



## **SUBMISSION OF ANNUAL REPORT 2012/13**

We have the honour of submitting the Annual Report of the Greater Tzaneen Economic Development Agency (GTEDA) for the period 1 July 2012 to 30 June 2013.

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# PART 1: GENERAL INFORMATION

## VISION

*Our Vision is to be* an effective and self-sustaining organization for the economic development of Greater Tzaneen Municipality.

## MISSION

By identifying, initiating and facilitating funding of appropriate projects to implement local economic Development strategy and foster an entrepreneurial culture.

## VALUES

Being an institution whose mandate is to serve the people of the Greater Tzaneen Municipality, GTEDA fully subscribe to the values as embodied in the *Batho Pele* Principles.

## STRATEGIC OBJECTIVES

- Enhancing skills through providing Business Skills Development and Support;
- Marketing and attracting investments within the Greater Tzaneen Municipal area;
- Creating sustainable employment opportunities;
- Developing sustainable partnerships;
- Upholding environmentally sound practices, economic and social development; and
- An effective and efficient organisation.

# LEGISLATIVE MANDATE

Being a Municipal Entity of the Greater Tzaneen Municipality (GTM) established with the main aim of implementing economic development within the GTM area, the Greater Tzaneen Economic Development Agency (GTEDA) therefore derives its legislative mandate first and foremost from Chapter 10 of the *Municipal Finance Management Act, 2006* (Act No. 53 of 2006) and its Regulations read with Chapter 8A of the *Municipal Systems Act, 2000* (Act No 32 of 2000) and its Regulations. GTEDA also ensures compliance, to an extent applicable, to other legislation governing local government including, but not limited to the following:

- The Constitution of the Republic of South Africa, 1996;
- Basic Conditions of Employment Act, 1997 (Act no. 75 of 1997);
- Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- Disaster Management Act, 2002 (Act No. 57 of 2002) and its Regulations;
- Division of Revenue Act, 6 (Act No. 6 of 2012);
- Employment Equity Act, 1998 (Act No. 55 of 1998);
- Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 2005);
- Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005);
- Labour Relations Act, 1995 (Act No. 66 of 1995);
- Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);
- Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- Municipal Fiscal Powers and Functions Act, 2007 (Act No 12 of 2007);
- National Archives Act of South Africa Act, 1996 (Act No. 43 of 1996);
- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993);
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its Regulations;
- Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004);
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000);
- Promotion of Administration to Justice Act, 2000 (Act No. 3 of 2000);
- Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act No. 4 of 2000);
- Skills Development Act, 1998 (Act No. 97 of 1998);
- Skills Development Levy Act, 1999 Act No. 9 of 1999;
- Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003);
- White Paper on Local Government;

# FOREWORD BY THE CHAIRPERSON

This past year in July, we were particularly delighted to have, in partnership with the Tzaneen Business Chamber, touched lives of disabled children at Yingisani School in Nkowa-Nkowa by providing blankets and toys; and celebrated the Nelson Mandela week with them. This initiative and celebration was supported and honoured by the presence of our Honourable Mayor Dikeledi Mmetle. This has marked the dedication by our parent municipality and their commitment to local economic development and indeed their confidence in GTEDA as the municipal entity to carryout and to accomplish its economic development mandate.

## **Board Composition**

GTEDA continues to have the support of a strong and committed Board. I would like to thank all the directors for their efforts and contributions. In particular, my gratitude to our former chairperson who resigned this financial year on 02 December 2012 – Peter Motshewa Maleta, who over the past five years, has provided significant leadership to the Board’s shift to a more effective governance model. With this in mind, the shareholder has initiated processes to ensure the board is fully complementary. It is hoped that by the end of the next financial year GTEDA will have a complementary number of directors.

## **Board Governance**

Board has a fiduciary responsibility to evaluate and regularly monitor GTEDA’s performance against the set priorities. Given that GTEDA currently relies solely on grant funding for its business operations; we are exposed to different risks as detailed in our risk management register. Governance and sustainability are therefore essential measures for our stakeholders. The Board conducts GTEDA’s business with integrity, applying appropriate corporate governance policies and procedures. The Board also has a responsibility to report to its stakeholders, particularly on our programs and direct beneficiaries of our services.

## **Operating Environment**

This past year, most of the Agency’s resources were focused on job creation of 430 contract jobs and +/- 500 EPWP jobs at the Makgoba Tea Estates (Sapekoe) project. GTEDA has received facilitation fees amounting to R 1, 2 Million in this financial year. GTEDA’s thrust and resultant impact in the economic development has been continuous and consistent over the years and we continue to see significant demand for our catalytic role in local economic development.

GTEDA also provides Business Support services to its community. Notably, about 200 community members have been recruited to form a Village Bank cooperative which will support emerging small businesses by proving loans to incipient entrepreneurs at much lower interest rates and with more

relaxed requirements as compared to commercial banks. The village bank concept was initiated this past year at GTEDA. Clearly there is a need for such a bank as already, about 150 people have registered to become members of the cooperative.

GTEDA in its business engagements of fostering development with potential funders or strategic partners has encountered impediments from the land ownership rights between government and tribal authorities. In response to the identified potential delay in economic growth, this has warranted remedial precaution by initiating a steering committee.

### **Looking ahead**

In addition to governing the on-going provision of our services and programs, during the past year, the Board devoted significant energy developing a new strategic plan for GTEDA. On 04 May 2013, it set the course for the future by approving the strategic plan for the next five years. This includes our Mission, and Values statements, as well as a Vision and new five Strategic Goals. One of these goals recognizes the need to plan for the future development of shopping centres and the resuscitation of derelict industrial parks in our mandate area. We look forward to developing our business plans and intensifying the impetus on the vision of GTEDA in serving the community into the foreseeable future.

### **Gratitude**

I thank the GTEDA staff for their dedication and efforts to support economic development within the Greater Tzaneen Municipal area as well as the GTEDA management team, particularly the CEO, Kwena Maphoto, for the positive working relationship with the Board and for the excellent leadership in delivering our mission. We pride ourselves in GTEDA clean audit report for the five years in succession. This is commendable and serves a good benchmark for a sustained quality performance in the future.

I also thank my fellow board members for their concerted effort in providing quality guidance to GTEDA in corporate governance issues. It has really been an exciting and challenging time in the evolution of GTEDA and it has been a great honour to be a part of the GTEDA team.

I also direct my most sincere gratitude to the parent Greater Tzaneen Municipality (GTM) and Industrial Development Corporation (IDC). We value the positive relationship we have and are grateful for the on-going support that is vital to our success in meeting our community's needs now and in the future.

**Mrs MF Mushwana**

***Board Chairperson***



## EXECUTIVE SUMMARY BY THE CHIEF EXECUTIVE OFFICER

There is a broad consensus amongst Communities in the Greater Tzaneen Municipality on the need to embark on an economic development drive that takes into account current economic conditions and social dynamics of our communities.

Outcome 4 of the South African cabinet lekgotla in 2010, suggested creation of the decent employment opportunities through inclusive economic growth. One of the reasons which informed this outcome was high levels of unemployment and income inequality. The creation of more than 430 contract jobs and almost 500 EPWP jobs demonstrated GTEDA's commitment in delivering on the nationally determined outcomes and been part of the broader national agenda.

GTEDA has in this financial year embarked on an intensive public participation process seeking inputs from the communities in all the wards of the Greater Tzaneen Municipality to inform our strategy going forward.

GTEDA also subscribes to the usage of a multipronged strategy to reduce unemployment in GTM. Out of the 475 employees appointed in our projects 265 are youth in line with the strategy.

The facilitation of accreditation of GTEDA by the Services SETA will enable us to provide forms of training which will empower our communities to participate inclusively in the growth of the Tzaneen economy.

The quest by the agency to establish an Ideas Hub is to see increased research and development supporting growth and develop

GTEDA in partnership with Department of Agriculture Mopani, Greater Tzaneen Municipality, Small Enterprise Development Agency, and Mopani District Municipality et al hosted the first Land reform, Agriculture and Forestry summit in Tzaneen. These summits will assist in the solidification of partnerships between emerging and established businesses and possible establishment of the public private partnerships.

### *PROJECTS*

It is with pleasure to inform you that the Greater Tzaneen Community Radio Station continues to create a platform for effective community dialogue and social cohesion. The radio station successfully delivered on the Government communications African Confederations (AFCON) campaign, participated in State of the Nation address projects, supported educational programmes and joined hands with Sonke Gender justice to address gender based violence and many others.

