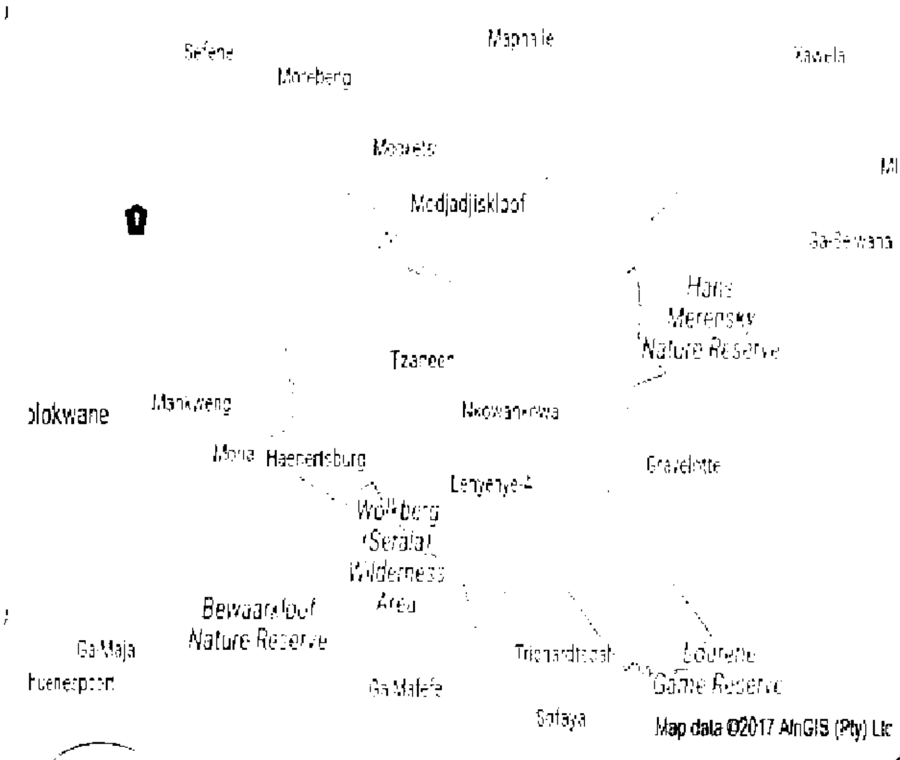
gteda

2021/22 ANNUAL REPORT



CONTACTS:

TELEPHONE: 015-307 3296

EMAIL:info@gteda.co.za

WEBSITE:www.gteda.co.za

Mr. MW Mulaudzi
Chief Executive Officer (Acting)

Date: 03/01/2023

Mr. MZ Mawasha
Board Chairperson

Date: 03/01/2023

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ABBREVIATION/ ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
CEO	Chief Executive Officer
COGHSTA	Department of Cooperative Governance, Housing, Settlements and Traditional Affairs
FRC	Finance and Risk Committee
GRAP	Generally Recognised Accounting Principles
GTEDA	Greater Tzaneen Economic Development Agency
GTFSC	Greater Tzaneen Financial Services Cooperatives
GTM	Greater Tzaneen Municipality
HR & REMCO	Human Resource and Remuneration Committee
IDP	Integrated Development Plan
KPI	Key Performance Indicator
LDA	Limpopo Department of Agriculture
LED	Local Economic Development
MFMA	Municipal Finance Management Act
MSCOA	Municipal Standard Chart of Accounts
MSA	Municipal Systems Act
PA	Personal Assistant
PIC	Project and Investment Committee
PMU	Project Management Unit
SETA	Sectoral Education Training Authority
SDBIP	Service Delivery and Budget Implementation Plan
SMME	Small Medium Micro Enterprise
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SEC	Social and Ethics Committee
SCM	Supply Chain Management

INTRODUCTION

It is an honour to submit the Annual Report of the Greater Tzaneen Economic Development Agency (GTEDA) for the period 01st July 2021 to 30th June 2022, in accordance with Chapter 12 (Section 121) of the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003).

GTEDA as a Municipal entity is required to prepare an Annual Report in accordance with the Provisions of Section 121 of its founding legislation, the Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003) read with Municipal System Act, 2000 (Act No 32 of 2000).

In terms of Section 121, the purpose of this Annual Report is:

a) To provide a record of the activities of GTEDA during the Financial Year 2020/21.
b) To provide a report on performance against the budget of GTEDA for the same period; and
c) To promote accountability to the local communities of Greater Tzaneen Municipalities for the decisions made throughout the year by GTEDA.

It is through the Annual Report that GTEDA is able to foster transparency and accountability by submitting the following for the Year Ending 30th June 2022:

i. Audited Annual Financial Statements.
ii. Auditors Report; and
iii. Annual Performance Report.

LEGISLATIVE/ REGULATORY FRAMEWORK

GTEDA as a Municipal Entity wholly owned by GTM, established to implement economic development within the GTM area, derives its legislative mandate first and foremost from Chapter 10 of the *Municipal Finance Management Act*, 2003 (Act No. 53 of 2003) 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 the extent applicable to other legislation governing local government including, but not limited to the following:

- The Constitution of the Republic of South Africa, 1996 (Act. 108 of 1996).
- 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).
- 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).
- Companies Act & Regulations 71 of 2008.
- Labour Relations Act, 1995 (Act No. 66 of 1995).
- 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).

