hawkers, residential and commercial tenants in the following percentages:

Hawkers	-%	-%	-%	-%
Residential	4.00%	4.00%	4.00%	4.00%
Commercial	96.00%	96.00%	96.00%	96.00%
	100.00%	100.00%	100.00%	100.00%



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
Figures in Rand thousand			Restated*		Restated*

Commercial tenants are deemed to be low risk compared to residential tenants. However, during the last few years, we have been negatively impacted due to poor economic conditions in the property market.

COLLATERAL

For all tenant receivables, collateral is held in the form of tenant deposits, guarantees or sureties based on the risk profile of the respective tenant.

Financial assets that are past due but not impaired

The tenant trade receivables are tenants who have entered into rental contracts. All tenants prepay amounts. Therefore, if a tenant has not paid, the amount is past due. The following represents information on the credit quality of trade receivables that are past due but not impaired.

Financial assets that are past due and impaired

Receivables from exchange transactions are impaired based on the age of the debtor and the inability of the entity to recover the assets.

Aged analysis of financial assets that are past due but not impaired:

Receivables from exchange transactions

30 days past due	(38,436)	(38,436)	(11,262)	(11,262)
31 to 60 days past due	20,151	20,151	47,726	47,726
61 to 90 days and over past due	1,389,294	1,389,294	1,380,874	1,380,874
	1,371,009	1,371,009	1,417,338	1,417,338

LIQUIDITY RISK

Liquidity risk is the risk that the economic entity will not be able to meet its financial obligations as they fall due. The economic entity is in ongoing discussions with our Shareholders and the National Treasury. The economic entity maintains sufficient cash resources to fund its capital programme via cash allocations from the Government on a monthly basis, in order to act as an agent for the Government in the provision of rail commuter services. The economic entity also manages liquidity risk through an ongoing review of future commitments. Liquidity risk is measured every month in terms of current and quick ratios.

The economic entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or reputational damage. This is achieved by using cash flow forecasts.

The Group is experiencing cash flow constraints due to poor performance, which prevents it from honouring its obligations as they become due, the current ratio has declined from 1.59 in the 2024 financial year to 0.71 in the 2025 financial year. Most of the cash available is ringfenced for capital projects and not available to defray operational expenses.

The economic entity receives a guaranteed subsidy from the National Treasury through the Medium Term Expenditure Framework allocation process to fund all current and future obligations.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

The economic entity's exposure to liquidity risk consists of payables from exchange transactions. The carrying amount of financial liabilities recorded in the financial statements:

NON DERIVATIVE FINANCIAL LIABILITIES

Payables from exchange transactions	8,966,114	7,720,968	8,966,029	7,481,966
-------------------------------------	-----------	-----------	-----------	-----------

The maturity analysis below details the economic entity's remaining contractual maturity for its financial liabilities. The analysis below has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the economic entity can be required to pay. The analysis includes both estimated interest and principal cash flows.

The entity is required to settle its obligations for goods and services received within 30 days from the date of invoice. The carrying amount of payables from exchange transactions' approximate fair value, as the effect of discounting is immaterial. Payables from exchange transactions are interest-bearing if settled after 30 days from the date of invoice. Income received in advance and retentions are non-interest-bearing and are settled in terms of the contract agreement.

MATURITY ANALYSIS

Payables from exchange transactions				
1 to 6 months	6,242,969	7,720,968	6,242,969	7,481,966

MARKET RISK

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The economic entity's income and operating cash flows are substantially independent of changes in market interest rates. However, the value of post-employment assets and obligations will be affected when there are fluctuations in market interest rates.

FOREIGN EXCHANGE RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This would arise mainly as a result of import capital and operational expenditure programmes where goods are imported from, and services are provided in foreign countries and thus are exposed to currency fluctuations.

The entity does not manage direct exposure to foreign currency risk as funds for the CAPEX programme, including the rolling fleet renewal programme, are fully guaranteed by the National Treasury. Therefore, the entity does not recognise the impact of changes in the foreign currency exchange in the statement of financial performance.