GTEDA Continues to Support the Limpopo provincial department of Agriculture and the Makgoba People in the search for potential investors for Makgoba tea estate. A lot of effort was also put in this financial year in facilitating an agreement between the Batlhabine Agricultural community private partnership with Bosveld Citrus for a huge possible investment. We appreciate the Support received from the Department of rural development and Vumelana trust in this transaction, we hoping that this partnership will be completed for the benefit of our people.



The leather making factory established at Nkowane is continuing to grow from strength to strength. We are looking forward towards the establishment of a jewellery, woodwork and leather making incubator in partnership with the Limpopo SEDA Jewellery incubator funded by the department of Trade and Industry in the next financial year which will support this leather making factory as well.

The agency successfully conducted a feasibility study in retail centre development in the Greater Tzaneen Municipality. Negotiations are almost complete with various stakeholders for possible implementation of these projects in the next financial year. Areas earmarked for such developments are Morudji, Dan, Nwamitwa and Mokgwathi. Value propositions were concluded on some of the earmarked areas.

GTEDA in partnership with Tzaneen Info, Tzaneen Chamber, and the Greater Tzaneen Municipality developed a booklet supporting Tourism. This Information booklet serves as a gateway to everything in Tzaneen and its surrounding areas. The booklet also promotes cultural township, village tourism. As part of our social inclusion mandate we have hosted in partnership with Tzaneen Chamber, the Mandela Day Celebrations by providing a lot of service and goods to Yingisani School for the deaf, Nkowane and Lenyenyane communities. We also participated in the Letaba show exhibiting our projects.

Our greatest thanks go to our Mayor Mma Dikeledi Mmetle and your council for funding and supporting GTEDA activities. I hope the country is aware of your abilities and will deploy you correctly in the service of our people. Wa kgona Mma.

Warmest thanks to the Industrial Development Corporation for the funding and outstanding contributions to the success of the agency. Special thanks to the Steve "Lebakabaka" Nel for his mentorship it is great to know that we can count on you to go extra mile

I once more want to unreservedly thank the board of Directors of GTEDA for the oversight role provided. Special thanks go to Mrs Mopo Mushwana for stunning and exceptional work she did after taking the reins from Mr Maleta in December 2012.

My sincere thanks also go to the staff of GTEDA for their undying support of Economic Development in Tzaneen. Once more let me say le "Ma GTEDA a matle".

Once again GTEDA has undoubtedly demonstrated their exceptional ability on financial and performance management by obtaining another unqualified audit. Special thanks go to the audit team under the leadership of Mr Mandla "Pila Pila" Msimanga for your contribution and support during the financial year.

Advocate Vulani Baloyi let me thank you for the amazing role as a board secretary. Ha khensa sesi Vulani, you are a star in administration and Sepedi se re mogolo ga a hlokege baneng. The presence of Mr Mike Gardener in the board provides a wealth of experience which this board will never find anywhere else. Thanks Malome.

Sesi Khomotso "Molobedu", indeed you are an asset to the Greater Tzaneen Municipality. Your knowledge benefits us greatly. Let me take this last important moment to thank the Almighty, my family and friends for being with us during this period.

Ha khensa Baie dankie

**Mr KJ Maphoto**

***Chief Executive Officer***

## PART 2: CORPORATE GOVERNANCE REPORT

Being an institution charged with the mandate to serve communities, GTEDA is therefore committed to effective corporate governance in order to ensure that its interests, those of the GTM and those of its stakeholders are paramount. As already indicated in our values, GTEDA consequently, subscribes to but not limited to the principles of transparency, accountability and business integrity in all its dealings with stakeholders.

GTEDA further endorses and also supports the Code of Corporate Practices and Conduct contained in the King Committee Report on Corporate Governance (King III).

GTEDA does not view adherence to King III as merely recommendations that can be viewed as just a regulatory requirement, but also recognises its responsibility and the benefits that can flow from good corporate citizenship. To this end, GTEDA does not only measure or assess its financial performance, but also its non-financial performance. The latter approach, we believe, will ensure that we achieve a balance of integrated economic, social and environmental performance.

We therefore present our Corporate Governance Report as follows:

### BOARD OF DIRECTORS

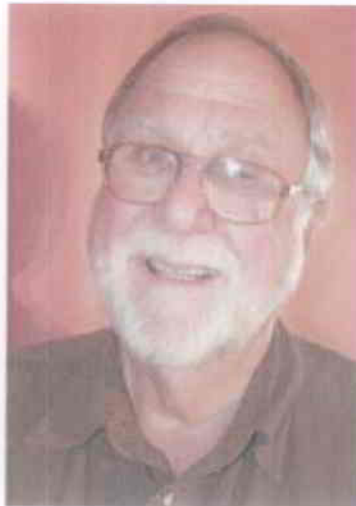
GTEDA complied with the requirements of a responsible and accountable Board as recommended in Chapter 2 of the King III Report.

**Board Composition:** In the year under review, GTEDA operated with **six (6)** Board Members, including the in-House Company Secretary. All were appointed through formal processes and were under the leadership of a Chairman who is an independent non-executive Director. The Board has experienced several resignations which left a gap in certain skills required and thus resulting in limited business experience across a diverse range of sectors. However the remaining Members have been able to provide relevant and independent advice and judgement in the decision-making process. The skills shortage in the Board will be reviewed in the next financial year.

The Board in the year under review consisted of the following Members:



**MF Mushwana**  
*Chairperson of GTEDA Board*



**MV Gardner**  
*Deputy Chairperson*



**KM Motshekga**  
*Director*



**MC Msimanga**  
*Director*



**ADV. VJG Baloyi**  
*Company Secretary*



**KJ Maphoto**  
*Chief Executive Officer*

**Board Term:** Directors are appointed on a fixed term of 3 years with a possibility for an extension for a further 2 years.

**Accountability, Roles and Functions of the Board:** the Board provided effective and ethical leadership and acted and remained as the focal point for and custodian of corporate governance. In summary the Board retained overall accountability for GTEDA as an institution, its strategy and its annual business plan as contained in GTEDA's scorecard. The Board remained as the ultimate body within GTEDA responsible for legislative and regulatory compliance, risk management, performance measurement, transparency and communication with stakeholders.

**Board Training and Development:** At the beginning of each financial year, all Directors participate in a formal induction programme which outlines their fiduciary duties and provides them with an in-depth understanding of the Agency and its operations. The latter also includes training on new developments and trends that may have a direct or indirect bearing to the Agency's operations, including but not limited to areas of legislative compliance or best industry practice.

The following training sessions were conducted during the period under review:

Training / Workshop	Type of Training	Description	Institution
Companies Act	Governance: Compliance	Workshop	Pricewaterhouse Coopers
Tender Training	Supply Chain Management	Workshop	SA Tender Training Institute

### Board Meetings Attendance:

Member	Position Held	Ordinary Meetings	Special Meeting	Board
Mr. M.P Maleta	Resigned 02 December 2012	3 of 4	3 of 3	
Mrs. M.F Mushwana	Chairperson	4 of 4	3 of 3	
Mr. M Msimanga	Member	4 of 4	3 of 3	
Mrs. K.M Motshekga	Member	4 of 4	3 of 3	
Mr. M.V Gardner	Deputy Chairperson	4 of 4	3 of 3	
Adv. V Baloyi	In-house Company Secretary	3 of 4	3 of 3	

### Board Committees

Relevant and affected Board responsibilities were delegated to sub-committees which were all chaired by independent non-executive directors.

The Board operated with the following Committees:

- Human Resource and Remuneration Committee
- Audit and Risk Committee

**Human Resource and Remuneration Committee (HRRECO)**, the HRRECO is comprised entirely of independent non-executive directors and is entrusted with the responsibility to deal with Human Resource and determining the broad remuneration policies of the Agency. This includes the determination of the remuneration of executive directors and senior management and staff in general. It also proposes fees for non-executive directors, which are then tabled for approval by the Council of GTM. The Chief Executive Officer attends meetings on invitation by the committee; however he is not allowed to vote on any issues and does not attend meetings where his own remuneration is being discussed.

Due to the size of the Agency, the Committee also deals with issues of **Nominations**. In this regard the HRRECO is charged with the responsibility of identifying suitable candidates for



directorships, and make recommendations to the Board. In this regard the Committee further advice on the composition of the Board, and the balance between executive and non-executive directors. It also provides advice to the Board on issues of succession planning, particularly in relation to the Chief Executive Officer and managers reporting directly to him and the Board itself.

### **Board Remuneration**

Linked to the responsibilities of HRRECO are issues relating to remuneration of the Board of Directors, the CEO, Managers and staff in general. Despite its limited financial resources, GTEDA strives to remunerate its Board of Directors and Staff fairly and responsibly and within its means.