CHAPTER 1: STRATEGIC OVERVIEW

VISION	MISSION	VALUES
To be a prosperous Agency that leads in inclusive, thriving, and sustainable socio-economic development for the people of Greater Tzaneen Municipality	We strive to attract investments into the Greater Tzaneen Municipal area, facilitate in innovative and efficient ways, development of an economy that is inclusive, sustainable, and resilient. We believe in the potential of our people to drive their own development.	Accountability Empowerment Integrity Innovation Partnering Transparency

STRATEGIC OBJECTIVES

1. Improved socio-economic status of the community
2. Enhanced capacity of entrepreneurs to access required support and information
3. Improved stakeholder relations
4. Enhanced capacity of entrepreneurs to access funding opportunities
5. Increased inward investment
6. Financially viable and sustainable institution
7. Effective and efficient administration
8. Organisational excellence and growth
9. Improved and inclusive local economy
10. Sustained good corporate governance
11. Improved capacity to access and analyse economic data
12. Improved human capital

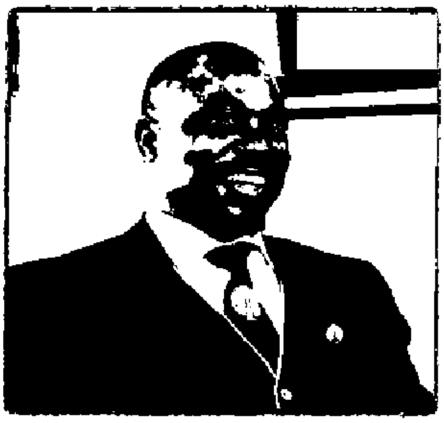
CHAIPERSON'S FOREWORD

The past financial year has been yet another challenging year for the agency in many fronts, but most challenging due to fundamental discussions that commenced and are still ongoing regarding its role and impact. What is most telling is that these discussions hold the potential for a more definitive place and role for the agency in the Grater Tzaneen Municipal area.

Yet, as daunting as these agency's challenges are, it has demonstrated without a doubt that it has the potential for developing any portfolio to its full extent with the full development of its training and development portfolio. It is clear that, given an opportunity in the form of access municipal resources such as land and buildings, it can make great strides. From interaction with beneficiaries of the services of the agency, it is clear that it is making a considerable impact on small businesses – helping them to grow and thereby pulling families out of poverty. GTEDA's is becoming more and more visible as well as it is more and sought after.

It gives us tremendous pride as Board that the going concern challenge is gradually being addressed. We congratulate the management of the agency for continuing to be scrupulous with the finances of the agency as they have done over the years, evidenced by a good audit result.

The Board is highly indebted to the many and varied partners of the agency within and outside of government. The willingness of some of them to invest in our entrepreneurs through training and financial support continues to make the agency relevant and able to score successes.
We must work to extend our impact beyond the level it has been thus far, marshaling together our development partners and local and international institutions to target even bigger projects with maximal impact



Mr. MZ Mawasha
Chairperson of the Board

CHIEF EXECUTIVE OFFICER'S OVERVIEW

We have come towards the end of yet another exciting and successful financial year. The 2021-22 had a mixture of achievements and challenges. Management and staff take pride in that the challenges have ensured unity, openness, and dynamism. We have managed to settle the VAT liability owed to SARS, which in turn addressed the long outstanding going concern matter.

The Agency is continuing to be a catalyst for change by empowering unemployed youth, women and SMMEs. The achievements and challenges are summarized in the consolidated GTEDA Annual Performance report and Service Delivery and Budget Implementation Plan (SDBIP). We are proud to announce that for the past 9 years, GTEDA has consistently exercised financial prudence and acquired an unqualified audit opinion. We are working hard to ensure that we acquire a clean audit in the future. This would require management and Board to come with strategies to address matters of emphasis raised by AGSA. The opportunity and potential for GTEDA to grow and develop the Greater Tzaneen Municipal area is there and the role of Council is tantamount in achieving it.

Progress on the implementation of the LED projects is satisfactory, we continue to support over 250 SMMEs and 55 Co-operatives that contribute to job and wealth creation for our people. GTEDA has entered into partnerships with credible institutions to apply funding to implement the projects and empower and upskill project beneficiaries (unemployed youth, SMMEs and co-operatives). We take time to applaud the support of the LG SETA, Bank SETA and Services SETA, whose funding has ensured that we capacitate unemployed youth and SMMEs.

We cannot neglect the challenges posed by recurrent business continuity risk and hope that with the assistance of the Board and the shareholder, this would be resolved as it affects GTEDA's Balance Sheet and the leverage needed to attract investors and manage huge capital projects needed to stimulate the economy of GTM and to create jobs.

The revised organisational structure has key positions that are vacant, this must be addressed as it poses another risk of lack of full accountability, and it weakens internal controls because staff members are acting beyond the prescribed acting period.

As we knock on the 2022/23 financial year, we remain resolute in carrying out our mandate of economic growth and investment attraction to ensure Greater Tzaneen Municipality's people benefit from our work. We remain focused on ensuring that the entity remains a sustainable, relevant, and efficient entity of the Greater Tzaneen Municipality.

In conclusion, I thank the Board which has been an integral part of this journey. Your role in the agency cannot be expressed in words. We are looking forward to your support, guidance, and mentoring. We hope we will build on the solid foundation you have laid to ensure that GTEDA grows in deed and stature. Management and staff have executed the mandate to the best of its ability, with integrity and a sense of duty.

The work we have achieved together in a short space of time is sure to set this Agency on a greater path to success. I also wish to thank the Council/shareholder, Risk, and Compliance committee and the Audit Committee for being attentive to the needs of GTEDA and providing leadership and oversight.

