



## SUBMISSION OF THE ANNUAL REPORT 2013/14

It is our pleasure to present our Annual Report for the year ended 30 June 2014. The Report is a reflection upon our performance for the 2013/14 Financial Year and provides an opportunity for us to share achievements with the people of the Greater Tzaneen Municipality and South Africa at large. This gives us an opportunity to also recognise where we need to further advance our efforts, and provide insight into where we are going as an Agency.

  
Mrs MF Mushwana  
Board Chairperson

  
Mr KJ Maphoto  
Chief Executive Officer

Date: 03/02/2015

Date: 03/02/2015

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# PART 1: GENERAL INFORMATION

## OUR VISION

To be the leading catalyst for sustainable economic development in the Greater Tzaneen Municipal area.

## MISSION

To implement the 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 subscribes to the values as embodied in the *Batho Pele* Principles.

## STRATEGIC OBJECTIVES

- Ensuring Good Governance;
- Organisational/Institutional Development (HRM & Labour Relations);
- Ensuring Financial Viability and Management;
- Economic Development; and
- Research and Innovation

## 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;
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## **GLOSSARY**

<b>A-G</b>	Auditor-General
<b>AFS</b>	Annual Financial Statements
<b>AGSA</b>	Auditor-General South Africa
<b>ARMC</b>	Audit and Risk Management Committee
<b>BSSC</b>	Business Services Support Centre
<b>CEO</b>	Chief Executive Officer
<b>GTEDA</b>	Greater Tzaneen Economic Development Agency
<b>GTM</b>	Greater Tzaneen Municipality
<b>IDC</b>	Industrial Development Corporation
<b>IDP</b>	Integrated Development Plan
<b>IODSA</b>	Institute of Directors South Africa
<b>LDA</b>	Limpopo Department of Agriculture
<b>MFMA</b>	Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
<b>PwC</b>	PricewaterhouseCoopers
<b>SAIMET</b>	Southern Africa Institute of Management
<b>SETA</b>	Sectoral Education Training Authority
<b>SMME</b>	Small Medium Micro Enterprises

## FOREWORD BY THE CHAIRPERSON

It is with great pleasure that I present to you the Annual Report of the Greater Tzaneen Economic Development Agency (GTEDA) for the period 1 July 2013 to 31 June 2014, as required by section 121 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)

This Report provides an independent audited account of GTEDA's financial statements and performance information. The CEO's Review and Performance Information sections provide an overview of our performance in key areas against set objectives as well as our responses to environmental, social and governance issues.

### Governance

In the last financial year and for the past 5 years in succession, GTEDA received a clean Audit Report. It is a gratifying and awe-inspiring fact considering the unsavoury state of governance in most municipalities in the whole of South Africa. This confirms the commitment of GTEDA staff to live the shared organisational values of professionalism and accountability, and ethics, and to delivering on its GTM mandate with a close focus on good governance.

It was for the first time that GTEDA is audited by the office of the Auditor General South Africa (AGSA). In the process of preparing for audit processes by the A-G, we purpose to maintain the effort and commitment to obtain a Clean Audit Report and with the seal of approval from the A-G, I am pleased to share with our People that we have received an unqualified Audit Outcome from A-G's very first audit.

With South Africa as a world leader in auditing and reporting standards and ranked first out of 144 countries in the World Economic Forum's Global Competitiveness Report, it is proper that GTEDA continues to uphold its position as a role model for governance not only within the Municipal Agencies environment, but within the public sector as a whole.

### Operating environment

GTEDA's operating environment in the year under review was affected by the change in the political climate which affected the momentum in the decision making process.

One critical decision of replacing resigned Board Members was delayed. Contrary to the terms of reference, the Board complement is at a critical level of five (5) Board Members from an original full complement of ten (10).

### Operational highlights

GTEDA Business Services Support Centre (BSSC) has since been accredited with the Services SETA. The Centre will empower the SMME's through offering accredited Business Trainings.

### Financial highlights

In the 2013/14 financial year, GTEDA received R 2 375 000.00 in grant income from GTM and R 3 million from IDC compared to R 2 500 000.00 and R 2 202 500.00 in the previous period.

### **Challenges**

It is worthy to indicate that as most of GTEDA's mandates are derived from the Municipal IDP and are directly geared towards the economic development of communities; the actual execution of our objectives is highly dependent on the support and buy-in from the Chiefs (*Indunas*) in their respective areas of jurisdiction.

Most of the projects have had to seek for GTM's intervention due to disputes arising from either between the community and the *Induna* or between *Indunas* in adjoining areas designated for development.

It is such challenges that deter the proposed trajectory of GTEDA's impetus in several of its economic development interventions. It is therefore crucial that GTM through the mandated Councillors, endeavour in the intervention to break the impasse, to speed up finalisation of Projects for the benefit of the needy communities.

### **Prospects**

Prospects for the year ahead are good. It is always very encouraging when new avenues open for either developing or extending the economic development among the residents in the Greater Tzaneen communities. I firmly believe that a strong municipal focus on capacitating local residents will go a long way in the achievement of the intended economic development in the Tzaneen municipality. It is truly humbling to announce that the project feasibility studies in the shopping centres which were conducted in 2010 (Morutji, Mokgwathi, Dan/Bendzulani and Nwamitwa) are starting to take shape and are expected to come to fruition in the year ahead.

### **Gratitude**

I would like to thank all Board members for their hard work and valuable contribution over the past year. Finally, I would like to thank GTEDA CEO, Kwena Maphoto, his Management Team and all GTEDA employees for their hard work and dedication over the year under review. The unwavering valuable support from the GTM and IDC is also greatly recognised and appreciated.

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**Mrs MF Mushwana**

***Board Chairperson***



## EXECUTIVE SUMMARY BY THE CHIEF EXECUTIVE OFFICER

GTEDA has once again had a successful 2013/14 financial year which ended up with the 5<sup>th</sup> unqualified Audit opinion conducted by the Auditor-General of South Africa. This once more demonstrates our ability to manage organisational and financial performance. Let me thank our formidable Board of Directors, dedicated Management and Staff of GTEDA.

In the previous financial year, we contributed ourselves to an intensive public participation strategy. This was embarked upon and general *consensus* was reached with our Communities and Stakeholders.