Within such limitations, GTEDA also strives to ensure that it employs and maintains a staff complement consisting of the highest calibre of individuals who subscribe to its values and are committed to delivering sustainable long-term performance. However, GTEDA is also aware of the challenges regarding the ability to attract, retain and motivate staff within all government sectors. The Board of Directors are paid a fixed remuneration per sitting whilst staff members are paid a fixed salary, whether appointed on a permanent or contract basis. Full time staff members are also entitled to a 13<sup>th</sup> cheque. The CEO also qualifies for a performance bonus as informed by the performance of the Agency. In the next financial year we plan to introduce a remuneration policy for Board fees and also a policy on performance management that we hope will see all employees entitled to performance bonuses for outstanding performance. However implementation thereof will be informed by the availability of funds.

The attendance of Members of the HRRECO was recorded as follows:

<b>Member</b>	<b>Position Held</b>	<b>Ordinary Meetings</b>	<b>Special Meeting</b>
Mrs MF Mushwana	Chairperson	3 of 4	1 of 1
Adv. VJG Baloyi	Member	3 of 4	1 of 1
Ms KM Motshekga	Member	3 of 4	1 of 1

### **Accountability and Audit**

For the year under review, GTEDA operated with an effective and independent Audit and Risk Committee under the capable guidance of Mr MC Msimanga. **See full Audit and Risk Committee Report under Part 5 of this Report.**

### **Evaluation of the Board and its Committees**

GTEDA has approved annual self-assessment (360) review process that has been developed for the Board, individual Directors and Board sub-committees, and will be implemented more fully in the next financial year.

## **CHIEF EXECUTIVE OFFICER:**

GTEDA has a Chief Executive Officer who operated within an approved framework of delegations of authority. He was supported by the Finance and Administration Officer for the day to day management. Directors are kept informed of progress through regular reporting during quarterly meetings, special meetings and other means as may be agreed from time to time.

## **COMPANY SECRETARY**



***ADV. VJG Baloyi***  
*Company Secretary*

GTEDA is aware of the mandatory requirement to appoint a Company Secretary and further aware of the need of its Board to assess the qualification, competence and expertise of the Company Secretary; noting further that the Company Secretary should maintain an arms-length relationship with the Board of Directors and most importantly that the Company Secretary should ideally not be a director. However due to its size and the cost benefits thereof, GTEDA continued to utilise the services of one of its Board Members who provides in-house Company Secretary Services.

In order to continue to maintain best practice in this regard, the Company Secretary does not sign off any documents. The Board is also satisfied that the in-house Company Secretary is competent, suitably qualified and experienced. All Directors have access to the advice and services of the Company Secretary and are entitled to seek independent professional advice at the company's expense should such a need arise. They also have unrestricted access to all company information, records, documents and property.

## **GENERAL**

We conclude our Corporate Governance Report with a clear understanding that there is an increasing focus on corporate governance, transparency and accountability not only in the private sector but also within the public sector. We will continue to strengthen our role in ensuring compliance in both substance and form with the recommendations of the King Report III and to



monitor governance practices throughout the Agency in line with applicable and relevant legislative prescripts.

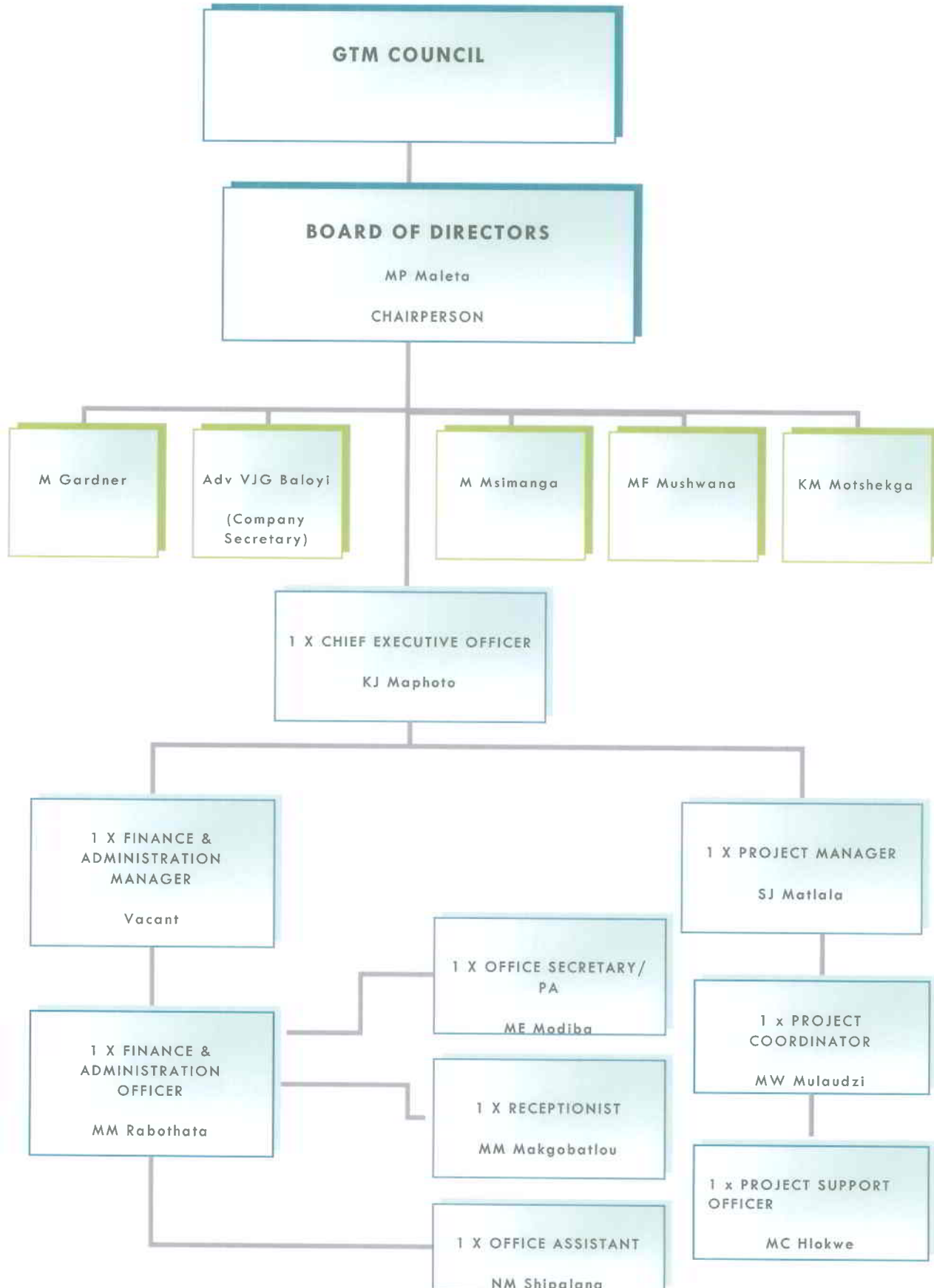
As we continue to grow, we also increase the scope of our legislative mandate (**See Part 1 on Legislative Mandate**).

The planned Policy Review Process in 2013/13 will see the Agency aligning to the Policies of the Shareholder to a larger extent.

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# PART 3: ORGANISATIONAL ORGANOGRAM

## GTEDA'S ORGANISATIONAL STRUCTURE 2012/2013



For the period under review, GTEDA had an approved organogram with a staff compliment of ten (10) under the guidance of the Chief Executive Officer assisted by the Personal Assistant.

The Finance and the Human Resource functions are performed under the guidance of the Finance and Administration Officer.

## Human Resource Management:

**Human Resource Administration:** GTEDA currently does not have an approved Employment Equity Plan due its size, however, to an extent practical, is sensitive to issues of employment equity when making appointments.

The workforce of GTEDA was constituted as follows for the year under review:

CA= Contract Appointment

Staff Categories	Male					Female					Total
	African	Indian	Coloured	White	Total Male	African	Indian	Coloured	White	Total Female	
Executive Management	1 (CA)	—	—	—	1 (CA)	—	—	—	—	—	1 (CA)
Middle Management	2 (CA)	—	—	—	2 (CA)*	1 (CA)	—	—	—	1 (CA)	3 (CA)
Lower Level	1	—	—	—	1	5	—	—	—	5*	6
Disabled	—	—	—	—	—	—	—	—	—	—	—
Contract Appointments	3	—	—	—	3	1	—	—	—	1	4
										<b>TOTAL</b>	<b>10</b>

*\*Two of these employees were from the Business Support Centre; and one of these employees' contracts ended February 2013.*

Leave and payroll was handled effectively and efficiently.