Thank you, rea leboga, ha khensa

Mr. MW Mulaudzi

Acting Chief Executive Officer

CHAPTER 2: GOVERNANCE

The Board is committed to ensuring that the Agency is governed appropriately. The Board recognises the responsibility of the Agency to conduct its affairs with prudence, transparency, accountability, fairness and in a socially and environmentally responsible manner.

The Agency complies with the provisions as set out in the code of conduct for directors, referred to in section 93L of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) Code of Corporate Governance Principles and Practices as recommended in Companies Act, the King IV Report on Governance for South Africa 2016.

BOARD STRUCTURE

The general powers of the board of directors are conferred in the Memorandum of Incorporation and the Service Level Agreement entered between the Agency and the Parent Municipality. Terms of reference for the Board are set out in the Board Charter which is reviewed annually.

To ensure conflicts of interest are avoided Board members annually provide a general disclosure of their personal financial interests in terms of section 75 of the Companies Act 2008 and are required to declare any material personal financial interests that they may have in contracts entered or in any matters to be discussed at meetings, as well as any changes to their interests as previously declared.

The Board has adopted a unitary structure and no individual member of the Board has unfettered powers of decision making. The responsibility for running the Board and executive responsibility for the conduct of the business are differentiated in the Board Charter. Accordingly, the roles of the Chairperson of the Board and of the Chief Executive Officer are separated.

The Charter covers the powers and authority of the Board and provides a clear and concise overview of the responsibilities and accountability of Board members, collectively and individually. It includes the policy and procedures for Nomination and Appointment of Committees.

BOARD OF DIRECTORS

For the year under review the Board comprised of four (4) non-executive Directors (3 females and 1 male), who are independent as defined by King IV Report on Governance for South Africa 2016. The Parent Municipality's consideration is given to gender and racial diversity, as well as diversity in business, geographic and academic backgrounds, in the process of Directors' appointment. The particulars of the Directors are set out in the Board of directors' section of this Integrated Annual Report.

Mr. MZ Mawasha
Board Chairperson

Ms MI Moakamela
Board Member

Ms BL Mathebula
Board Member

Mrs. MF Mushwana
Board Member

MINIMISE CONFLICT OF INTEREST

The Board operates within the powers conferred on it in the Board Charter; bases deliberations, decisions and actions on strategic objectives and ethical and moral values; considers the legitimate interests of all stakeholders; and aligns its conduct to drive the Agency's mandate accordingly.

The Agency has a Code of Conduct and ethics which is communicated internally and externally, and the importance of ethical behaviour is emphasized in all of the Agency's engagements.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Board is responsible for economic, social and environmental performance and reporting, and the Agency has credible and well-coordinated programmes in respect of social and environmental issues and stakeholder engagement.

COMPLIANCE WITH CORPORATE GOVERNANCE AND GOOD PRACTICE

For the period under review, the Board met on seven (7) occasions. Attendance at these meetings is summarized in the table below.

Board Meetings Attendance:

Initials and Surname	**Position Held**	**Ordinary Meetings**	**Special Meetings**
Mr. MZ Mawasha	Board Chairperson	3 of 3	2 of 4
Ms MI Moakamela	Board Member	3 of 3	4 of 4
Mrs. MF Mushwana	Board Member	3 of 3	4 of 4
Ms BL Mathebula	Board Member	3 of 3	4 of 4

BOARD COMMITTEES

The Board is assisted to discharge its duties and responsibilities by the following Committees:

- Projects and Investments Committee.
- Finance and Risk Committee.
- Human Resource and Remuneration Committee

The ultimate responsibility for Board duties and responsibilities, however, resides in the Board and it does not abdicate its responsibilities to the Committees.

The Committees operate within formalized terms of reference which have been approved by the Board and which reflect the Agency's application of the principles embodied in the King Report, the statutory requirements of the Company's Act and relevant legislation.

The terms of reference set out each Committee's purpose, membership requirements, duties, and responsibility. Relevant legislative requirements, such as those as prescribed in the Companies Act, are also incorporated in the Committee Charters.

When appropriate, ad hoc committees are formed to facilitate the achievement of specific short-term objectives. There is full disclosure, transparency and reporting from these Committees to the Board at each Board meeting.

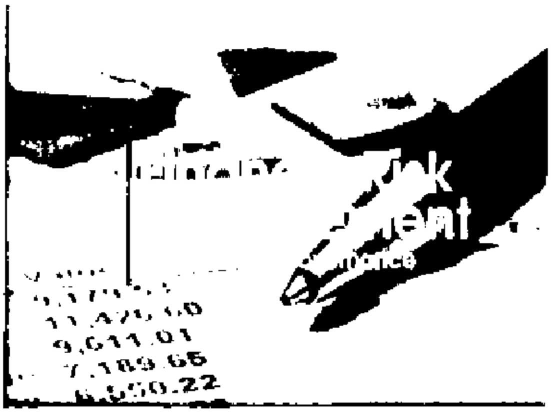
PROJECTS AND INVESTMENTS COMMITTEE (PIC)

For the period under review the Projects and Investments Committee comprised of the following Members

1. Mr. MZ Mawasha: Chairperson
2. Ms MI Moakamela: Member
3. Ms BL Mathebula: Member
4. Mrs. MF Mushwana: Member

The Projects and Investments Committee is responsible for, but not limited to the following:

- ❖ Performing such other investment and/or fund-raising related functions as may be determined by the Board from time to time;
- ❖ Developing and reviewing the Annual Strategy/Plan with quarterly milestone.
- ❖ Assisting the interface with research programmes.
- ❖ Identifying key information dissemination activities for project results.
- ❖ Ensuring that all economic development opportunities are identified and assessed and assist in balancing conflicting priorities and resources.
- ❖ Ensuring that viable and sustainable economic development opportunities are brought to the attention of potential investors and funders.
- ❖ Ensuring that interested investors are provided with all necessary support to ensure implementation of viable new projects
- ❖ Developing and reviewing feasibility studies and business plans that may have been commissioned by or presented to GTEDA and packaging these opportunities in various attractive ways that will appeal to potential investors.
- ❖ Reporting on project progress to stakeholders such as the Greater Tzaneen Municipal Council, Oversight Committee/Municipal Public Accounts Committee (MPAC), Auditors, Banks, funders etc.
- ❖ Assisting with investment promotional events or direct sales calls on target investors; and
- ❖ Ensuring that all necessary support is provided to potential investors in terms of local information, introductions and other actions that will ensure speedy implementation of new projects.