We also committed ourselves to facilitating that GTEDA be accredited with Services SETA (Sectoral Education Training Authority). We are proud this year to announce that GTEDA is now an accredited training provider in South Africa. We are accredited to offer South African qualifications Authority unit standards in innovative thinking in the development of a small business and development of entrepreneurial profile.

Yes indeed an **Ideas Hub** as promised in the previous Financial Year was launched for increased research and development. People are encouraged to use the blog established on the GTEDA website for inputs, suggestions and recommendations.

The first Agricultural Summit held in the 2012/13 financial year resulted in the preparatory holding of an Agricultural Expo. This event was meant for empowerment of emerging partners through information dissemination and interactions with service providers and equipment manufactures.

As part of our Social Corporate Investment Programme, GTEDA has in partnership with stakeholders contributed to the following:

- Building a crèche for a needy community at Ntokoto;
- Donated toys to children at paediatric wards at Letaba, Van Velden and Dr CN Phatudi hospitals; and
- In partnership with professionals in various fields, rendered free Medical, Legal and Social services to all communities in and around Lenyenye and Nkowankowa townships.

Great thanks go to the communities and various stakeholders.

### **Projects**

Information relating to our Projects is contained in this Annual Report in details but let me take this opportunity to take you through a few highlights.

### **Farms support**

This Project was established by GTEDA in partnership with the Limpopo Department of Agriculture (LDA). The relationship between us and LDA ended in March 2013 and by that time GTEDA had already facilitated R13million investment by LDA which led to the creation

of 432 jobs by end of June 2014. We are currently supporting the provincial government, the local Municipality and the Makgoba community in the search for a potential investor and strategic partner.

GTEDA is tirelessly assisting in the process of facilitating investors for Bathlabine, Mamahlola and Tours Farms.

### **Shopping Centres development**

It is a great pleasure to announce that GTEDA, in partnership with stakeholders including communities, has facilitated appointment of developers for the building of shopping centres at Mokgwathi and Morutji communities. We are just awaiting the finalisation of logistics and approvals relating to implementation of this project. We are also, as mandated, assisting in the facilitation of investors for the building of shopping centres at Nwamitwa and Dan/Bindzulani.

### **Livestock Improvement**

We are currently looking at upgrading the current Leather Making Factory into a hub, housing bead making, sofa and shoe manufacturing, artwork and crafts.

### **Radio Station (GTFM 104.8)**

Though faced with financial challenges, the Greater Tzaneen Community Radio Station is still providing a platform for community dialogue and supporting entrepreneurial developments and still sharing with our communities the three sides of every story that is the one side, the other side and the truth. The radio covers all sides to the benefit of our communities.

### **Business Services Support Centre (BSSC).**

The first "Financial Institution" owned by the disadvantaged people and small medium enterprises is just about to be formed. Over 225 members have already subscribed. We are looking forward towards the establishment and final registration of the financial services cooperative in the next financial year.

I would further like to highlight that we had disputes at most restituted farms which restricted us in attracting investors who would have created jobs for our people. Progress in terms of shopping centres development was mainly affected by delays in issuing resolutions by respective Tribal Authorities and conflict of interest by key stakeholders. We engaged the Greater Tzaneen Council to intervene and speed up resolutions to ensure that real development for our people takes place. We also noted slight progress with our **Tannery Project** due to lack of the necessary capital to kick-start the project; we have engaged the Industrial Development Corporation (IDC) to assist in this regard as this project has potential to create jobs. We are in a process of identifying high impact projects which have minimal bottlenecks to ensure that we continue to create jobs for our people.

My humble thanks go to the Mayor of the Greater Tzaneen Municipality Mrs DJ Mmetle for her undying support to the Agency, the Chairperson of the Board and its members for their strategic oversight role in steering GTEDA.

My appreciation and thanks also go to Management and all staff that make things happen every day.

Lastly and above all, Almighty God who made it possible that we achieve all these.

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**Mr KJ Maphoto**

***Chief Executive Officer***

## PART 2: CORPORATE GOVERNANCE REPORT

GTEDA through its Board of Directors, Management and Staff, strives to create sustainable value to our Shareholder, Funders and most importantly to the Communities that it is mandated to serve. It is for the latter reason that our system of Corporate Governance is designed to support this goal. This is also evidenced by our continuous and consistent positive audit outcomes. GTEDA continues to comply with applicable laws and implement best corporate governance standards over and above upholding the principles of transparency, accountability and business integrity in all its dealings with stakeholders.

Having assured our Stakeholders of delivering the best corporate standards, we present our Corporate Governance Report as follows:

### BOARD OF DIRECTORS

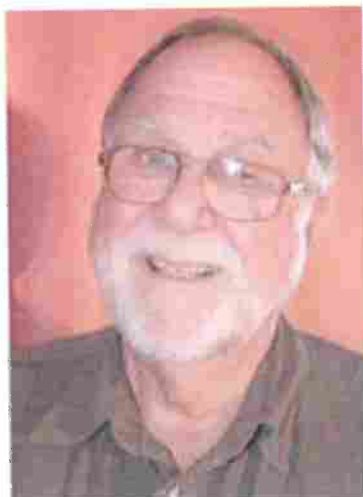
We continue to comply with the requirements of a responsible and accountable Board as recommended in Chapter 2 of the King III Report.

**Board Composition:** In the previous financial year when the Board comprised only six (6) Board Members compared to the initial Membership of ten (10), together with the Shareholder a commitment was made to review the skills shortage of the current Board in the financial year under review. However, this has not been possible due to the change in key structures within the Political and Administrative Leadership. As a result the number of Board Members was at five (5) (including the in-House Company Secretary) during the financial year under review as a result of a further resignation. However we can give the assurance that the existing Board Members are diverse in terms of education, experience, geographical origin and interpersonal skills. The latter does not fall short of the realisation that there is a serious need to still improve on the economic development and investment muscle in terms of additional skills to the Board in order to effectively carry out the core mandate of GTEDA and we hope that this will be achieved in the next financial year.