The economic entity reviews its foreign currency exposure, including commitments, on an ongoing basis. The entity expects its foreign exchange contracts to hedge foreign exchange exposure.

**PASSENGER RAIL AGENCY OF SOUTH AFRICA**

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

SENSITIVITY ANALYSIS

EMPLOYEE OBLIGATIONS

The results of the valuation are sensitive to the assumptions used. The valuation is based on a number of assumptions. The value of the liability could turn out to be overstated or understated, depending on the extent to which actual experience differs from the assumptions adopted. Refer to note 16.

FINANCIAL ASSETS

As at 31 March 2024, if the weighted average interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair value impact on the statement of financial performance would have been, with the opposite effect if the interest rate had been 100 basis points lower. The sensitivity analysis is performed by adding opening and closing balances for cash and cash equivalents and dividing the resultant amount by 2 to get the average amount, and then applying the interest rate for the year and the average interest rate plus 100 basis points to the average balance to determine the impact of 1% movement in interest rates.

FINANCIAL LIABILITIES

Changes in the interest rate as at 31 March 2024 would have had no impact on the statement of financial performance, as all borrowings are at a fixed interest rate.

CAPITAL MANAGEMENT

The economic entity's capital consists of share capital. Capital and operational subsidies are received through the Medium-Term Expenditure Framework. Capital subsidy is accounted for in terms of GRAP 23 Revenue from Non-Exchange Transactions.

The primary objective of managing the Entity's capital is to ensure that there is sufficient cash available to support the Entity's funding requirements, including capital expenditure, so that the Entity remains financially sound. This is done by means of the cost coverage ratio.

CATEGORIES OF FINANCIAL INSTRUMENTS

Financial instruments consist mainly of receivables from exchange transactions, cash and cash equivalents and payables from exchange transactions. Receivables and payables from exchange transactions approximate their fair value due to the short term nature of these instruments.

The fair values together with the carrying amounts have been determined by using available market information and are presented in the Statement of Financial Position.

FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COSTS

ECONOMIC ENTITY			
2025			
Assets	Carrying amount	Fair value	Interest income / (expense)
Receivables from exchange transactions	1,334,046	1,334,046	-
Cash and cash equivalents	4,779,732	4,779,732	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*
		6,113,778	6,113,778	-	

The entity expects payment from customers for goods and services rendered within 30 days from the date of invoice. The carrying amount of receivables from exchange transactions approximates fair value as the effect of discounting is immaterial.

Liabilities	CARRYING AMOUNT	FAIR VALUE	INTEREST INCOME / (EXPENSE)
Payables from exchange transactions	8,966,114	8,966,114	-

The entity is required to settle its obligations for goods and services received within 30 days from the date of invoice. The carrying amount of payables from exchange transactions approximates fair value as the effect of discounting is immaterial. Payables from exchange transactions are interest-bearing if settled after 30 days from the date of invoice. Income received in advance and retentions are non-interest-bearing and are settled in terms of the contract agreement.

ECONOMIC ENTITY			
2024			
Assets	Carrying amount	Fair value	Interest income / (expense)
Receivables from exchange transactions	1,785,838	1,785,838	-
Cash and cash equivalents	12,584,758	12,584,758	-
	14,370,596	14,370,596	-

The entity expects payment from customers for goods and services rendered within 30 days from the date of invoice. The carrying amount of receivables from exchange transactions approximates fair value as the effect of discounting is immaterial.

Liabilities	CARRYING AMOUNT	FAIR VALUE	INTEREST INCOME / (EXPENSE)
Payables from exchange transactions	9,299,889	9,299,889	-

The entity is required to settle its obligations for goods and services received within 30 days from the date of invoice. The carrying amount of payables from exchange transactions approximates fair value as the effect of discounting is immaterial. Payables from exchange transactions are interest-bearing if settled after 30 days from the date of the invoice. Income received in advance and retentions are non-interest-bearing and are settled in terms of the contract agreement.