FINANCE AND RISK COMMITTEE (FRC)

For the period under review the Finance and Risk Committee comprised of the following Members:

1. Mrs. MF Mushwana: Chairperson
2. Ms MI Moakamela: Member
3. Ms BL Mathebula: Member

The Finance and Risk Committee is responsible for the consideration of key financial and operating control risks and in particular assists the Board in the following matters:

- ❖ Monitoring the financial reporting process.
- ❖ Recommending the appointment of an internal auditor, determining the terms of engagement and approving fees for audit and non-audit work undertaken.
- ❖ Monitoring the operation and effectiveness of internal control systems, including information technology controls.
- ❖ Overseeing the internal audit function, monitoring its effectiveness, and reviewing corrective action in relation to findings.
- ❖ Overseeing the implementation and effective operation of a structured risk management process; and
- ❖ Reviewing and recommending to the Board for approval the interim and annual financial statements, the going concern status of the Agency, and other special payments.

The office of the Auditor General of South Africa (AGSA) conducts external audits for the Agency as required by the Municipal Finance Management Act (MFMA). Internal audit resources were provided via a service provision arrangement with Tladi and Associate Consulting at the recommendation of Management. The internal auditor does not perform the function or undertake the role of management.

The Finance and Risk Committee discharged the functions assigned and complied in all material respects with its mandate and the responsibilities prescribed to it in the Terms of Reference.

HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR & REMCO)

For the period under review the Human Resource and Remuneration Committee comprised of the following Members:

1. Ms MI Moakamela: Chairperson
2. Mrs. MF Mushwana: Member
3. Ms BL Mathebula: Member

The Human Resource and Remuneration Committee assists the Board by overseeing the following matters:

- Ensuring that the Agency's directors and Chief Executive Officer are competitively rewarded for their individual contributions to the overall performance.
- Ensures that the remuneration of the Chief Executive Officer is set by a committee of Board members who have no personal interest in the outcomes of their decisions and who will give due regard to the interests of shareholders and to the financial and commercial health of the Agency.
- Succession planning within the organisation.
- Reviewing performance assessment of the Chief Executive Officer and entire organisation.
- Recommending appropriate remuneration packages for employees.
- Reviewing the composition of the Board committees with respect to skills and experience; and
- Developing sound corporate governance policies.

Human Resource and Remuneration Committee complies in all material respects with its mandate and the responsibilities prescribed in its charter.

RISK MANAGEMENT

In terms of the Board Charter, the Board is responsible for the governance of risk, which is delegated to the Finance and Risk Committee but without abdicating the Board's responsibility.

Management is responsible for the development and implementation of the risk management plan in accordance with the Board approved policy and framework. The Finance and Risk Committee monitors the risk management process.

Risks are reviewed and prioritised by the Board on a regular basis and are assessed on an ongoing basis as part of normal operational management processes. The following eight (8) Strategic Risks were identified:

1. GOING CONCERN

The entity has an asset deficiency whereby liabilities exceed its assets, with a current ratio of 0.54; this is a sign of financial distress and indicates that a company may default on its obligations to creditors and may be headed for insolvency. The entity has low asset turnover, and the liability is emanating from VAT liability on grant received. The entity has an outstanding liability from SARS amounting to R 2,495,629. To mitigate this risk the entity should engage the Parent Municipality to assist the entity to offset the outstanding liability should SARS decline the application for debt compromise. The debt compromise was approved, and the liability was reduced to R 800 000.00 which the entity should settle as per SARS proposed payment plan

2. INABILITY TO ATTRACT INVESTMENTS

To Promote a conducive investment climate in the greater Tzaneen and attract suitable investors, the agency requires capital investments to create an investment climate for socio-economic and business development, however the agency is struggling to attract potential investors due to lack of incentives and available resources. To mitigate the above risk the entity should collaborate with strategic partnership for implementation of the three (3) identified projects in the LED strategy.

- Agri business incubator
- Farmer support Facility
- Waste management Project for SMMEs.

The Incentive policy was approved by Council and will be published in the Investment Magazine called Unlock Tzaneen. The incentives application form has been finalised and placed on GTM and GTEDA websites. SMMEs and cooperatives as per the guidelines and for the period under review 268 clients assisted with business adversary

3. INSUFFICIENT ACCESS BY ENTREPRENEURS TO SUPPORT, FUNDING AND INFORMATION

The development of small, medium and micro-enterprises (SMMEs) contributes significantly to job creation, social stability and economic growth, hence SMMEs must have access to strategic resources, finance and adequate support to realise their innovative visions. Entrepreneurship can be an effective vehicle that stimulates economic growth and reduces unemployment in the Greater Tzaneen municipal areas. Insufficient access by entrepreneurs will slow the growth of entrepreneur's sector. To mitigate the above risk, the entity should facilitate establishment of an agro processing incubator. Monitoring and evaluation of incubators is progressing well, and they received training on food processing. Application for funding set up incubator submitted to IDC in partnership with Great North Business Incubator. 23 SMME's have been registered with CIPC and 08 SMME's have been assisted with Annual Returns

4. INADEQUATE ORGANIZATIONAL VISIBILITY AND POOR ORGANISATIONAL BRANDING

Part of building a strong organisation involves driving up your own visibility within your organization, industry, and professional networks. Networking continues to be key to individual organisational growth. Networking events work in part because it allows an organisation to gain exposure to a broader audience. Organizations should develop the same exposure by reaching out to partners in related fields. Building relationships with others who share similar visions

RISK MANAGEMENT Cont..........