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



**Mrs. MF Mushwana**  
*Chairperson of GTEDA Board*



**Mr. MV Gardner**  
*Deputy Chairperson*



**Ms. KM Motshekga**  
*Director*



**Mr. MC Msimanga**  
*Director*



**Adv. VJG Baloyi**  
*Company Secretary*



**Mr. KJ Maphoto**  
*Chief Executive Officer*

**Board Term:** Directors are appointed on a fixed term of three (3) years with a possibility for an extension for a further 2 years. Due to the continuous change in both the Political and Administrative Leadership of the Shareholder, the term of the current Board was extended in order to ensure continuity and succession planning. A new Board will be appointed in the next financial year.

**Accountability, Roles and Functions of the Board:** All Board Members are independent and have appropriate processes in place that are crucial for the effective functioning of the Board, with the exception of the in-house Company Secretary who acts as a liaison between the Board and Management. The Board continued to ensure an efficient and balanced decision-making process to guarantee a seamless information transfer.

**Board Training and Development:** GTEDA put great emphasis on the training of our Board, Performance Evaluation and on improvement of our individual Board Members and the Board as a whole. However there was no training conducted for the period under review since the current Board Term of Office has been extended to December 2014. All Board Members are registered Members of IODSA in order to keep abreast with new developments affecting their roles as Board.

#### Board Meetings Attendance:

Member	Position Held	Ordinary Meetings	Special Meeting	Board
Mrs. M.F Mushwana	Chairperson	4 of 4	1 of 1	
Mr. M.V Gardner	Deputy Chairperson	4 of 4	1 of 1	
Mr. M Msimanga	Member	4 of 4	1 of 1	
Mrs. K.M Motshekga	Member	4 of 4	1 of 1	
Adv. V Baloyi	In-house Company Secretary	4 of 4	1 of 1	

#### Board Committees

The Board continued to delegate certain of its duties to Board Committees which were all chaired by independent non-executive directors:

- Human Resource and Remuneration Committee; and
- 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.

With regard to **Nominations**, HRRECO is charged with the responsibility of identifying suitable candidates for directorships, and make recommendations to the Board. In this regard the Committee further advises 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 for the period under review:

<b>Member</b>	<b>Position Held</b>	<b>Meetings</b>
Ms KM Motshekga	Chairperson	4 of 4
Mr MC Msimanga	Member	4 of 4
Adv. VJG Baloyi	Member	4 of 4

### **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 a full Audit and Risk Committee Report under Part 5 of this Report.

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

GTEDA has an approved annual self-assessment (360 degrees) review process that has been developed for the Board, individual Directors and Board sub-committees, and was implemented more fully in this 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 and the Projects' Manager for the day-to-day management of the Agency. 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**

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. The current arrangement with regard to the position of the Company Secretary will be reviewed in the next financial year, funds permitting.

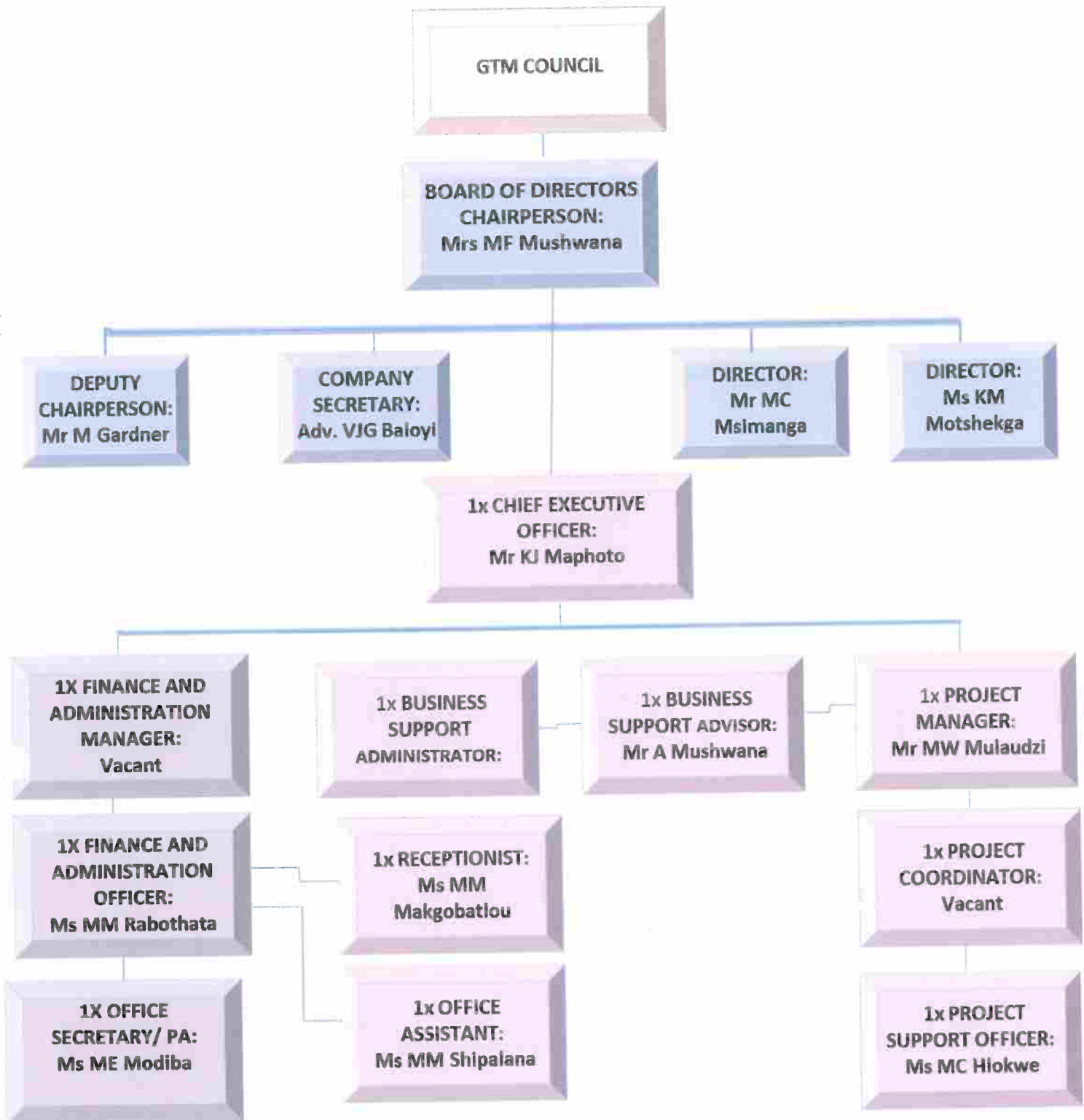
## **GENERAL**

As we conclude our Corporate Governance Report, we are mindful of the fact that we need to continue to strive to improve in the interest of all our Stakeholders, that is mainly the communities that we serve. Furthermore to ensure that our Corporate Governance regime supports Gteda in protecting the interests of our Shareholder and Funders by creating long term and sustainable shareholder and funder value and economic and social development for our communities. To this end, we have identified an improvement opportunity that will be implemented in the 2014/15 financial year. We are creating a Projects Management Committee of the Board to oversee the identification and implementation of Projects which informs to a larger extent the core of our Mandate as an Agency.