## Human Resource Development

Training / Workshop	Type of Training	Description	Institution
Tender Training	Supply Chain Management	Workshop	SA Tender Training Institute
Managing Tenders, Specifications and Contracts	Supply Chain Management	Training	Intelligent Commerce t/a Envision
Pastel Payroll Administration	Human Resource: Payroll Administration	Training	Pastel Payroll
Minutes Talking and Meeting Management	Administration: Secretariat	Training	IIR Training House

<b>Executive PA Programme</b>	<b>Administration: Executive Management</b>	<b>Training</b>	<b>Execu Prime Academy</b>
<b>Unblocking Rural Development Funding Opportunities</b>	<b>Investment Promotions</b>	<b>Best Practices Conference</b>	<b>Miller SA</b>
<b>New Changes and Dangers in Labour Law</b>	<b>Human Resource: Labour Relations</b>	<b>Training</b>	<b>Labour Law Management Consulting</b>
<b>LED Best Practices</b>	<b>LED Best Practices</b>	<b>Workshop</b>	<b>Mbombela District Municipality</b>
<b>Economic Summit</b>	<b>Growing the Local Economy (LED Best Practices)</b>	<b>Summit</b>	<b>Mbombela District Municipality</b>
<b>Bricks Economic Outlook</b>	<b>Investment Promotions</b>	<b>Conference</b>	<b>Miller SA</b>
<b>Executive Management Programme</b>	<b>Strategic Leadership and Management</b>	<b>Training</b>	<b>University of Limpopo</b>

Office Management was maintained through the services of a Receptionist and a General Assistant who provided general auxiliary services.

### **Financial Management**

GTEDA continued to maintain sound financial management and financial management systems.

### **Project Management Unit**

The Project Management Unit is supported by the following Staff. (See operations of the Project Management Unit under Part 4).

### **Business Support Services Centre**

The Business Support Services Centre is supported by the following Staff. (See operations of the Business Support Services Centre under Part 4).

## PART 4: PERFORMANCE

Activities that relate/translates to the performance of GTEDA are organised within the following performance areas:

### ANNUAL ORGANISATIONAL PERFORMANCE REPORT

Strategic Objective	Programme	Key Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance Against Target		Reason for Variance
				Planned Output (2012/13)	Actual Output (2012/13)	
Create sustainable employment opportunities	Project support	# of jobs created through LED projects and initiatives	6	120	473	Due to project demand 456 new contracts at Makgoba Tea Estate were re-employed.
Create sustainable employment opportunities	Project support	# of temporary jobs through LED projects and initiatives facilitated	1200	1100	500	Arranged for 500 expanded Public Works Programme (EPWP) was approved and will start in the new financial year.
Create sustainable employment opportunities	Project support	% of projects started on time	100%	100%	75%	Delay in funding contributed towards projects starting late (late receipt of funds).
Create sustainable employment opportunities	Project support	% of projects implemented according to schedule	100%	100%	63%	Most projects were implemented as planned; and the 37% due to late receipt of funds allocated for projects.

Business and skills development	Project support	% of projects managed within budgets	100%	100%	88%	12% variance due to the delay in funding, not all projects were per budget.
Business and skills development	Project support	# of initiatives/projects supported	15	30	32	Most businesses were supported through our BSSC (due to a huge demand from Small Enterprises).
Business and skills development	Project support	# of feasibility studies conducted	2	2	3	Three value propositions were developed instead of two. Outcome of the process of developing value propositions recommended a pressing need for a third proposition).
Business and skills development	Project support	# of business plans developed	N/A	5	7	Seven business plans were developed and submitted to potential funders due to a huge demand from emerging farmers to be assisted with access to funding.
Business and skills development	Project support	# of projects implemented	N/A	3	3	Projects have been implemented and on track.
To uphold	EIA	% of LED	100%	100%	100%	We ensure our

environmentally sound practices and social development		initiatives adhering to sound environmental standards and practices				projects comply to EIA requirements.
Market and attract investments	Marketing / Investments	# of annual report published	1	1	1	Annual report completed
Market and attract investments	Marketing / Investments	R-value of investments attracted to the Tzaneen area	R16.3m	R 21 000 000	R 20 400 000	LDA funding R15 000 000.00 and IDC R5.4m.
Market and attract investments	Marketing / Investments	# of newsletters	1	1	1	Newsletter developed and distributed as planned.
Market and attract investments	Marketing / Investments	# of publications	1	1	1	GTM publication
Market and attract investments	Marketing / Investments	# of trade missions embarked upon	2	2	5	Rural development, BRICS conference x3 TITICS. There was (attended more than targeted conferences which were relevant for the agency).
Development of sustainable partnerships	Partnerships	# of partnerships concluded	3	4	4	LDA/LADC, UNIVen, CSIR, Letaba FET college.
Development of sustainable partnerships	Partnerships	# of MOU's concluded	4	5	8	Eight MOUs were reviewed and adopted by board (there was a need to formalise GTEDA's relationship



						with other organisations we were relating with).
Effective Self-sustaining Organisation	Admin and operations management	# of scheduled board meetings	4	4	4	Four board meetings arranged successfully.
Effective Self-sustaining Organisation	Admin and operations management	# of special board meetings	N/A	4	4	Budget meeting, strategic meeting, audit report meeting and special board meeting.
Effective Self-sustaining Organisation	Admin and operations management	# HR subcommittee meetings	4	4	4	Four HR meetings arranged successfully.
Effective Self-sustaining Organisation	Admin and operations management	# Audit subcommittee meetings	4	4	4	Four audit meetings arranged successfully.
Effective Self-sustaining Organisation	Admin and operations management	# agency staff meetings	N/A	4	4	Staff meetings arranged successfully.
Effective Self-sustaining Organisation	Admin and operations management	% of board resolutions implemented	90%	90%	80%	10% variance on Board resolutions not implemented.
Effective Self-sustaining Organisation	Admin and operations management	% of audit queries resolved within 30 days	N/A	100%	100%	All audit queries were attended to and resolved.
Effective Self-sustaining Organisation	Admin and operations management	% Increased value of income from projects	N/A	20%	0%	All new projects are still under establishment and do not generate income.

Effective Self-sustaining Organisation	Admin and operations management	R-value additional Grant funding received	N/A	R 2 000 000	R 0	Due to surplus of R1Million, IDC cut their allocation by R1 Million.
Effective Self-sustaining Organisation	Admin and operations management	Rand value own revenue generated per year	N/A	R1 350 000	R 1 200 000	Projects are still at an initial phase.
Effective Self-sustaining Organisation	Admin and operations management	% of income generated through rendering services	N/A	15.79%	0.00%	Projects are still at an initial phase.
Effective Self-sustaining Organisation	Admin and operations management	% of budget self-financed	N/A	16%	25%	R1.2 M received from facilitation fees accounts to 25% of R4.7M of projected income
Effective Self-sustaining Organisation	Admin and operations management	% budget deviation	5%	5%	0%	The budget deviation (Actual versus budget) was 21% under spent.
Effective Self-sustaining Organisation	Admin and operations management	% of identified risks addressed and resolved	80%	80%	80%	As per risk registers monitoring the implementation of risks.
Skilled and knowledgeable workforce/service providers	Training and development	% of training budget utilised	100%	100%	100%	All training budget was used for staff empowerment.
Skilled and knowledgeable workforce/service providers	Board Development	# of board development initiatives implemented	N/A	2	1	Lack of funding contributed towards not reaching the target.

# PROJECT MANAGEMENT REPORT

Project Name	Sector	Objective	Baseline (Actual Output) 2011/12	Actual Performance Against Target		Reason for Variance
				Budgeted Capital (2012/13)	Actual Output (2012/13)	
SAPEKOE TEA ESTATE	Agric	Rehabilitation of Makgoba (Sapekoe) Tea Estates	R453 153	R 100 674	R 30 036.95	Implementation plan rescheduled.
LIVESTOCK IMPROVEMENT: LEATHER MAKING	Manufacturing	Improvement and commercialisation of livestock (leather making)	R 117 329	R 869 393	R 799 704.37	
SUBTROPICAL FRUITS AND NUT CLUSTER : TOURS PEPPER DEW	Agric	Improvement of Subtropical Fruit and Nut Cluster (Farm support)	R 117 437	R 40 000	R 23 538.63	
TZANEEN TOURISM DEVELOPMENT FRAMEWORK	Tourism	Maximise commercial use of various dams	R 7 715	R 46 252	R 7 790.69	Late introduction of project.
BUSINESS SUPPORT SERVICES CENTRE	Services	Business and skills development	R 492 326	R 524 459	R 418 986.64	
NEW SHOPPING CENTRES	Retail	Establishment of new shopping centres	-	R 210 900	R 122 766.93	
LETABA RIVER MILE	Tourism	Development of Letaba River Mile for commercial use	R 12 293	-	-	Development halted because of events outside of management control. Will be re-planned and implemented once development is finalised. Cleaning of mile implemented.
EGG PRODUCTION (YINGISANI)	Retail	Establishment of Egg production for Yingisani School of the disabled	R 74 551	R 150 000	R 4 676.00	Implementation plan rescheduled.
COMMUNITY RADIO STATION	ICT	Inform, educate and entertain members of the community	R 386 564	R 195 000	R 194 457.34	
INVESTMENT PROMOTIONS	Marketing/ Investments	Increase of Trade and Investment	-	R 179 036.84	R 109 862.23	

# PART 5: AUDIT AND RISK COMMITTEE REPORT

## AUDIT AND RISK MANAGEMENT COMMITTEE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

### 1. INTRODUCTION

I am pleased to present our report for the year ended 30 June 2013.