To mitigate the above risk the entity should promote rural development, community outreach and public participations, and Stakeholder engagement policy has been developed and approved by board. Facilitated funding for capacity building by LG SETA and Services Seta to train 25 and 100 learners respectively to date 73 youth trained on New Venture Creation in partnership with Services Seta Identified essential marketing materials to be purchased for SMME's exhibitions and marketing of GTEDA.

5. INABILITY TO FULLY IMPLEMENT CORE BUSINESS

Core business process states that certain (projects) requires certain tasks to be performed in sequence, and it must be reflected in the implementation. In the same manner, any specified steps associated with a task must also be reflected within the implementation. It is import that all parties involved in executing the process to clearly understand that it is the process that should be empowered and should not be confused with the organisational function. To mitigate the above risk the entity should facilitate project management related trainings to capacitate board to provide strategies leadership/ oversight role on core business. Three LED projects are currently being implemented with one (1) having secured funding from LG seta and 125 trained on business management by Bank Seta. PMU personnel currently studying in areas relevant to project management.

6. INSUFFICIENT HUMAN CAPITAL AND LACK OF STAFF RETENTION

Attracting and retaining skilled and professional staff is a critical in an organisation, there is strong evidence to suggest that organisations throughout the world should seek innovative strategies to attract and retain specialised skills. To mitigate the above risk the entity must implement the organisational structure in phases and the board should reconsider the resolution of putting the implementation of the structure in abeyance.

Consultations to resolve the Going Concern have commence and the Placement Committee will convene on 10 August 2022 to finalise the matter

7. INABILITY TO SECURE CONDUCIVE OFFICE SPACE AND LACK OF ACCESSIBILITY BY DISABLED PERSONS

An ideal office brings employees together to collaborate, create and innovate which ultimately leads to a better product or service; and provides social interaction for employees. The entity must secure office in line with the Occupational Health and Safety Act. To mitigate the above risk management should locate accessible and suitable offices and the relocation will commence as soon as obtained. A draft item to Council outlining issues that are relating to Going Concern was developed and will be tabled to Council for consideration. Amongst other issues, allocation of asset such as office space was outlined. The special Council meeting will be convened to discuss the Going Concern as soon as it has been discussed by the GTM Portfolio Committee.

8. CONCLUSION

Full implementation of Risk Management framework will assist the agency to obtain a clean audit opinion if the key controls are properly adhered and strengthened and that compliance with regulatory prescripts and legislation is maintained.

GTEDA has an effective risk-based internal audit function, outsourced to an independent professional firm, whose duties and responsibilities are defined in the Terms of Reference. The internal audit provides necessary assurance to the Board.

CHAPTER 3: HUMAN RESOURCE MANAGEMENT OVERVIEW

INTRODUCTION

GTEDA has a Chief Executive Officer who operates within an approved framework of delegations of authority. He is supported by the Project Manager; Acting Finance and Risk Officer; and Acting HR and Administration Officer, for the day-to-day management. The Board is kept informed on progress through regular reporting during quarterly meetings, special meetings and other means as may be agreed as and when such need arises

The Human Resources Management (HRM) Unit falls within the Corporate Services division and reports to the Chief Executive Officer (CEO). The Unit ensures that progress on implementation of the organisational objectives is made.

RECRUITMENT

Following the Board resolution to put full implementation of the approved Organisation Structure in abeyance pending finalization of the Entity's going concern and sustainability issues, the vacancy rate of GTEDA remains at 79%.

TRAINING

Study bursaries for the year under review were awarded to employees who wanted to further their studies at the recognised South African higher institutions of learning.

Furthermore, LGSETA approved funding for GTEDA for the implementation of the Environmental Practice Learnership: SAQA ID: 50309, NQF Level 4 for twenty-five (25) unemployed Youth for the four (4) Clusters in Greater Tzaneen Municipality. The Learnership is running for 12 months, from 15 June 2022 to 30 June 2023

EMPLOYEE WELLNESS

The outbreak of COVID-19 virus necessitated the close monitoring of the well-being of employees. The Human Resource Management led the implementation circulars issued by the Department of Public Service and Administration (DPSA) which took into consideration various laws and regulations such as Basic Conditions of Employment Act, Disaster Management Act, Labour Relations Act, Occupational Health and Safety Act, to safeguard health of the