The Policy Review Process that was planned for the period under review was successfully carried out and this process saw most of the processes aligning to those of the Shareholder to some extent. This processes also assisted in the preparation of the first auditing processes by the Auditor General.



# PART 3: ORGANISATIONAL STRUCTURE 2013/14



For the period under review, GTEDA had an approved organogram with a staff complement 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	1 (CA)	—	—	—	1 (CA)*	1 (CA)	—	—	—	1 (CA)	2 (CA)	
Lower Level	1	—	—	—	1	5	—	—	—	5*	6	
Disabled	—	—	—	—	—	—	—	—	—	—	—	
Contract appointments	1	—	—	—	1	—	—	—	—	—	—	
											<b>TOTAL</b>	<b>10</b>

*\*One of these employees' has resigned with effect from 01 September 2013.*

Leave and payroll was handled effectively and efficiently.

## Human Resource Development

Course Description	Qualification	Institution
Office Management	Diploma	College SA
Office Administration	Diploma	Southern Africa Institute of Management, Engineering and Technology (SAIMET)
Business Administration	Degree	Lyceum College
Business Administration	Masters	Regent
General Management	Diploma	Lyceum College
Project Management	Post Graduate Diploma	MANCOSA
Marketing Specialisation	BCom Honours	MANCOSA
Municipal Finance Management Programme	Certificate	Kgolo Institute

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).

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## PART 4: PERFORMANCE

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

### ANNUAL ORGANISATIONAL PERFORMANCE REPORT

KPA/ Theme	Strategic Objective	Programme	Departmental KPI	Baseline (end June 2013)	Target Sept '13	Actual Achieved 30 Sept '13	Target Dec '13	Actual Dec '13	Target Mar '14	Actual Achieved 31 Mar '14	Target Jun '14	Actual Achieved 30 Jun '14	Reason for deviation
LED	Increased investment in the GTM economy	Board Structures	Updated governance charters by December 2013	1	Not applicable	Not applicable	31-Dec	31-Dec	Not applicable	Not applicable	Not applicable	26-Oct	None
			% of board members inducted and orientated	100%	100%	0%	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	0%
		Board Support	Number of quality Board Packs with all required documents contained therein	4	1	0	2	1	3	3	4	4	None



Auditing	Unqualified audit opinion for GTEDA	Unqualified Audit Report	Not applicable	Not applicable	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	Not applicable	Not applicable	Unqualified Audit Report	Unqualified Audit Report	Not applicable	Not applicable	N/A
	Number of quarterly audit committee reports submitted to the Board	4	1	1	2	2	3	3	3	2	2	4	2	GTEDA Audit Committee disbanded and replaced with shared AC with GTM
Organisational Development	Percentage of organogram filled	100%	100%	90%	100%	82%	100%	100%	84%	84%	100%	100%	84%	Project Coordinator post not yet filled due to dispute
	Percentage of third party payments made timeously monthly	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	None
	Number of quarterly Local Labour Forum meetings	4	1	1	2	2	3	3	3	2	4	4	0	No unionized labour structures and no participation in LLF meetings.
Skills Development	Percentage of Officials trained in line with the Work Place Skills Plan	100%	100%	70%	100%	70%	100%	100%	78%	70%	100%	100%	78%	2 staff members did not enrol for 2014 academic year due to maternity leave



	Approved year budget by 30 April annually	3	1	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	30-Apr	05-Apr	None
	% of GTEDA budget spent	100%	100%	20%	31%	40%	49%	70%	82%	100%	100%	105%	Some projects were not implemented due to disputes
Revenue Generation	R-value revenue generated from alternative (Not GTM & IDC) sources	R 1.2m	R 120 000	0	R 240 000	0	R 360 000	R 480 000	R 0	R 642 888	R 480 000	R 642 888	GTEDA facilitation at SAPEKOE terminated
	R-value grant funding received	R5.5m	R 1 250 000	R 1 250 000	R 1 250 000	R 2 050 000	Not applicable	Not applicable	Not applicable	R 5 000 000	R 5 000 000	R 5 000 000	None
Asset management system	% GRAP compliance on Asset Register	100%	Not applicable	100%	Not applicable	100%	Not applicable	Not applicable	Not applicable	100%	100%	100%	None
Economic Growth and Investment	# of committed investors attracted through GTEDA	5	Not applicable this quarter	Not applicable this quarter	Not applicable this quarter	Not applicable this quarter	Not applicable this quarter	Not applicable this quarter	Not applicable this quarter	3	3	3	None
Enterprise Development (SMME support)	# of SMMEs capacitated through GTEDA	0	0	4	0	4	6	6	6	30	40	40	None



## PROJECT MANAGEMENT REPORT

KPA/Theme	Strategic Objective	Programme	Project	Planned end date	Baseline(Actual output 2012/13)	Budgeted Opex 2013/2014	Actual Opex 2013/14)	Reason for variance		
LED	Increased investment in the GTM economy	Revitalization of farms	Sapekoe	31/06/2014	R 30 036	R 30 000	R 22 024	Implementation of project delayed		
			Tours farm	31/06/2014		R 10 000		Project suspended due to disputes.		
			Mamahlola	31/06/2014		R 10 000		Project suspended due to disputes.		
			Batlhabine	31/06/2014		R 15 000				
		Shopping Centres	N'wamitwa	31/06/2014	R 122 766	R100 000	R 1 313.67	Appointment of a developer has been suspended.		
		Subtropical Fruit and Nuts			Morutji	31/06/2014				Pending final resolution.
					Dan/ Bindzulani	31/06/2014				Project suspended due to disputes.
					Mokgwathi	31/06/2014				Pending final resolution.
					Commodity Association	31/06/2014	R 23 538	R 10 000	R 1 847.04	Concept review.