CONTROLLING ENTITY			
2025			
Assets	Carrying amount	Fair value	Interest income / (expense)
Receivables from exchange transactions	1,732,872	1,732,872	-
Cash and cash equivalents	4,716,765	4,716,765	-
	6,449,637	6,449,637	-

The entity expects payment from customers for goods and services rendered within 30 days from the date of invoice. The carrying amount of receivables from exchange transactions approximates fair value as the effect of discounting is immaterial.

Liabilities	CARRYING AMOUNT	FAIR VALUE	INTEREST INCOME / (EXPENSE)
Payables from exchange transactions	8,966,029	8,966,029	-

PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
		2025	2024	2025	2024
			Restated*		Restated*

The entity is required to settle its obligations for goods and services received within 30 days from the date of invoice. The carrying amount of payables from exchange transactions approximates fair value as the effect of discounting is immaterial. Payables from exchange transactions are interest-bearing if settled after 30 days from the date of the invoice. Income received in advance and retentions are non-interest-bearing and are settled in terms of the contract agreement.

CONTROLLING ENTITY			
2024			
Assets	Carrying amount	Fair value	Interest income / (expense)
Receivables from exchange transactions	1,881,696	1,881,696	-
Cash and cash equivalents	12,563,638	12,563,638	-
	14,445,334	14,445,334	-

The entity expects payment from customers for goods and services rendered within 30 days from the date of invoice. The carrying amount of receivables from exchange transactions approximates fair value as the effect of discounting is immaterial.

Liabilities	CARRYING AMOUNT	FAIR VALUE	INTEREST INCOME / (EXPENSE)
Payables from exchange transactions	9,060,889	9,060,889	-

The entity is required to settle its obligations for goods and services received within 30 days from the date of invoice. The carrying amount of payables from exchange transactions approximates fair value as the effect of discounting is immaterial. Payables from exchange transactions are interest-bearing if settled after 30 days from the date of the invoice. Income received in advance and retentions are non-interest-bearing and are settled in terms of the contract agreement.

41. GOING CONCERN

We draw attention to the fact that at 31 March 2025, the controlling entity reported an operating deficit of R8.338 billion (2024: R2.326 billion).

PRASA, as a Schedule 3B public entity, is substantially funded by the Government. PRASA's operating environment has changed significantly over the last few years due to lockdowns and vandalism across its network. This has resulted in PRASA undertaking a rebuild programme rather than just a modernisation programme.

The PRASA recovery process continues, with 35 lines now recovered. A significant focus is being placed on the rehabilitation of the signalling system to bring back operations fully. The continuing support received from the Department of Transport and National Treasury for operational and capital requirements means that the entity can continue as a going concern.

The continued commitment by the Government to revitalise and rebuild the rail environment further cements the role that PRASA will play in the future in executing its institutional function. PRASA is a vital economic enabler, and in order to execute its mandate, the following strategic objectives are being implemented:

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)	ECONOMIC ENTITY		CONTROLLING ENTITY	
	2025	2024	2025	2024
		Restated*		Restated*

STRATEGIC OBJECTIVE 1

Delivering an excellent passenger service aligned to passenger needs, resulting in one billion passengers by 2035.

STRATEGIC OBJECTIVE 2

Growing the gross commercial revenue to R2.5 billion per annum by 2035.

STRATEGIC OBJECTIVE 3

Modernisation and investment in operational assets to enable passenger growth to 1 billion by 2035.

STRATEGIC OBJECTIVE 4

Grow and expand the business of PRASA through its assets and competencies in South Africa and Africa.

Based on the above strategic objectives, the continued support from the Department of Transport and the significant role PRASA must play in the economy, management has a reasonable expectation that PRASA will continue as a going concern for the foreseeable future, and this is the basis upon which the annual financial statements have been prepared.

PRASA has also addressed most of its long-outstanding debts. Recent budget cuts across the broader Government sphere have impacted PRASA, prompting a review of its capital programme rollout in line with revised capital commitments. Operationally, a comprehensive cost optimisation is underway to ensure a lean, sustainable organisation in the future. Therefore, certain material uncertainties exist, however, as noted above, PRASA's continued existence in the foreseeable future is certain based on funds allocated to the entity over the Medium Term.