### 2. AUDIT AND RISK COMMITTEE MEMBERS

The terms of reference adopted by GTEDA's Board of Directors, which we adopted in line with regulations and good corporate governance principles, require that the Audit and Risk Committee consists of three (3) members with appropriate experience, majority may not be in the employ of the municipality or municipal entity. The chairman must be appointed from one of the members, who is not in the employ of the council or municipal entity and that no councillor may be a member of an Audit and Risk Committee.

The end of the previous financial year saw the resignation of Mr Modipane CA(SA) as the Chairperson of the Audit and Risk Committee. As a consequence this position has been filled by Mr Msimanga, who also serve as a Board member of GTEDA, until we receive a directive from the Greater Tzaneen Municipality (GTM) Council. Below see current members of the committee:

NAME OF MEMBER	MEETINGS ATTENDED	COMMENTS/ STATUS
Msimanga, MC – Acting Audit and Risk Committee Chairperson	6 of 6	Current
Nel, S	4 of 6	Current
Baloyi, VJG	6 of 6	Current

In all Audit and Risk Committee meetings, the following portfolios have been invited and did attend meetings as may be convenient – the GTEDA's Chief Executive Officer and the Finance and Administration Officer attendance is compulsory and they did provide management guidance and address queries raised by the committee and attendees, our Internal Auditors PricewaterhouseCoopers Incorporated provided regular updates and progress on matters of prime importance, as well as the GTM Internal Audit Unit provided valuable input especially on matters related to current trends and regulation requirements. The Auditor General of South Africa (AGSA) did attend meetings where possible to provide oversight and guidance.

### 3. AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee's responsibilities arise from the Municipal Finance Management Act, No 56 of 2003 section 166. The regulation has been included in the GTM-GTEDA Service Level Agreement (SLA) section 49 and the Audit Charter.

Over and above the aforesaid responsibilities, the previous financial year's Strategic Session goals and objectives of the Audit and Risk Committee, still serves as a guiding tool in executing our role.

#### **4. AUDIT AND RISK COMMITTEE ASSESSMENT**

As a municipal entity, GTEDA must be audited by the Auditor General of South Africa, however due prevailing technical challenges with the GTM, as in the previous years this audit will be conducted by an external audit firm. Appropriate and relevant processes and procedures were followed with the guidance of officials in the GTM offices to extend the mandate of our 2011/2012 external auditors after due consideration of Supply Chain requirements. As in the previous financial years, the AGSA has been officially notified of this and has given GTEDA the go ahead to appoint external audit for this statutory exercise.

##### **4.1. Evaluation of annual financial statements**

As part of our responsibilities, the Audit and Risk Committee has duly reviewed and adopted these unaudited Annual Financial Statements for the year 30 June 2013 in their meeting of the 02<sup>nd</sup> August 2013 as mandated by the Board of Directors in a board meeting held on the 04<sup>th</sup> May 2013. An UNQUALIFIED AUDIT OPINION as in previous financial years is expected.

##### **4.2. Quality of in year management, monthly and quarterly reports**

In our periodic and annual meetings, we have satisfied ourselves of the contents and quality of periodic reports sent for review and scrutiny by the GTEDA's Management for the period under review after due scrutiny and review.

##### **4.3. Matters of governance**

The country's regulations and good governance principles apportion a number of responsibilities on the part of GTEDA. We have attempted to comply to all matters of governance and where there were gaps, interventions and remedial actions were duly taken to deal with the challenges and shortcomings.

The Audit Charter is continuously reviewed to ensure that it is in line with regulations.

##### **4.4. Internal audit**

PricewaterhouseCoopers Inc. continues to provide the Internal Audit service noting prevailing challenges and workload of the GTM's Internal Audit team, who are unable to extend their service to GTEDA. They are on a three (3) year performance based contract, renewable annually from the 2011/2012 to 2013/2014 financial years.

##### **4.5. Effectiveness of internal controls**

Our Internal Auditor team continuously review the effectiveness and integrity GTEDA's internal control systems and report back to GTEDA's Management and this committee on behalf of the Board of Directors and the shareholder GTM.

#### **5. RISK ASSESSMENT AND MANAGEMENT**

Risk Management Register report serves in all quarterly meetings of the Audit and Risk Committee for detailed scrutiny and review. At each quarterly GTEDA's Board of Directors meeting, the Audit and Risk Committee Chairperson provides guidance and leadership

during review and ensures that concerns and recommendations are carried out by GTEDA's Management.

**a. Fraud prevention and related policies**

A policy has been developed and it is continuously review to check robustness and adaptability to recent trends and good practises.

**b. Performance management**

Our external auditors will be reviewing and auditing performance reports, which include: this report, the CEOs annual performance report, the Board of Director's Chairperson's report, the Company's Secretary report on good governance as well the GTEDA's 360° evaluation report.

**6. CONCLUSION**

May I thank my colleagues in the Audit and Risk Committee for taking time off their busy schedules and devoting their energies and time in this period under review to execute their roles and responsibilities with due care, skill, consideration to good ethics and professionalism.

The GTEDA's Management team and staff have been invaluable as always. Our humble thanks go to our major stakeholders – the GTM team that has always availed itself when required as well as the Industrial Development Corporation (IDC).

As the Audit and Risk Committee, we wish to commit ourselves to accept the external audit opinion to be issued once the external audit and related exercises have been concluded. We also want to ensure that recommendations and suggestions by the external auditors will be fully addressed and resolved conclusively. We also hope that the GTM Council will adopt the audited Annual Financial Statements for the financial year ended 30 June 2013, as a true reflection of GTEDA's financial position and results.

**Msimanga, MC**  
**Acting Audit and Risk Committee Chairperson**  
**02 August 2013**

**Maphoto, KJ**  
**Chief Executive Officer**

# PART 6: FINANCIAL STATEMENTS



**GREATER TZANEEN ECONOMIC  
DEVELOPMENT AGENCY (PTY) LTD**  
(Registration No. 2007/008144/07)

**AUDITED  
FINANCIAL STATEMENTS  
30 JUNE 2013**



**GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD**  
**(Registration No. 2007/008144/07)**

**ANNUAL FINANCIAL STATEMENTS 30 JUNE 2013**

The following reports and statements are presented to the shareholders:

Index	Pages
Accounting Authority's Responsibility Statement	2
Independent Auditor's Report	3 - 4
Accounting Authority's Report	5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual	10
Notes to the Annual Financial Statements	11 - 24
The supporting schedules do not form part of the statutory components of the annual financial statements and are presented solely for the information of management.	
Detailed Statement of Financial Performance	25 - 26

## GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

### ACCOUNTING AUTHORITY'S RESPONSIBILITY STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

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

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

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The members have reviewed the entity's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The Board is responsible for the financial affairs of the entity.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements.

#### **Approval of the annual financial statements**

The annual financial statements set out on pages 2 to 26, which have been prepared on the going concern basis, were approved by the Board on 26 October 2013 and were signed on its behalf by:

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Chief Executive Officer

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Chairperson of the Board

## **GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD**

### **ACCOUNTING AUTHORITY'S REPORT FOR THE YEAR ENDED 30 JUNE 2013**

The accounting authority which comprises of the Board of Directors have pleasure in submitting their report together with the audited annual financial statements for the year ended 30 June 2013.

#### **General review**

Greater Tzaneen Economic Development Agency (Pty) Ltd is a municipal entity incorporated in the Republic of South Africa established in terms of the Companies Act by the Greater Tzaneen Municipality (GTM) with the assistance of Industrial Development Corporation (IDC) in order to project manage urban and rural regeneration of the GTM's territory with a view to promoting economic and tourism development.

#### **Financial results**

The results of the company for the year under review are fully set out in the attached financial statements and require no further comment.

#### **Post balance sheet events**

No material fact or circumstance, which requires comment, has occurred between the reporting date and the date of this report.