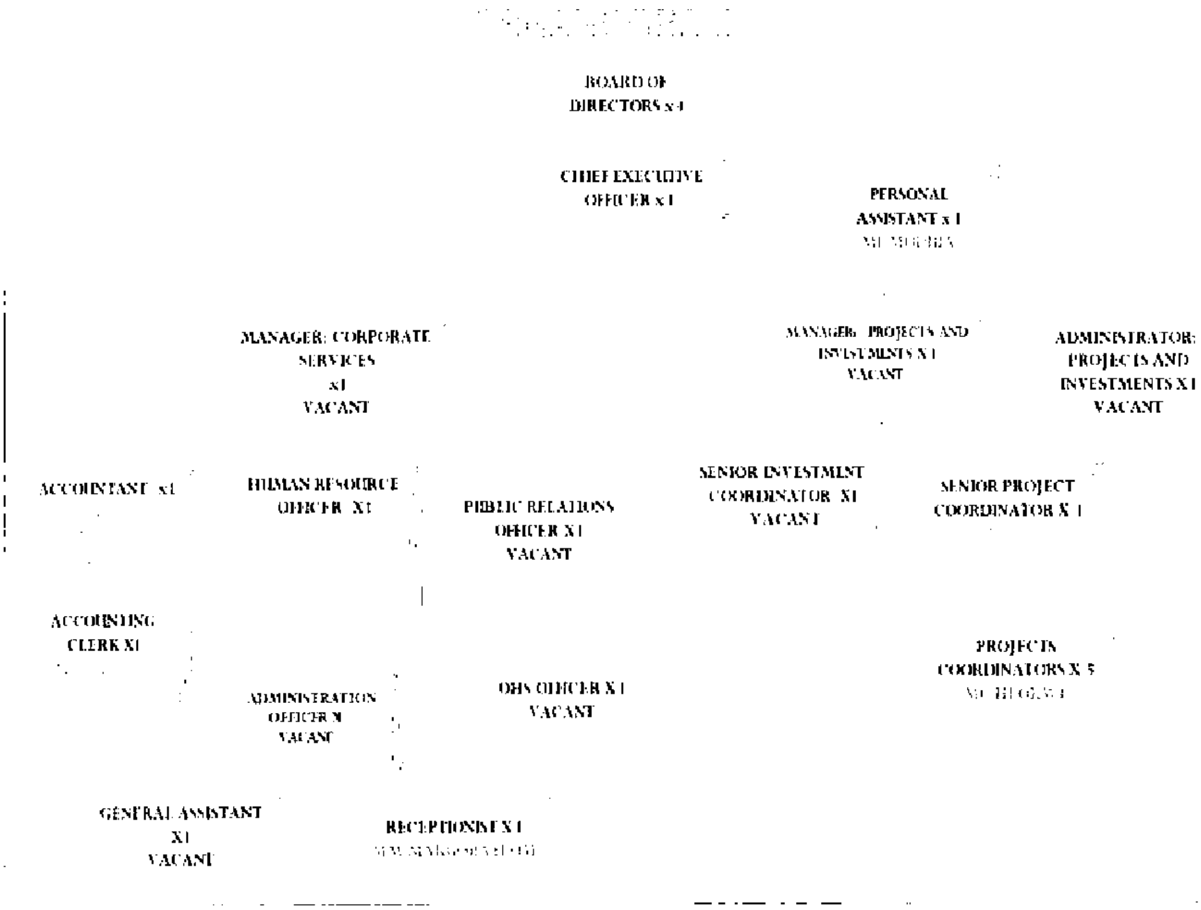
HUMAN RESOURCE STATISTICS

For the year under review, the workforce of GTEDA was constituted as:

CA= Contract Appointment

Category	**Male**					**Female**					**Total**
	African	**Indian**	**Coloured**	**White**	**Total Male**	**African**	**Indian**	**Coloured**	**White**	**Total Female**	
Executive Management		—	—	—		—	—	—	—	—	—
Senior Management	1	—	—	—	1	—	—	—	—	—	1
Middle Management	—	—	—	—	—	3	—	—	—	3	3
Lower Level	—	—	—	—	—	1	—	—	—	1	2
Disabled	—	—	—	—	—	—	—	—	—	—	—
TOTAL	**1**	—	—	—	**1**	**4**	—	—	—	**4**	**5**

The Municipal Systems Act of 2000, Section 67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective, and transparent personnel administration in accordance with the Employment Equity Act of 1998. However, the Agency currently does not have an approved Employment Equity Plan due its size, however, to an extent practical, is sensitive to issues of employment equity.


BOARD OF
DIRECTORS x4
CHIEF EXECUTIVE
OFFICER x1
PERSONAL
ASSISTANT x1
MANAGER: CORPORATE
SERVICES
x1
VACANT
MANAGER: PROJECTS AND
INVESTMENTS X1
VACANT
ADMINISTRATOR:
PROJECTS AND
INVESTMENTS X1
VACANT
ACCOUNTANT x1
HUMAN RESOURCE
OFFICER X1
PUBLIC RELATIONS
OFFICER X1
VACANT
SENIOR INVESTMENT
COORDINATOR X1
VACANT
SENIOR PROJECT
COORDINATOR X 1
ACCOUNTING
CLERK X1
PROJECTS
COORDINATORS X 5
ADMINISTRATION
OFFICER XI
VACANT
OHS OFFICER X1
VACANT
GENERAL ASSISTANT
X1
VACANT
RECEPTIONIST X1

EMPLOYMENT CHANGES AND VACANCIES

GTEDA 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.

GTEDA Organisational Structure is aligned to the South African Local Government Association (SALGA) TASK Job Evaluation System to ensure adherence with regulations governing all municipalities and municipal entities. This aspires to apply and comply with codes of good practice.

All staff was employed in terms of ***"Total Cost to Employer"*** condition, similar to managers in "***Section 56/57"*** of the "***Municipal Systems Act, 2000 (Act No. 53 of 2000)*** which is not consistent with the SALGA Bargaining Council's Conditions of Service. Whereas their conditions of employment must be similar to those of ***"South African Local Government"*** employees with benefits as defined by the ***"Bargaining Council of Local Government".***

Management is in the process of packaging the staff benefits to address the above, and full implementation is anticipated to take effect in the financial year 2022/23.