	Blueberry Farming	31/06/2014					Concept review.
Livestock Improvement	Leather making (Monye-Le-Shako)	31/06/2014	R 799 704	R 100 000	R 70 061.87	None	None
	Tannery (Torha hides)	31/06/2014					Concept review.
Tourism Development	Tzaneen Dam	31/06/2014	R 7 790	R 50 000	R 2 375.09	Concept review.	Concept review.
	Tours Dam	31/06/2014					Project suspended due to disputes.
Business Support Services	Seda Jewellery Incubator	31/06/2014	R 418 986	R150 000	R 149 993.62	The project has been put on hold due to lack of funds for implementation	
	Village Bank	31/06/2014				None	None
	Internet Café (Lenyenye)	31/06/2014				None	None
Research and Innovation	Community Radio Station (GTFM)	31/06/2014	R 194 457	R 70 000	R 70 657.27	None	None
	Tipfuxeni Bakery	31/06/2014	0	R 5 000	R 5 000	None	None
	Establish an Ideas Hub	31/06/2014	0	R -	R152.72	Concept review.	Concept review.
Social Inclusion	Mandela week	31/06/2014	0	R 25 000	R 25 217.02	None	None

## PART 5: AUDIT AND RISK COMMITTEE REPORT

### 1. INTRODUCTION

I am pleased to present the Audit and Risk Management Committee report for the year ended 30 June 2014.

### 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 Management Committee must consist of three (3) members with appropriate experience, majority of which may not be in the employ of the municipality or municipal entity. Further that 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 Management Committee.

The current financial year meeting schedule was affected by a decision by the GTM for GTEDA to participate in its shared Audit Committee which never materialised due to logistic arrangements and change in key Political and Management structures. As a result, only three (3) of the four (4) compulsory meeting were held in the current financial year as follows:-

NAME OF MEMBER	POSITION COMMITTEE	IN	MEETINGS ATTENDED	STATUS
Msimanga, MC	Chairperson		3 of 3	Current
Nel, S	Member		2 of 3	Current
Baloyi, VJG	Member		3 of 3	Current

GTEDA's Chief Executive Officer and the Finance and Administration Officer's attendance is compulsory and they did provide management guidance and addressed queries raised by the committee, and attendees, our Internal Auditors PricewaterhouseCoopers Incorporated as provided by liaison. Their 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 MANAGEMENT COMMITTEE RESPONSIBILITY**

The Audit and Risk Management Committee's responsibilities arise from section 166 of the MFMA. The provision has been included in clause 49 of the GTM-GTEDA Service Level Agreement (SLA) 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 Management Committee, still serves as a guiding tool in executing our role as an ARMC.

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

GTEDA has an approved 360 assessment tool and assessment in this regard includes assessment of the ARMC and the Committee has been duly assessed for the period under review.

#### **4.1. Evaluation of Annual Financial Statements (AFS)**

As part of our responsibilities, the ARMC has duly reviewed and adopted these unaudited Annual Financial Statements for the year ended 30 June 2014 in their meeting of 15 August 2014 as mandated by the Board of Directors in a Board meeting held on the 04 May 2014.

#### **4.2. Quality of in Year Monitoring, 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 as a Municipal Entity. We have to a greater extent possible complied with all matters of governance and where there were gaps, interventions and remedial actions were duly taken to deal with the challenges that might have existed.

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

#### **4.4. Internal Audit**

PricewaterhouseCoopers Inc. (PwC) continues to provide the Internal Audit service in line with applicable legislation. They are on a three (3) year performance based contract with a possibility of renewable.

#### **4.5. Effectiveness of Internal Controls**

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

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

A 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.

#### **5.1. Fraud prevention and related policies**

A Policy has been developed and it is continuously reviewed to check robustness and adaptability to recent trends and good practices and respond to GTEDA's environment.

#### **5.2. Performance Management**

Our External Auditors will be reviewing and auditing performance reports, which include: this Annual 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.

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).

**Msimanga, MC**  
**Acting Audit and Risk Committee Chairperson**  
**03 September 2014**

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

# PART 6: FINANCIAL STATEMENTS



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

**AUDITED  
ANNUAL FINANCIAL STATEMENTS  
30 JUNE 2014**







# PART 6: FINANCIAL STATEMENTS



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

**AUDITED  
ANNUAL FINANCIAL STATEMENTS  
30 JUNE 2014**

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

**ACCOUNTING AUTHORITY'S RESPONSIBILITY STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

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.

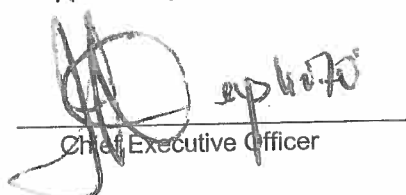
The entity is wholly dependent on the Greater Tzaneen Municipality and the Industrial Development Corporation for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the Greater Tzaneen Municipality has neither the intention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

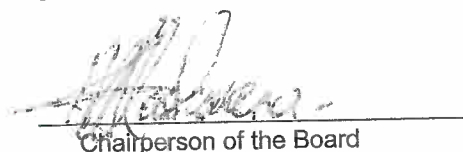
The Board is responsible for the financial affairs of the entity.

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 29 November 2014 and were signed on its behalf by:

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chairperson of the Board

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

**ANNUAL FINANCIAL STATEMENTS 30 JUNE 2014**

The following reports and statements are presented to the shareholders:

	Pages
Index	
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 - 26
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	27 - 28

# GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

## ACCOUNTING AUTHORITY'S REPORT FOR THE YEAR ENDED 30 JUNE 2014

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 2014.