#### **Share capital**

There were no changes in the authorised and issued share capital of the company during the year under review.

#### **Directors and Company Secretary**

The accounting authority of the company during the accounting period and up to the date of this report were as follows:

MP Maleta	Resigned 02 December 2012
MV Gardner	
MC Msimanga	
MF Mushwana	(Chairperson)
KM Motshekga	
VJG Baloyi	(Company Secretary)

The name and address of the Company Secretary is as follows:

VJG Baloyi  
PO Box 2420  
Tzaneen  
0850

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	2013 R	2012 R
<b>ASSETS</b>			
<b>Current Assets</b>			
Receivables from non-exchange transactions	5	998,362	2,272,484
Cash and cash equivalents	6	65,556	248,939
		932,806	2,023,545
<b>Non-Current Assets</b>			
Property, plant and equipment	4	210,192	184,010
		210,192	184,010
<b>Total Assets</b>		<u>1,208,554</u>	<u>2,456,494</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	8	408,838	109,358
Taxation payable	10	408,838	89,292
		-	20,066
<b>Net Assets</b>			
Contributions from owner	7	799,716	2,347,136
Accumulated surplus		100	100
		799,616	2,347,036
<b>Total Liabilities</b>		<u>1,208,554</u>	<u>2,456,494</u>

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 R	2012 R
<b>Revenue</b>			
Revenue from non-exchange transactions	9	4,724,726	4,702,500
Revenue from exchange transactions	19	789,474	1,210,210
<b>Total revenue</b>		<b>5,514,200</b>	<b>5,912,710</b>
<b>Operating expenses</b>			
Operating expenses		6,203,765	5,157,704
Administrative expenses		883,212	1,062,587
Investment income	11	(25,357)	(46,744)
<b>Net deficit for the period</b>		<b>(1,547,420)</b>	<b>(260,837)</b>
Taxation	14	-	69,213
<b>Net deficit from operations</b>		<b>(1,547,420)</b>	<b>(330,050)</b>

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Contributions from owner R	Accumulated surplus R	Total R
Balance at 01 July 2011	100	2,677,086	2,677,186
Net deficit for the period		(330,050)	(330,050)
Balance at 30 June 2012	100	2,347,036	2,347,136
Net deficit for the period		(1,547,420)	(1,547,420)
Balance at 30 June 2013	100	799,616	799,716
Note	7		

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 R	2012 R
<b>Net cash utilised in operating activities</b>		(988,435)	(181,602)
Cash receipts from government grants and others		5,697,583	6,040,442
Cash paid to suppliers and employees		(6,648,233)	(6,190,462)
<b>Cash generated utilised from operating activities</b>	15.1	(950,650)	(150,020)
Investment income		25,357	46,744
Interest and penalties		(63,142)	(9,113)
Taxation paid		-	(69,213)
<b>Cash flows from investing activities</b>		(102,304)	(133,284)
Purchase of Property, plant and equipment		(102,304)	(133,284)
<b>Net decrease in cash and cash equivalents</b>		(1,090,739)	(314,886)
<b>Cash and cash equivalents at beginning of period</b>		2,023,545	2,338,431
<b>Cash and cash equivalents at end of period</b>		932,806	2,023,545



GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED  
30 June 2013

	Approved budget	Actual	*Variance: Approved budget and actual	Comments
	R 2013	R 2013	R 2013	R 2013
<b>Revenue</b>				
Revenue from non-exchange transactions	6,905,000	4,724,726	2,180,274	To be paid in the next phase
Revenue from exchange transactions	1,200,000	789,474	410,526	SLA/Contract ended Mar 2013
<b>Total revenue</b>	<b>8,105,000</b>	<b>5,514,200</b>	<b>2,590,800</b>	
<b>Expenses</b>				
Personnel cost	2,949,360	2,918,276	31,084	
Operating expenses	4,122,027	3,134,867	987,160	Project delay due to late receipt of grant funds
Administrative expenses	1,033,612	883,212	150,401	
Non-cash items	-	50,765	(50,765)	
<b>Net deficit for the period</b>	<b>0</b>	<b>(1,472,920)</b>	<b>1,472,920</b>	
Note	13			

## GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 1. General Information

Greater Tzaneen Economic Development Agency (GTEDA) is a municipality entity (registered as a (PTY) LTD company) with the Greater Tzaneen Municipality (GTM) as its Parent municipality. GTEDA's registered address is Cascades Building, Tzaneen, Limpopo Province. GTEDA has been established by the GTM with the assistance of the Industrial Development Corporation (IDC) to project manage urban and rural regeneration of the GTM's territory with a view to promoting economic and tourism development.

#### 2. Basis of preparation and accounting policies

##### *Presentation of annual financial statements*

The financial statements are presented in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), and including any interpretations, guidelines and directives issued by the Accounting Standards Board, as well as the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA) and the Companies Act of South Africa.

The preparation of financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant notes.

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These financial statements are presented in South African Rands. The following are the principal accounting policies used by the entity which are consistent with those of the previous year.

##### **2.1 Property, plant and equipment**

###### **2.1.1 Tangible asset**

Property, plant and equipment are tangible assets that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- (b) are expected to be used during more than one period.

Items of property plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date.

Expenditure on additions and improvements to property, plant and equipment including the cost of related interest is capitalised as the expenditure is incurred.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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 an item of property, plant and equipment and costs incurred subsequently to add to, or to replace a 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.

Subsequent to initial measurement property, plant and equipment are depreciated on a straight-line basis over their expected useful lives to one South African Rand values if they are still in use.

## GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 2. Basis of preparation and accounting policies (Continued)

Depreciation is charged to profit or loss so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

	Years
Computer equipment	3
Office equipment	3
Furniture and fittings	5

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

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If these expectations differ from previous estimates, the change is accounted for as a change in accounting estimates.

Gains or losses on disposal are calculated by deducting the carrying value from the proceeds on the date of disposal and are included in surplus/deficit.

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

#### 2.1.2 Intangible asset

An intangible asset is recognised when:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- (b) the cost or fair value of the asset can be measured reliably.

An intangible arising from development is recognised when:

- (a) there is an intention to complete and use it;
- (b) it will generate probable future economic benefits;
- (c) the cost of the asset can be measured reliably; and
- (d) the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets amortisation is provided on a straight-line basis over their expected useful lives to their estimated residual value. The amortisation period, residual value, and the amortisation method of intangible assets are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting policy. The useful lives of intangible assets have been assessed as follows:

	Years
Website development	5

Intangible assets are de-recognised on disposal, or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, and the carrying amount of the intangible asset. Such difference is recognised in surplus/deficit when the intangible asset is derecognised.

#### 2.2 Operating Leases

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

**2. Basis of preparation and accounting policies (Continued)**

***2.3 Revenue from non-exchange transaction***

Revenue from grant contributions/ non-exchange transactions are recognised when economic benefits or service potential associated with the transaction will flow to the entity, the grant or revenue can be measured reliably and all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment when such items of property, plant and equipment is brought into use. Where grant contributions have been received but the Agency has not met the condition, a liability is recognised.

***2.4 Investment***

Investment Income is recognised on a time-proportion basis using the effective interest method.

***2.5 Financial instruments***

Financial instruments as stated on the statement of financial position include cash and bank balances, investments, receivables, trade creditors.

*Classification*

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

- (a) Trade and other receivables (Financial asset measured at amortised cost); and
- (b) Cash and cash equivalents (Financial asset measured at amortised cost).

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

- (a) Trade and other payables (Financial liability measured at amortised cost); and

*Initial recognition*

The entity recognises a financial asset or financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

*Initial measurement*

The entity measures a financial assets and financial liabilities at amortised cost initially at its fair value, plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

*Subsequent measurement*

The entity measures all financial asset and financial liability after initial recognition using the following category:

- (a) Financial instruments at amortised cost.

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

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

***2.6 Cash flows***

The cash flow statements can only be prepared in accordance with the direct method.

For the purposes of the cash flow statement, cash includes cash on hand, deposits held on call with banks, investments in money market instruments, and bank overdrafts.

**2. Basis of preparation and accounting policies (Continued)**

**2.7 Income tax**

*Current taxes*

Current taxes are measured at the amount expected to be paid to South African Revenue Service, using the tax rate and tax laws that have been enacted by the reporting date. An entity will recognise an asset in respect of taxes when the taxable event occurs and the asset recognition criteria have been met.

*Deferred taxes*

Deferred taxes is accounted for under the statement of financial position using the liability method, in terms of which:

Deferred tax is measured using the tax rate that is expected to apply to the period when the liability is settled (or the asset is recovered), based on the tax rate and tax laws that have been enacted or substantively enacted by reporting date. In addition, the measurement of deferred tax reflects the tax consequences that would follow from the expected manner of recovery or settlement of the relevant assets and liabilities.