42. EVENTS AFTER THE REPORTING DATE

PRASA BOC has appointed a new independent Board for Intersite, effective 1 April, to align with the newly approved Operational Model of PRASA under implementation. This change has resulted in the secondary mandate being managed under Intersite Asset Investment (SOC), a 100% owned subsidiary of PRASA.

43. IRREGULAR, FRUITLESS, AND WASTEFUL EXPENDITURE

Irregular expenditure – current year	5,020,623	5,654,802	5,015,380	5,631,737
Fruitless and wasteful expenditure – current year	18,839	112,742	18,688	109,957
	5,039,462	5,767,544	5,034,068	5,741,694

*Refer to reconciling notes in the annual report



PASSENGER RAIL AGENCY OF SOUTH AFRICA

Consolidated Annual Financial Statements for the year ended 31 March 2025

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

44. BUDGET DIFFERENCES

Differences between budget and actual amounts on the basis of preparation and presentation

ECONOMIC ENTITY

FARE REVENUE

Autopax had set strategic ambitions to expand its fleet as part of a broader initiative to regain market share and enhance competitiveness within the road transport industry. This fleet renewal and expansion was expected to significantly improve service availability, operational efficiency, and ultimately, fare revenue generation. However, the implementation of this initiative has experienced delays due to challenges in onboarding an appropriate and equitable supplier. The anticipated boost in fare revenue from increased fleet capacity has not yet materialised.

The PRASA Rail infrastructure rehabilitation programme continues to make steady progress, despite ongoing fiscal constraints and broader economic challenges. The rail network has faced significant setbacks due to damage caused by natural disasters. These incidents have resulted in extensive infrastructure loss, disrupting services and slowing down recovery efforts. In March 2025, severe flooding in KwaZulu Natal led to the closure of several stations, further hampering restoration activities in that region.

In contrast, the Western Cape region demonstrated strong operational momentum, exceeding its allocated budget for the current financial year. This is attributed to the continued deployment of action teams across the top 13 priority stations, an initiative that has delivered tangible improvements in station functionality, commuter safety, and service reliability.

OPERATING LEASE

Rental income was below budget for the reporting period, primarily due to a lower than anticipated occupancy rate. This was driven by the stressed economic environment and disruptions in train services, which negatively impacted foot traffic at station based retail spaces.

RECOVERIES

During the reporting period, PRASA recognised revenue arising from the Autopax business rescue process. As part of the approved business rescue plan, certain debts owed by Autopax to PRASA were forgiven or written off. This debt forgiveness resulted in net credit balances, which were recognised as revenue in accordance with applicable accounting standards.

INVESTMENT INCOME

Finance income was below budget due to higher than anticipated cash utilisation, driven by increased investment requirements to support the rehabilitation of the rail network. In addition, interest rates declined by 75 basis points during the financial year compared to budget assumptions, further impacting interest earnings.

EMPLOYEE-RELATED COSTS

During the reporting period, PRASA continued its efforts to optimise employee related costs within its financial constraints. The organisation explored various interventions, including the implementation of Voluntary Severance Packages (VSPs) aimed at reducing the workforce in a legally compliant and socially responsible manner.

The VSP initiative was launched to encourage voluntary exits and mitigate the need for compulsory retrenchments. However, the uptake was lower than anticipated, limiting its effectiveness in achieving significant cost reductions.

DEPRECIATION AND AMORTISATION

Depreciation costs for the 2024/25 financial year exceeded the approved budget due to the accelerated investment in the rehabilitation of the rail infrastructure. A substantial amount of R19.5 billion was invested during the year, compared to a budgeted R11.6 billion, as part of PRASA's strategic commitment to restore and modernise the passenger rail network. As a result of this accelerated implementation,



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

Note(s)

ECONOMIC ENTITY		CONTROLLING ENTITY	
2025	2024	2025	2024
	Restated*		Restated*

a number of capital assets were brought into use earlier than initially anticipated, triggering earlier recognition of depreciation charges.