### 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:

VJG Baloyi	(Company Secretary)
MV Gardner	
KM Motshekga	
MC Msimanga	
MF Mushwana	(Chairperson)

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 2014

	Notes	2014 R	2013 R
<b>ASSETS</b>			
<b>Current Assets</b>			
		622,512	998,362
Receivables from non-exchange transactions	5	66,565	65,556
Cash and cash equivalents	6	555,947	932,806
<b>Non-Current Assets</b>			
		212,807	221,566
Property, plant and equipment	4.1.1	149,446	196,788
Intangible assets	4.1.2	63,362	24,778
<b>Total Assets</b>		<b>835,319</b>	<b>1,219,928</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
		357,847	408,838
Payables from exchange transactions	8	357,847	408,838
Taxation payable	10	-	-
<b>Net Assets</b>		<b>477,472</b>	<b>811,090</b>
Contributions from owner	7	100	100
Accumulated surplus		477,372	810,990
<b>Total Liabilities</b>		<b>835,319</b>	<b>1,219,928</b>

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R	2013 R
<b>Revenue</b>			
Revenue from non-exchange transactions	9	5,375,000	4,736,100
Revenue from exchange transactions	19	100,833	789,474
Other Revenue - Investments Income	11	16,811	25,357
<b>Total revenue</b>		<b>5,492,644</b>	<b>5,550,931</b>
<b>Expenses</b>			
Operating expenses	23	5,063,316	6,203,766
Administrative expenses	24	762,946	883,212
<b>Total Expenses</b>		<b>5,826,262</b>	<b>7,086,978</b>
<b>Net deficit for the period</b>		<b>(333,618)</b>	<b>(1,536,047)</b>
Taxation	14	-	-
<b>Net deficit from operations</b>		<b>(333,618)</b>	<b>(1,536,047)</b>

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

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014**

		Contributions from owner R	Accumulated surplus R	Total R
Balance at 01 July 2012		100	2,347,036	2,347,136
Adjustments				
Correction of errors	26	-	11,373	11,373
Net deficit for the period			(1,547,420)	(1,547,420)
Balance at 30 June 2013 (Restated)		100	810,990	811,090
Net deficit for the period			(333,618)	(333,618)
Balance at 30 June 2014		100	477,372	477,472
Note			7	

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R	2013 R
<b>Net cash utilised in operating activities</b>		(311,493)	(977,062)
Cash receipts from government grants and others		5,491,635	5,722,940
Cash paid to suppliers and employees		(5,764,166)	(6,636,860)
<b>Cash generated utilised from operating activities</b>	15.1	(272,531)	(913,920)
Investment income			
Interest and penalties		(38,962)	(63,142)
Taxation paid		-	-
<b>Cash flows from investing activities</b>		(65,366)	(113,677)
Purchase of Property, plant and equipment		(16,679)	(17,110)
Intangible assets		(48,687)	(96,567)
<b>Net decrease in cash and cash equivalents</b>		(376,859)	(1,090,739)
<b>Cash and cash equivalents at beginning of period</b>		932,806	2,023,545
<b>Cash and cash equivalents at end of period</b>		555,947	932,806



GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED  
30 June 2014

	Approved budget	Actual	*Variance: Approved budget and actual	Comments
	R 2014	R 2014	R 2014	R 2014
<b>Revenue</b>				
Revenue from non-exchange transactions	5,500,000	5,375,000	125,000	
Revenue from exchange transactions	-	100,833	(100,833)	refund from SETA and facilitation fees
Other Revenue - Investments Income	-	16,811	(16,811)	Interest received
<b>Total revenue</b>	<b>5,500,000</b>	<b>5,492,644</b>	<b>7,356</b>	
<b>Expenses</b>				
Personnel cost	3,040,878	3,197,960	(157,082)	
Operating expenses	2,065,200	1,791,230	273,970	Project delay due to late receipt of grant funds Project delay due to late receipt of
Administrative expenses	393,922	762,946	(369,024)	grant funds
Non-cash items	-	74,125	(74,125)	
<b>Net deficit for the period</b>	<b>0</b>	<b>(333,618)</b>	<b>333,618</b>	
Note	13			

**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.

**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	7

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.

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 or 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.



**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.

**4.0 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 2014

4.1 Non -Current Assets

4.1.1 Property, plant and equipment

	2014			2013		
	Cost / valuation R	Accumulated depreciation / impairment R	Carrying value R	Cost / valuation R	Accumulated depreciation / impairment R	Carrying value R
Computer equipment	140,211	(103,686)	36,525	136,813	(67,362)	69,452
Office equipment	40,108	(24,278)	15,830	26,826	(18,447)	8,379
Furniture & fittings	171,732	(74,642)	97,090	171,732	(52,775)	118,957
	<u>352,052</u>	<u>(202,606)</u>	<u>149,446</u>	<u>335,372</u>	<u>(138,584)</u>	<u>196,788</u>

The carrying amounts for 2014 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
Computer equipment	69,452	3,398	-	-	(36,325)	36,525
Office equipment	8,379	13,281	-	-	(5,830)	15,830
Furniture & fittings	118,957	-	-	-	(21,867)	97,090
	<u>196,788</u>	<u>16,679</u>	<u>-</u>	<u>-</u>	<u>(64,022)</u>	<u>149,446</u>

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

4.1.2 Intangible assets

	2014			2013		
	Cost / valuation R	Amortization / impairment R	Carrying value R	Cost / valuation R	Amortization / impairment R	Carrying value R
Website	45,051	(29,283)	15,768	45,051	(20,273)	24,778
Computer Software	48,687	(1,093)	47,594	0	-	-
	<u>93,738</u>	<u>(30,376)</u>	<u>63,362</u>	<u>45,051</u>	<u>(20,273)</u>	<u>24,778</u>

The carrying amounts for 2014 can be reconciled as follows:

	Carrying value at beginning of year R	Additions R	Revaluations R	Disposals R	Amortization / impairment R	Carrying value at end of year R
Website	24,778	-	-	-	(9,010)	15,768
Computer Software	-	48,687	-	-	(1,093)	47,594
	<u>24,778</u>	<u>48,687</u>	<u>-</u>	<u>-</u>	<u>(10,103)</u>	<u>63,362</u>

The gross carrying value amount of full depreciated intangible assets that are still in use at year end.



GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
<b>5. Receivables from exchange transactions</b>		
VAT receivable	63,179	62,170
Rental deposits	3,386	3,386
	<u>66,565</u>	<u>65,556</u>

The ageing analysis of trade receivables are as follows:

Up to 3 months	27,330	57,987
3 months and older	39,235	7,569
	<u>66,565</u>	<u>65,556</u>

**6. Cash and cash equivalents**

Bank and cash balances at year end comprise:

Petty cash	8,894	4,654
Bank balances	203,495	450,114
Short term investments	343,558	478,038
	<u>555,947</u>	<u>932,806</u>

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 2014

	2014 R	2013 R
<b>7. Share capital</b>		
<i>Share capital</i>		
Authorized		
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	142,960	162,310
Trade payables	-	37,271
Other payables	214,887	209,257
	<u>357,847</u>	<u>408,838</u>
<b>9. Revenue from non-exchange transactions</b>		
Greater Tzaneen Municipality	2,375,000	2,500,000
Industrial Development Corporation Limited	3,000,000	2,202,500
Assets transferred	-	33,600
	<u>5,375,000</u>	<u>4,736,100</u>
<b>10. Taxation Payable</b>		
Balance at the beginning of the year	-	20,066
Tax charge as per statement of financial performance	-	-
Tax paid	-	(20,066)
	<u>-</u>	<u>-</u>
<b>11. Other Revenue- Investment income</b>		
Interest received	16,811	25,357
	<u>16,811</u>	<u>25,357</u>
<b>12. Operating lease commitments</b>		
<b>Property</b>		
Payable in one year	244,710	227,892
Payable in 2 - 5 years	778,176	978,842
	<u>1,022,886</u>	<u>1,206,734</u>
<b>Equipment</b>		
Payable in one year	36,422	36,549
Payable in 2 - 5 years	145,688	36,549
	<u>182,110</u>	<u>73,098</u>

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
<b>13. Deficit from operations</b>		
Deficit from operations is arrived at after taking into account the following:		
<b>Revenue</b>		
Revenue from:	5,391,811	5,525,574
- Non-exchange transactions/ grants	5,375,000	4,736,100
- Exchange transactions/ services rendered	100,833	789,474
- Other Revenue - Investments Income	16,811	789,474
<b>Expenses</b>		
Auditor's remuneration	199,500	119,000
- Audit fees	199,500	119,000
- Other services	-	-
Depreciation of property, plant and equipment	74,125	76,122
Directors' fees	599,688	604,141
- Fees for services	340,251	327,775
- Other expenses	259,438	276,366
Operating lease charges	333,235	220,793
- Property rentals	197,543	187,227
- Office equipment	135,692	33,566
Employee costs	3,205,765	3,040,562
- Salaries and wages	2,996,351	2,755,966
- Leave payout	201,609	162,310
- Training costs	7,805	122,286
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 2014

	2014 R	2013 R
<b>14. Taxation</b>		
Major component of the tax expense:		
Prior Period	-	-
Current Period	-	-
	<u>-</u>	<u>-</u>
Tax Rate Reconciliation:	<b>2014</b>	<b>2013</b>
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>	(333,618)	(1,536,047)
Adjustments for :		
Depreciation	74,125	76,122
Penalties and Interest	38,962	63,142
Operating profit before working capital changes	<u>(220,531)</u>	<u>(1,396,783)</u>
Working capital changes		
Decrease in receivables from exchange transactions	(1,009)	163,317
Increase in payables from exchange transactions	(50,991)	319,546
<b>Cash generated from operations</b>	<u><b>(272,531)</b></u>	<u><b>(913,920)</b></u>

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014  
R

2013  
R

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	3,000,000	2,202,500
Grant received: GTM	2,475,000	2,500,000

16.3 Compensation paid to the Executive Director

Name	2014			2013		Total R
	Remuneration R	Emolument R	Total R	Remuneration R	Emoluments R	
KJ Maphoto	635,084	134,968	770,052	628,830	106,875	735,705

16.4 Compensation paid to the Board of Directors

Name	2014			2013		Total R
	Remuneration R	Emoluments R	Total R	Remuneration R	Emoluments R	
VJG Baloyi	85,500	76,655	162,155	108,000	105,511	319,022
MV Gardner	37,125	18,456	55,581	44,450	22,651	89,752
MP Maleta	-	-	-	13,750	10,678	35,107
KM Motshekga	21,525	32,066	53,591	35,350	13,555	62,459
MC Msimanga	106,100	101,690	207,790	78,025	93,076	264,178
MF Mushwana	90,000	30,571	120,571	48,200	30,895	109,989
	<u>340,250</u>	<u>259,438</u>	<u>599,688</u>	<u>327,775</u>	<u>276,366</u>	<u>880,507</u>

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
<b>17. Commitments</b>		
<b>17.1 Authorised capital and operating expenditure</b>		
Internal Audit	113,085	141,999
Annual report development	42,408	102,030
	<u>155,493</u>	<u>244,029</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	555,947	932,806
	<u>555,947</u>	<u>932,806</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 2014

	2014 R	2013 R
<b>18. Financial risk management (Continued)</b>		
Rental deposits	3,386	3,386
VAT receivable	63,179	62,170
	<u>66,565</u>	<u>65,556</u>
<b>Impairment losses</b>		
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.		
<b>Liquidity risk</b>		
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)	357,847	408,838
	<u>357,847</u>	<u>408,838</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)	357,847	408,838
	<u>357,847</u>	<u>408,838</u>
<b>Currency risk</b>		
<i>Exposure to currency risk</i>		
The company did not have any exposure to foreign currency risk for the period under review.		
<b>Interest rate risk</b>		
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.		
<b>19. Other Income</b>		
Tender documents sales	-	-
Facilitation fees	100,000	789,474
Sundry income	833	-
	<u>100,833</u>	<u>789,474</u>
<b>20. Employee related costs</b>		
<b>CEO's costs</b>		
CEO's Remuneration/salary	635,084	628,830
Performance bonus	47,664	43,728
Other expenses	134,968	63,147
	<u>817,716</u>	<u>735,705</u>
<b>Staff costs</b>		
Basic (Salaries and Wages)	1,308,558	1,171,664
Performance bonus	61,988	53,448
Statutory payments (PAYE, UIF and SDL)	792,538	750,470
Leave pay	201,609	162,310
Overtime	50,032	48,096
13th cheque	100,438	59,730
	<u>2,515,162</u>	<u>2,245,718</u>

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

21. Directors Fees

Board fees	340,251	299,475
Board travel	98,996	119,041
Board meals	16,282	12,555
Board accomodation	40,335	40,689
Statutory payments (25% tax deductible)	103,825	74,500
Board development	-	3,187
Secretariat Support	-	13,500
Strategic plan session (organisational)	-	33,375
Organisational review	-	7,818
	<u>599,689</u>	<u>604,141</u>

22. Fruitless and wasteful expenditure

Opening balance	72,255	9,113
Fruitless and wasteful expenditure	<u>38,962</u>	<u>63,142</u>
Fruitless and wasteful expenditure awaiting condonement	<u>111,217</u>	<u>72,255</u>

Penalties and interest due to late payment of statutory payments.