*Deferred tax assets*

Deferred tax assets are recognised only when it is probable that sufficient taxable income will be available in future against which the asset can be recovered; and are reviewed at each reporting date, and, if necessary, impairment write-downs or reversals are recognised.

**2.8 Value added tax**

The entity accounts for Value Added Tax on the invoice basis.

**2.9 Provisions and contingencies**

*Provisions*

A provision is recognised if, as a result of a past event, the entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle 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.

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

*Contingencies*

A contingent assets and contingent liabilities are not recognised. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable, whereas a contingent liability are disclosed when economic benefit or service potential is to be rendered by an external goods or service provider.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

**2. Basis of preparation and accounting policies (Continued)**

**2.10 Impairment of cash-generating assets**

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

Recognition and measurement

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired. The recoverable amount of an asset is the higher of its fair value less cost to sell and the value in use.

Impairment of non-cash-generating assets

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

Recognition and measurement

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. Recoverable service amount is the higher of a non-cash generating asset's fair value less cash to sell and its value in use.

The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

- (a) Depreciation replacement approach
- (b) Restoration cost approach
- (c) Service units approach

**2.11 Employee benefits**

Short term employee benefits

The cost of all short term employee benefits is recognised in the statement of financial performance during the period in which the employee renders the related service.

The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount which the entity has a present obligation to pay as a result of the employee's services.

**2.12 Related Parties**

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

**2.13 Budget Information**

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

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

**3. Significant management judgements in applying the accounting policies**

In the process of applying the entity's accounting policies management has made the following judgements which have significantly affected the amounts recognised in the financial statements:

**(a) Depreciation**

In preparing the annual financial statements, management is required to make estimates and assumptions that effect the amounts represented in the 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 annual financial statements. significant judgements include:

*Trade and other receivables*

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

**4. New standard and interpretations*****Standard and interpretations issued, but not yet effective***

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2013 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date</b>	<b>Expected impact</b>
GRAP 1: (as revised 2012): Presentation of Financial Statements	01 April 2013	Impact material
GRAP 3: (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013	Impact material
GRAP 7: (as revised 2012): Investments in Associates	01 April 2013	Impact not material
GRAP 9: (as revised 2012): Revenue from Exchange Transactions	01 April 2013	Impact material
GRAP 12: (as revised 2012): Inventories	01 April 2013	Impact not material
GRAP 13: (as revised 2012): Leases	01 April 2013	Impact material
GRAP 16: (as revised 2012): Investment Property	01 April 2013	Impact not material
GRAP 17: (as revised 2012): Property, Plant and Equipment	01 April 2013	Impact material
GRAP 18: Segment Reporting	01 April 2013	Impact not material
GRAP 20: Related Parties	01 April 2013	Impact not material
GRAP 25: Employee benefits.	01 April 2013	Impact material
GRAP 27: (as revised 2012): Agriculture (Replaces GRAP 101)	01 April 2013	Impact not material
GRAP 31: (as revised 2012): Intangible Assets (Replaces GRAP 102)	01 April 2013	Impact not material
GRAP 105: Transfers of Functions Between Entities Under Common Control	01 April 2014	Impact not material
GRAP 106: Transfers of Functions Between Entities Under Common Control	01 April 2014	Impact not material
GRAP 107: Mergers	01 April 2014	Impact not material
IGRAP1: (as revised 2012): Applying the probability test on initial recognition of revenue	01 April 2013	Impact not material
IGRAP 16: Intangible Assets - Website Costs	01 April 2013	Impact not material

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4. Property, plant and equipment

	2013			2012		
	Cost / valuation R	Accumulated depreciation / impairment R	Carrying value R	Cost / valuation R	Accumulated depreciation / impairment R	Carrying value R
<b>Tangible assets</b>						
Computer equipment	135,583	(67,362)	68,221	129,846	(30,114)	99,732
Office equipment	26,826	(18,447)	8,379	26,826	(13,079)	13,748
Furniture & fittings	161,590	(52,775)	108,814	65,022	(28,280)	36,742
<b>Intangible assets</b>						
Website	45,051	(20,273)	24,778	45,051	(11,263)	33,788
	<b>369,050</b>	<b>(158,857)</b>	<b>210,192</b>	<b>266,745</b>	<b>(82,735)</b>	<b>184,010</b>

The carrying amounts for 2013 can be reconciled as follows:

	Carrying value at beginning of year R	Additions R	Revaluations R	Disposals R	Depreciation / impairment R	Carrying value at end of year R
<b>Tangible assets</b>						
Computer equipment	99,732	5,737	-	-	(37,248)	68,221
Office equipment	13,748	-	-	-	(5,369)	8,379
Furniture & fittings	36,742	96,568	-	-	(24,495)	108,814
<b>Intangible assets</b>						
Website	33,788	-	-	-	(9,010)	24,778
	<b>184,010</b>	<b>102,304</b>	<b>-</b>	<b>-</b>	<b>(76,122)</b>	<b>210,192</b>

The gross carrying value amount of full depreciated property, plant and equipment that are still in use at year end.

	2013 R	2012 R
<b>5. Receivables from exchange transactions</b>		
VAT receivable	62,170	245,553
Rental deposits	3,386	3,386
	<b>65,556</b>	<b>248,939</b>

The ageing analysis of trade receivables are as follows:

	2013	2012
Up to 3 months	57,987	194,798
3 months and older	7,569	54,141
	<b>65,556</b>	<b>248,939</b>

6. Cash and cash equivalents

Bank and cash balances at year end comprise:

	2013	2012
Petty cash	4,654	3,609
Bank balances	450,114	432,205
Short term investments	478,038	1,587,731
	<b>932,806</b>	<b>2,023,545</b>

The business cheque account and a short term investment are account both held with ABSA bank.



GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>7. Share capital</b>		
<i>Share capital</i>		
Authorised		
1000 Ordinary shares of R1 each	1,000	1,000
Issued		
100 Ordinary shares of R1 each at end of year	100	100
<b>8. Payables from exchange transactions</b>		
Leave pay accrual	162,310	89,292
Trade payables	37,271	-
Other payables	209,257	-
	<u>408,838</u>	<u>89,292</u>
<b>9. Revenue from non-exchange transactions</b>		
Greater Tzaneen Municipality	2,500,000	2,500,000
Industrial Development Corporation Limited	2,202,500	2,202,500
Assets transferred	22,226	-
	<u>4,724,726</u>	<u>4,702,500</u>
<b>10. Taxation Payable</b>		
Balance at the beginning of the year	20,066	20,066
Tax charge as per statement of financial performance	-	69,213
Tax paid	(20,066)	(69,213)
	<u>-</u>	<u>20,066</u>
<b>11. Investment income</b>		
Interest received	25,357	46,744
	<u>25,357</u>	<u>46,744</u>
<b>12. Operating lease commitments</b>		
<b>Property</b>		
Payable in one year	227,892	181,576
Payable in 2 - 5 years	978,842	739,362
	<u>1,206,734</u>	<u>920,938</u>
<b>Equipment</b>		
Payable in one year	36,549	36,549
Payable in 2 - 5 years	36,549	73,099
	<u>73,098</u>	<u>109,648</u>

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>13. Deficit from operations</b>		
Deficit from operations is arrived at after taking into account the following:		
<b>Revenue</b>		
Revenue from:	5,514,200	5,953,377
- Non-exchange transactions/ grants	4,724,726	4,702,500
- Exchange transactions/ services rendered	789,474	1,250,877
<b>Expenses</b>		
Auditor's remuneration	119,000	187,573
- Audit fees	119,000	106,267
- Other services	-	81,306
Depreciation of property, plant and equipment	76,122	40,150
Directors' fees	604,141	876,921
- Fees for services	327,775	473,375
- Other expenses	276,366	280,042
Operating lease charges	220,793	199,322
- Property rentals	187,227	163,521
- Office equipment	33,566	35,801
Employee costs	3,040,562	1,665,721
- Salaries and wages	2,755,966	1,457,299
- Leave payout	162,310	89,292
- Training costs	122,286	119,130
Average number of employees	10	10

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>14. Taxation</b>		
Major component of the tax expense:		
Prior Period	-	69,213
Current Period	-	-
	<u>-</u>	<u>69,213</u>

Tax Rate Reconciliation:

	2013	2012
Standard rate of company taxation	28.00%	28.00%
<i>Increase/ (reduction) in effective rate as a result of:</i>		
- Exempt income and expenditure	-28.00%	-28.00%
<b>Effective rate of taxation for the year</b>	<u><b>0.00%</b></u>	<u><b>0.00%</b></u>

Greater Tzaneen Economic Development Agency receives the majority of its income from grants which are exempt from income tax, the entity has applied for a tax exemption certificate from SARS. The entity provided for tax on the income that is not considered by management to be exempt.