IMPAIRMENT LOSS

The impairment on rolling stock relates to the GO program assets that are not in use. Internal sources of information showed evidence of obsolescence, physical damage and a decline in the use of certain coaches by commuters. The recoverable service amount for rolling stock is the fair value less costs to sell. Due to the lack of an active market for second-hand coaches, the disposal of the coaches as scrap metal is the best information available. The observable selling price of the coaches as scrap metal was used as the fair value.

REPAIRS AND MAINTENANCE

During the reporting period, PRASA's repairs and maintenance expenditure exceeded initial budget projections, primarily due to the operationalisation of new Electric Multiple Unit (EMU) trains acquired through the Gibela contract.

GENERAL EXPENSES

During the reporting period, PRASA's general operating expenditure was lower than budgeted, primarily due to reduced energy costs and professional fees.

Energy Costs – Traction energy expenses were significantly below projections. This is attributed to a decrease in train trip volumes, notably in KwaZulu Natal, where adverse weather conditions disrupted services. The reduction in operational activity led to lower electricity consumption for train traction. Additionally, PRASA implemented efficiency measures to monitor and improve fuel consumption across its fleet vehicles. These initiatives contributed to a notable decrease in fuel expenses.

Professional Fees – Expenditure on professional services was also lower than anticipated. This outcome resulted from strategic decisions to defer certain consultancy engagements

and to utilise internal resources more effectively, thereby reducing reliance on external service providers.

WRITE OFF OF ASSETS

During the reporting period, PRASA identified and decommissioned certain legacy network assets that were no longer eligible for operational use. These assets, having reached the end of their useful lives or become obsolete, were derecognised from the asset register. This loss from disposal was not anticipated in the original budget.

GAIN ON FOREIGN EXCHANGE

A favourable variance was recorded on foreign exchange transactions, resulting from the positive endowment effects on foreign currency settlements. The company does not maintain an active hedging policy, and as such, remains exposed to market driven currency movements.

FAIR VALUE ADJUSTMENTS

The fair value of investment properties increased during the reporting period, primarily due to market related adjustments, and this was not anticipated in the budget.

CONTROLLING ENTITY

FARE REVENUE

Autopax had set strategic ambitions to expand its fleet as part of a broader initiative to regain market share and enhance competitiveness within the road transport industry. This fleet renewal and expansion was expected to significantly improve service availability, operational efficiency, and ultimately, fare revenue generation. However, the implementation of this initiative has experienced delays due to challenges in onboarding an appropriate and equitable supplier. The anticipated boost in fare revenue from increased fleet capacity has not yet materialised.

The PRASA Rail infrastructure rehabilitation programme continues to make steady progress, despite ongoing fiscal constraints and broader economic challenges. The rail network has faced significant setbacks due to damage

caused by natural disasters. These incidents have resulted in extensive infrastructure loss, disrupting services and slowing down recovery efforts. In March 2025, severe flooding in KwaZulu Natal led to the closure of several stations, further hampering restoration activities in that region.

In contrast, the Western Cape region demonstrated strong operational momentum, exceeding its allocated budget for the current financial year. This is attributed to the continued deployment of action teams across the top 13 priority stations, an initiative that has delivered tangible improvements in station functionality, commuter safety, and service reliability.

OPERATING LEASE

Rental income was below budget for the reporting period, primarily due to a lower than anticipated occupancy rate. This was driven by the stressed economic environment and disruptions in train services, which negatively impacted foot traffic at station based retail spaces.

RECOVERIES

During the reporting period, PRASA recognised revenue arising from the Autopax business rescue process. As part of the approved business rescue plan, certain debts owed by Autopax to PRASA were forgiven or written off. This debt forgiveness resulted in net credit balances, which were recognised as revenue in accordance with applicable accounting standards.

INVESTMENT INCOME

Finance income was below budget due to higher than anticipated cash utilisation, driven by increased investment requirements to support the rehabilitation of the rail network. In addition, interest rates declined by 75 basis points during the financial year compared to budget assumptions, further impacting interest earnings.