GTEDA Board and employees remain dedicated to quality, excellence, and continuous improvement. We balance requests to share information clearly and openly while respecting the security of confidential and personal information entrusted to the Agency.

CHAPTER 4: ORGANISATIONAL PERFORMANCE

PROJECTS REPORT AND EVENTS FOR THE FINANCIAL YEAR 2021/22

1. INVESTMENT ATTRACTION

For the 2021/22 financial year, the Agency secured two investments as indicated below:

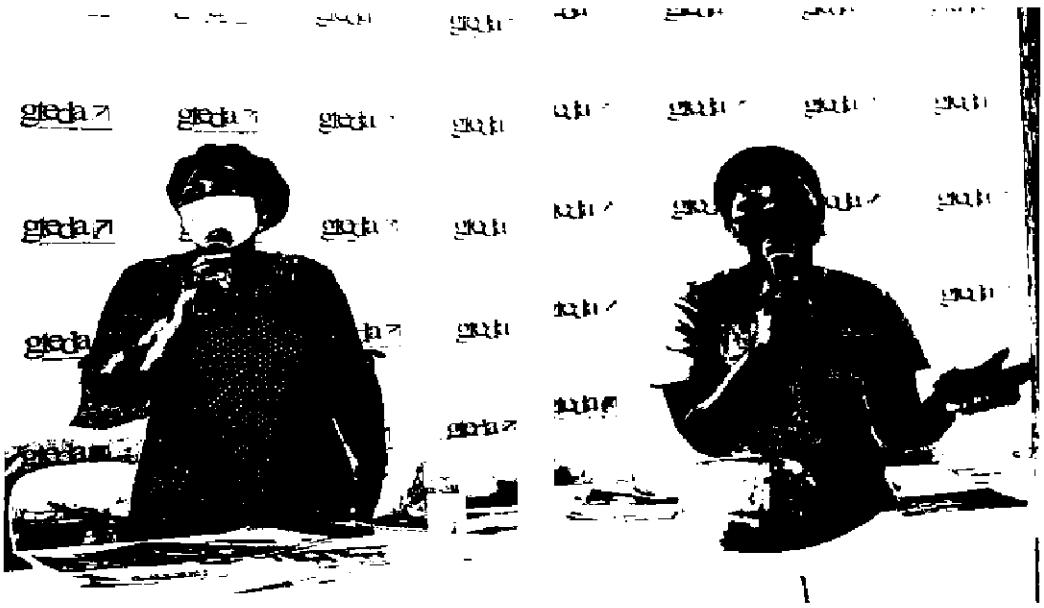
- **R 1 190 000.00** *(One Million One Hundred and Ninety Thousand Rand)* Discretionary Grant was facilitated from the Local Government SETA for a Further Education and Training Certificate: Environmental Practice Learnership for 25 unemployed youth.
- **R 810 000.00** *(Eight Hundred and Ten Thousand Rand)* Discretionary Grant was facilitated from the Services SETA for a New Venture Creation Skills Programme for 100 unemployed youth.

2. INFORMATION SHARING SEMINARS CONVENED

The following 5 information sharing sessions were facilitated during the financial year under review:

***i.* Woman's Month Business Seminar**

GTEDA successfully hosted a business seminar dedicated at empowering women with the necessary business skills to run successful enterprises. The seminar served as a platform to celebrate woman in business and recognising the economic contribution and impact women have in different sectors of the economy. The seminar was held on held on the 09th of August 2021 at Lephepane Village.



***ii.* Youth and Entrepreneurship and Financial Management Workshop**

GTEDA in partnership with the Department of Social Development successfully hosted an information sharing seminar for 26 participants on 06 October 2021 held at Hlovukani Projects at Bonn Village. The purpose of the session was to provide information regarding economic opportunities and support available to youth entrepreneurs as well as upcoming entrepreneurs.

iii. Women Empowerment Seminar

GTEDA participated during the Women empowerment seminar hosted by Simplicit Bar, a company that operates in the beauty industry. The event was held in Tzaneen on the 13th of November 2021. The purpose of this event was to encourage women to meaningfully participate in economic activities, the session also provided financial education, legal advice as well as health awareness on issues affecting women.

iv. Business Opportunity Workshop of 23 February 2022

GTEDA supported 29 SMMEs and 20 Co-operatives operating in the waste management space to participate in the Business Opportunity Workshop hosted by the CSIR, the Department of Trade and Industry, Mopani District Municipality and the National Cleaner Production Centre of South Africa (NCPC-SA), the NCPC-SA is a national programme of government that promotes the implementation of resource efficiency and cleaner production (RECP) methodologies to assist industry to lower costs through reduced energy, water and materials usage, and waste management.

v. **Mopani West Poultry and Livestock Farmers Day**

GTEDA supported 20 SMMEs to take part in the Poultry and Livestock Farmers Day facilitated by Limpopo Department of Agriculture and Rural Development in partnership with Greater Tzaneen Municipality, SEDA, VKB and LIMA on 18 May 2022 at Lenyenye Community Hall. Different Funding Institutions and support organizations were invited to address present on services and funding requirements for funding opportunities available to farmers.

3. NETWORKING SESSIONS FACILITATED WITH FUNDING AGENCIES

GTEDA facilitated a networking session on funding opportunities for over 60 SMMEs. The session was successfully hosted on 27 May 2022 held at Lenyenye Community Hall. A representative from MDM made a presentation on the new funding window for the Mopani District SMME Fund as well as to set out the requirements to be adhered to in order to qualify for the fund. 60 SMMEs were assisted to compile funding applications and GTEDA assisted the SMMEs to submit the applications.