**15. Notes to the cash flow statement**

**15.1 Reconciliation of net deficit before taxation to cashflows from operations**

<b>Deficit before taxation</b>	(1,547,420)	(260,837)
Adjustments for :		
Depreciation	76,122	40,150
Interest received	(25,357)	(46,744)
Penalties and Interest	63,142	9,113
Operating profit before working capital changes	<u>(1,433,513)</u>	<u>(258,318)</u>
Working capital changes		
Decrease in receivables from exchange transactions	163,317	127,732
Increase in payables from exchange transactions	319,546	(19,434)
<b>Cash generated from operations</b>	<u><b>(950,650)</b></u>	<u><b>(150,020)</b></u>

**GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>

**16. Related Parties**

**16.1 Identity of related parties**

The parent shareholder is Greater Tzaneen Municipality(GTM) and the ultimate controlling party is Greater Tzaneen Municipality(GTM).

The funder is Industrial Development Corporation (IDC) which is the major funder.

The major stakeholder is Limpopo Economic Development Agency (LEDA), the former Limpopo Agri-Business Development Corporation (LADC) and a strategic partner in the Makgoba Tea Estates.

The Board of Directors comprises of directors as listed in the directors report and its committees, namely the Audit and Risk committee, HR committee and Bid committee.

There are no entities that are related to the directors of the Board.

**16.2 Transactions with the related parties were as follows:**

Grant received: IDC	2,202,500	2,202,500
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Grant received: GTM	2,500,000	2,500,000
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**16.3 Compensation paid to the Executive Director**

Name	2013			2012		
	Remuneration R	Emolument R	Total R	Remuneration R	Emoluments R	Total R
KJ Maphoto	628,830	106,875	735,705	234,575	46,936	281,511

**16.4 Compensation paid to the Board of Directors**

Name	2013			2012		
	Remuneration R	Emoluments R	Total R	Remuneration R	Emoluments R	Total R
MP Maleta	13,750	10,678	24,428	50,000	20,296	70,296
MV Gardner	44,450	22,651	67,101	26,250	12,130	38,380
MC Msimanga	78,025	93,076	171,101	101,475	91,582	193,057
KM Motshekga	35,350	13,555	48,905	31,675	17,301	48,976
MF Mushwana	48,200	30,895	79,095	61,750	20,874	82,624
VJG Baloyi	108,000	105,511	213,511	87,750	83,994	171,744
	327,775	276,366	604,141	358,900	246,179	605,079

The related party transactions with the Board of Directors and other committees included the following:

	<b>2013</b>	<b>2012</b>
Audit and Risk Committee	49,875	197,668
Bid Committee	26,325	37,050
HR and Remuneration Committee	12,075	37,125
	88,275	271,843

Transactions with parties take place on terms no more favourable than transactions with unrelated parties.

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>17. Commitments</b>		
<b>17.1 Authorised capital and operating expenditure</b>		
Internal Audit	141,999	84,052
New Shopping Centres (Value Proposition)	-	129,600
Annual report development	102,030	44,278
	<u>244,029</u>	<u>257,930</u>

**18. Financial risk management**

Trade and other receivables at the reporting date comprise of VAT receivables and other prepayments.

The accounting authority consider that the carrying amount of trade and other receivables approximates their fair value.

**Credit risk**

The company's principal financial assets are bank balances and cash, trade and other receivables and investments, which represent the company's maximum exposure to credit risk in relation to financial assets.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds and non-derivative financial instruments is limited because the counterparties are banks with high credit ratings.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

**Credit risk**

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Cash and cash equivalents	932,806	2,023,545
	<u>932,806</u>	<u>2,023,545</u>

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of customers was:

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>18. Financial risk management (Continued)</b>		
Rental deposits	3,386	3,386
VAT receivable	62,170	245,553
	<u>65,556</u>	<u>248,939</u>

**Impairment losses**

At the reporting date, none of the receivables from exchange transactions were past due. No impairment loss was recognised in the current period under review.

**Liquidity risk**

The entity manages liquidity risk through proper management of working capital, capital expenditure and actual forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

The carrying amounts of the financial liabilities represents the liquidity exposure. The maximum exposure to liquidity exposure at the reporting date was:

Payables from exchange transactions (2 - 5 years)	408,838	89,292
	<u>408,838</u>	<u>89,292</u>

The maximum exposure to liquidity exposure for trade and other payables at the reporting date by type of creditor was:

Employees leave pay (2 - 5years)	408,838	89,292
	<u>408,838</u>	<u>89,292</u>

**Currency risk**

*Exposure to currency risk*

The company did not have any exposure to foreign currency risk for the period under review.

**Interest rate risk**

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

**19. Other Income**

Tender documents sales	-	3,000
Facilitation fees	789,474	1,140,351
Sundry income	-	66,859
	<u>789,474</u>	<u>1,210,210</u>

**20. Employee related costs**

**CEO's costs**

CEO's Remuneration/salary	628,830	234,575
Performance bonus	43,728	24,500
Other expenses	63,147	46,936
	<u>735,705</u>	<u>306,011</u>

**Staff costs**

Basic (Salaries and Wages)	542,834	767,127
Performance bonus	53,448	20,311
Statutory payments (PAYE, UIF and SDL)	750,470	330,536
Leave pay	162,310	89,292
Overtime	48,096	43,165
13th cheque	59,730	37,085
	<u>1,616,888</u>	<u>1,287,516</u>

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

**21. Directors Fees**

Board fees	299,475	330,868
Board travel	119,041	164,240
Board meals	12,555	17,859
Board accomodation	40,689	47,683
Statutory payments (25% tax deductible)	74,500	146,675
Board development	3,187	9,760
Secretariat Support	13,500	40,500
Strategic plan session (organisational)	33,375	76,298
Organisational review	7,818	43,038
	<u>604,141</u>	<u>876,921</u>

**22. Fruitless and wasteful expenditure**

Interest on late payment	63,142	9,113
	<u>63,142</u>	<u>9,113</u>

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

DETAILED STATEMENT OF FINANCIAL PERFORMANCE 30 JUNE 2013

	2013 R	2012 R
Revenue	5,514,200	5,912,710
Tender sales	-	3,000
Grant contributions	4,702,500	4,702,500
Assets transferred	22,226	-
Facilitaion fees	789,474	1,140,351
Sundry Income	-	66,859
<b>Total Income</b>	<b>5,514,200</b>	<b>5,912,710</b>
Operating expenses	6,203,765	5,157,704
Accommodation	51,963	53,519
Cellphone expenses	67,707	57,275
Personnel cost	2,918,276	1,546,592
Bursaries	104,254	-
Cleaning	10,765	4,934
Consulting fees	4,700	3,000
Copier rental	33,566	35,801
Courier and postage	1,123	3,093
Depreciation	76,122	40,150
Entertainment expenses	34,574	12,816
External audit	119,000	187,573
Internal audit	73,730	132,411
Insurance	11,215	9,981
Marketing and promotions	249,174	92,890
Minor assets	200	-
Office refreshments	8,799	6,969
Office rental	187,227	163,521
Penalties and interest	63,142	9,113
Printing and stationary	28,634	20,389
Projects cost	1,711,820	2,298,710
Repairs and maintenance	105,210	46,336
Security	5,643	6,908
Seminars and workshops	18,032	77,016
Staff training	-	42,114
Recruitment cost	1,792	-
Subscriptions (IoD, LED & Local)	34,958	28,695
Subsistance	23,155	14,200
Team building	32,036	18,493
Website development & management	8,736	9,848
Telephone and Fax	84,950	94,982
Travel - Air	7,383	48,559
Travel - Land	125,872	91,815



**GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD**

**DETAILED STATEMENT OF FINANCIAL PERFORMANCE 30 JUNE 2013**

Administration Expenses		883,212	1,062,587
Bank charges		4,556	5,227
Annual report development		38,840	65,289
Organisational design and policy review		7,818	43,038
Directors fees and expenses		562,948	753,417
Workplace skills development		-	35,200
Scorecard development		101,667	29,610
Social inclusion		96,506	54,506
Strategic session		70,875	76,298
Investment income	11	(25,357)	(46,744)
Interest received		(25,357)	(46,744)
<b>Deficit before taxation</b>		<b>(1,547,420)</b>	<b>(260,837)</b>
<b>Taxation</b>		-	69,213
Normal taxation		-	69,213
<b>Net deficit for the period</b>		<b>(1,547,420)</b>	<b>(330,050)</b>