23. Operating expenses

Accommodation	50,839	51,963
Cellphone expenses	49,806	67,707
Personnel cost	3,197,960	2,918,276
Bursaries	82,500	104,254
Cleaning	22,621	10,765
Consulting fees	23,770	4,700
Copier rental	22,062	33,566
Courier and postage	427	1,123
Depreciation	74,125	76,122
Entertainment expenses	27,533	34,574
External audit	199,500	119,000
Internal audit	151,281	73,730
Insurance	10,262	11,215
Marketing and promotions	112,850	249,174
Minor assets	-	200
Office refreshments	6,547	8,799
Office rental	197,543	187,227
Penalties and interest	38,962	63,142
Printing and stationary	6,809	28,634
Projects cost	369,174	1,711,820
Repairs and maintenance	139,504	105,210
Security	3,684	5,643
Seminars and workshops	7,805	18,032
Recruitment cost	34,624	1,792
Subscriptions (IoD, LED & Local)	18,124	34,958
Subsistence	2,500	23,155
Team building	857	32,036
Website development & management	-	8,736
Telephone and Fax	85,170	84,950
Travel - Air	-	7,383
Travel - Land	126,476	125,872
	<u>5,063,316</u>	<u>6,203,765</u>

24. Administration Expenses

Bank charges	11,668	4,556
Annual report development	74,670	38,840
Organisational design and policy review	-	7,818
Directors fees and expenses	599,688	562,948
Scorecard development	6,510	101,667
Social inclusion	25,217	96,506
Strategic session	45,193	70,875
	<u>762,946</u>	<u>883,212</u>



**25. Changes in accounting estimates**

The entity has reassessed the useful lives and residual values of property, plant and equipment which resulted in certain assets' remaining useful lives to change from two (2) to three (3) years on average. The effect of the change in accounting estimates has resulted in a decrease of depreciation amounting to R 9 098 for the current period. The effect on future periods could not reasonably be determined.

**26. Prior year errors**

**Statement of Financial Position**

Adjustments were made to correct prior year property, plant and equipment balance as a result of the following errors:

- Computer equipment transferred from Business Support Services Centre (BSSC) with a deemed cost of R 1 231.
- Furniture and Fittings transferred from Business Support Services Centre (BSSC) with a deemed cost of R 10 143.

**Statement of Financial Performance**

Prior year errors resulted in the following adjustments on the Statement of Financial Performance:

- Effect on Revenue due to assets transferred amounting to R 11 373.

The correction of errors resulted in adjustments as follows:

**Statement of Financial Position**

	As previously reported	Correction of error	2013 Restated
Property, plant and equipment	185,414	11,373	196,788
Opening accumulated surplus	799,716	(11,373)	811,089
	<u>985,130</u>	<u>0</u>	<u>1,007,877</u>

**Statement of Financial Performance**

	As previously reported	Correction of error	2013 Restated
Revenue from non-exchange transactions	(4,724,726)	(11,373)	(4,736,099)
	<u>(4,724,726)</u>	<u>(11,373)</u>	<u>(4,736,099)</u>

**27. Going Concern**

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the entity.

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (PTY) LTD

DETAILED STATEMENT OF FINANCIAL PERFORMANCE 30 JUNE 2014

		2,014 R	2,013 R
Revenue		5,492,644	5,550,931
Tender sales		-	-
Grant contributions		5,375,000	4,702,500
Assets transferred		-	33,600
Facilitaion fees		100,000	789,474
Sundry Income (SETA)		833	-
Other Revenue - Investments Income	11	16,811	25,357
		<b>5,492,644</b>	<b>5,550,931</b>
Total Income			
Operating expenses		5,063,316	6,203,766
Accommodation		50,839	51,963
Cellphone expenses		49,806	67,707
Personnel cost		3,197,960	2,918,276
Bursaries		82,500	104,254
Cleaning		22,621	10,765
Consulting fees		23,770	4,700
Copier rental		22,062	33,566
Courier and postage		427	1,123
Depreciation		74,125	76,122
Entertainment expenses		27,533	34,574
External audit		199,500	119,000
Internal audit		151,281	73,730
Insurance		10,262	11,215
Marketing and promotions		112,850	249,174
Minor assets		-	200
Office refreshments		6,547	8,799
Office rental		197,543	187,227
Penalties and interest		38,962	63,142
Printing and stationary		6,809	28,634
Projects cost		369,174	1,711,820
Repairs and maintenance		139,504	105,210
Security		3,684	5,643
Seminars and workshops		7,805	18,032
Recruitment cost		34,624	1,792
Subscriptions (IoD, LED & Local)		18,124	34,958
Subsistance		2,500	23,155
Team building		857	32,036
Website development & management		-	8,736
Telephone and Fax		85,170	84,950
Travel - Air		-	7,383
Travel - Land		126,476	125,872

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

**DETAILED STATEMENT OF FINANCIAL PERFORMANCE 30 JUNE 2014**

Administration Expenses	762,946	883,212
Bank charges	11,668	4,556
Annual report development	74,670	38,840
Organisational design and policy review	-	7,818
Directors fees and expenses	599,688	562,948
Workplace skills development	-	-
Scorecard development	6,510	101,667
Social inclusion	25,217	96,506
Strategic session	45,193	70,875
<b>Deficit before taxation</b>	<b>(333,618)</b>	<b>(1,536,047)</b>
<b>Taxation</b>	-	-
Normal taxation	-	-
<b>Net deficit for the period</b>	<b>(333,618)</b>	<b>(1,536,047)</b>