EMPLOYEE-RELATED COSTS

During the reporting period, PRASA continued its efforts to optimise employee-related costs within its financial constraints. The organisation explored various interventions, including the implementation of Voluntary Severance Packages (VSPs) aimed at reducing the workforce in a legally compliant and socially responsible manner. The employee cost budget for 2024/25 was lower due to the VSP initiative launched to encourage voluntary exits and mitigate the need for compulsory retrenchments. However, the uptake was

lower than anticipated, limiting its effectiveness in achieving significant cost reductions.

DEPRECIATION AND AMORTISATION

Depreciation costs for the 2024/25 financial year exceeded the approved budget due to the accelerated investment in the rehabilitation of the rail infrastructure. A substantial amount of R19.5 billion was invested during the year, compared to a budgeted R11.6 billion, as part of PRASA's strategic commitment to restore and modernise the passenger rail network. As a result of this accelerated implementation, a number of capital assets were brought into use earlier than initially anticipated, triggering earlier recognition of depreciation charges.

IMPAIRMENT LOSS

During the financial year, PRASA conducted a comprehensive assessment of its rolling stock assets. This evaluation identified that a significant portion of the older rolling stock exhibited indicators of impairment, primarily due to physical deterioration and obsolescence. These assets could not be restored to their intended service potential through the current General Overhaul (GO) programme, resulting in the recognition of impairment losses in the financial statements.

Conversely, certain assets that underwent refurbishment under the GO programme demonstrated improved operational performance and extended useful lives. This positive change in the condition and expected service potential of these assets warranted a reversal of previously recognised impairment losses.

Overall, while the impairment of older rolling stock negatively impacted the financial results, the successful refurbishment of certain assets under the GO programme mitigated this effect through impairment reversals. PRASA remains committed to ongoing asset management and refurbishment initiatives to enhance the reliability and efficiency of its rolling stock fleet.

REPAIRS AND MAINTENANCE

During the reporting period, PRASA's repairs and maintenance expenditure exceeded initial budget projections, primarily due to the operationalisation of new Electric Multiple Unit (EMU) trains acquired through the Gibela contract.

GENERAL EXPENSES

During the reporting period, PRASA's general operating expenditure was lower than budgeted, primarily due to reduced energy costs and professional fees.

Energy Costs – Traction energy expenses were significantly below projections. This is attributed to a decrease in train trip volumes, notably in KwaZulu Natal, where adverse weather conditions disrupted services. The reduction in operational activity led to lower electricity consumption for train traction. Additionally, PRASA implemented efficiency measures to monitor and improve fuel consumption across its fleet vehicles. These initiatives contributed to a notable decrease in fuel expenses.

Professional Fees – Expenditure on professional services was also lower than anticipated. This outcome resulted from strategic decisions to defer certain consultancy engagements and to utilise internal resources more effectively, thereby reducing reliance on external service providers.

WRITE OFF OF ASSETS

During the reporting period, PRASA identified and decommissioned certain legacy network assets that were no longer eligible for operational use. These assets, having reached the end of their useful lives or become obsolete, were derecognised from the asset register. This loss from disposal was not anticipated in the original budget.

GAIN ON FOREIGN EXCHANGE

A favourable variance was recorded on foreign exchange transactions, resulting from the positive endowment effects on foreign currency settlements. The company does not maintain an active hedging policy, and as such, remains exposed to market driven currency movements.

FAIR VALUE ADJUSTMENTS

The fair value of investment properties increased during the reporting period, primarily due to market related adjustments and this was not anticipated in the budget.



NOTES



INDEX

A

Accounting Authority 7, 17, 113, 128, 129
 Annual Financial Statements 17, 80, 117, 125, 128, 129, 136, 137, 138, 139, 143, 163, 164, 165, 215
 Annual Performance Plan
 App 7, 11, 12, 222
 Asiphephe Campaign 13
 Auditor-General 7, 11, 12, 13, 17, 53, 113, 114, 116, 125
 Autopax Passenger Services 22, 33, 137, 164, 166, 189, 196, 197

B

Board Of Control 13
 Broad-Based Black Economic Empowerment 7, 78

C

Capital Expenditure 15, 56, 87, 179, 195, 196, 212
 Chairperson 5, 12, 13, 17, 21, 74, 77, 79, 80, 81, 82, 125, 129, 199, 200
 Commercial Income 11, 62, 65
 Community Engagement 41
 Compliance 7, 20, 21, 22, 53, 73, 78, 79, 86, 87, 94, 123, 124, 142
 Controlling Entity 136, 137, 138, 166, 169, 214
 Crime Pattern Analysis 10, 38

D

Demographic 26, 180, 184
 Digital Transformation 54, 82

E

Economic Entity 129, 136, 137, 138, 139, 141, 143, 144, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 162, 164, 165, 166, 168, 179, 181, 183, 186, 187, 197, 208, 210, 211, 212
 Electrical Multiple Units 12
 Empowerment 7, 10, 62, 65, 70, 77, 78, 87, 88, 90
 Enterprise Development 7, 50, 90
 Environmental And Social Governance 7, 26
 Equity 7, 74, 78, 93, 95, 101, 182, 185

F

Facilities Departments 90
 Fare Revenue 29, 31, 40, 216, 217
 Financial Information 78, 122, 129

G

Governance 11, 12, 13, 15, 16, 28, 33, 54, 79, 81, 82, 84, 86, 87, 94, 100, 101, 104, 115, 122, 124, 165
 Government 7, 26, 39, 60, 120, 127, 131,

134, 135, 186, 188, 189, 195, 197, 208, 210, 214, 215

Group Chief Executive Officer 5, 7, 14, 16, 17, 21, 128

H

Human Capital Management 7, 90, 94

I

Information Technology 79, 81, 118
 Infrastructure Recovery 15, 85
 Innovation 26, 32, 53, 54, 82
 Intersite Asset Investment 137, 164, 197, 215

J

Job Creation 56

L

Legislative Mandate 5, 19
 Long-Distance Passenger Transport 7, 13, 22, 27, 33

M

Metrorail 10, 15, 20, 27, 29, 31, 62, 63, 69, 96, 110
 Mission 18
 Modernisation Programme 15, 42, 85, 86

N

National Development Plan 7, 19
 National Land Transport Act 8, 19, 28, 33, 127
 National Rail Policy 8, 19, 28, 83, 85
 Network Recovery 44

O

Operating Model 8, 12, 27, 85, 86, 94, 100, 101

P

Passenger Trips 11, 12, 14, 15, 27, 29, 31, 63, 64, 69, 70
 Pfma Compliance 3, 103

R

Rail Safety 35
 Recovery 12, 15, 26, 28, 29, 31, 37, 38, 42, 44, 46, 47, 50, 51, 54, 55, 56, 62, 81, 82, 84, 85, 86, 87, 115, 119, 160, 164, 167, 214, 216, 218
 Risk Management 7, 22, 35, 73, 83, 124

S

Security 7, 9, 10, 13, 22, 30, 37, 38, 39, 40, 41, 54, 62, 63, 65, 70, 82, 124, 174, 190, 191, 192
 Service Line Recovery 29
 Signalling 26, 42, 43, 56, 67, 68, 81, 85, 119, 214
 Stations Revitalised 68
 Strategic Overview 5, 18

T

Technology 14, 26, 32, 37, 38, 39, 40, 41, 42, 43, 55, 79, 81, 82, 90, 118
 Train Trips 29, 31, 34, 62, 63, 67, 69, 70
 Transformation 52, 54, 68, 82, 87, 90, 100

U

Unqualified Audit Opinion 11, 12, 13, 15, 117

V

Values 18
 Vision 18

W

Wasteful Expenditure 44, 104, 105, 106, 117, 118, 125, 163, 215
 Workforce 29, 32, 39, 94, 95, 216, 218

Y

Youth Employment 9, 96





Be moved



prasa
PASSENGER RAIL AGENCY
OF SOUTH AFRICA

PRASA

Umjantshi House, 30 Wolmarans Street, Johannesburg, 2001
Private Bag x101, Braamfontein, 2017
+27 11 013 1700 | info@prasa.com