During the 2021/22 financial year, the following SMMEs from Tzaneen received funding from Mopani District Municipality's SMME Fund through the assistance of GTEDA:

NO	BUSINESS NAME	SECTOR
1	Maunatlala Sewing	Trade and Manufacturing
2	Akani Paints	Trade and Manufacturing
3	Tennyson Bricks	Trade and Manufacturing
4	Our Hope Trading	Trade and Manufacturing
5	Maduruduru Trading	Trade and Manufacturing
6	L and P Academy	Tourism
7	Mogoboya Enterprise	Agriculture
8	Moselekwe Primary Cooperative	Agriculture
9	Areshomeng	Agriculture
10	Ketura Trading Enterprise	Agriculture
11	Ilela Farming	Agriculture

4. PARTNERSHIPS SECURED

GTEDA facilitated partnerships with the following organisations:

a. GTEDA entered into a Service Level Agreement with Hilmark Trading *(Skills Development Provider)* for implementation of the LG SETA Environmental Practice Learnership which will be implemented over a period of 12 months, from June 2022 to June 2023 for 25 unemployed youth.

b. GTEDA entered into a Service Level Agreement with Dithoriso Phepo Hlweko Services *(Skills Development Provider)* for implementation of the Services SETA New Venture Creation Skills Programme for 100 unemployed learners which will be implemented over a period of 6 months, from January to June 2022.

c. MOU was signed between GTEDA and Try Easy Electrical Solutions and the parties packaged a funding application on National Certificate in Mixed Farming for 150 local farmers.

5. PROMOTIONAL EVENTS ATTENDED AND EXHIBITED

The following promotional events were facilitated during the financial year. The purpose of hosting promotional events is to provide a platform for SMMEs and Co-operatives to exhibit and showcase their products and services as well as to expose them to market opportunities.

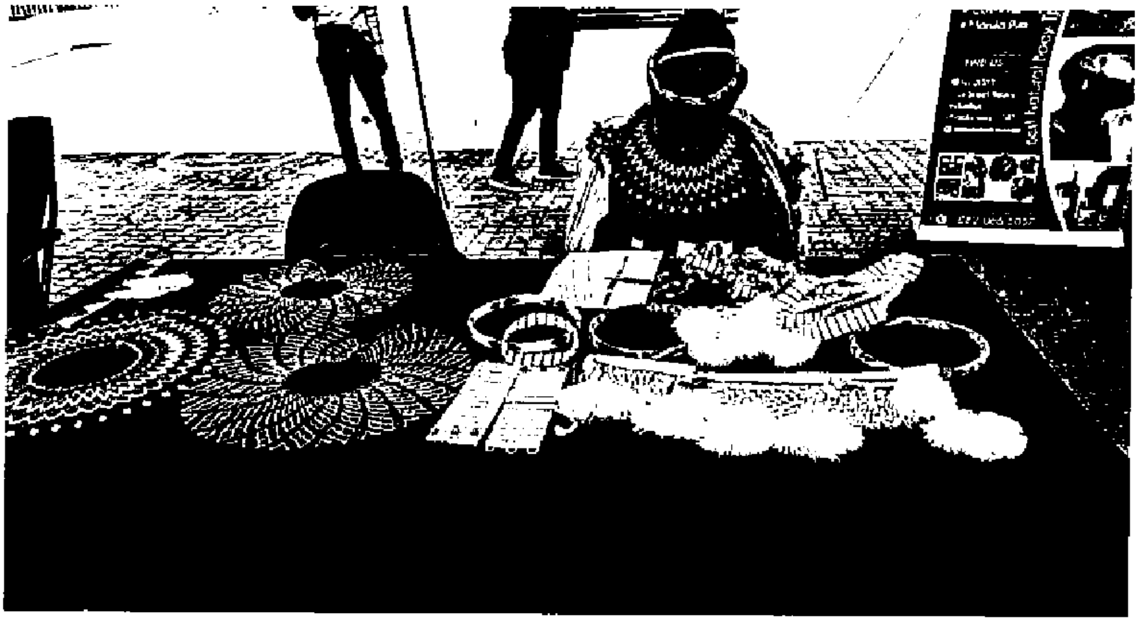
a. FABCO Cassava Value Chain Development Inception

GTEDA supported FABCO in launching the Cassava Value Chain Development Launch which was held over a period of 5 days from Monday, 30th August to Friday, 02 September 2021 at Nkowankowa industrial.

b. World Food Day Exhibitions – 22 October 2021

c. Mopani District SMME Pop-up Market Campaigns

Four Pop-Up market campaigns were facilitated with an overall attendance of over 200 SMMEs, the campaigns serve as a vehicle to enable and facilitate access to local markets through the utilization of mall activation platforms.



d. **Team Richy Exhibitions and information sharing – 11 December 2021**

e. **Marula Festival SMME Exhibitions (06 to 09 April 2022)**

6. SMME AND COOPERATIVES DEVELOPMENT & SUPPORT

GTEDA conducted an intensive monitoring drive whereby site visits were undertaken to SMMEs and Cooperatives. Three hundred and twenty-six (**326**) walk-in-clients were offered business advisory services during the period under review. GTEDA further facilitated the registration of seventy-seven (**77**) businesses with the Companies and Intellectual Property Commission (CIPC). Once the companies have been registered, they were recorded into the SMMEs Development and Support Database which comprises of **214** SMMEs operating within Tzaneen. SMMEs are further provided with access to funding through information sharing and networking sessions, training, and mentorship, filing of annual returns was done for 43 businesses.

GTEDA also conducts **Capacity Building for Cooperatives,** a monitoring database was developed to track progress of each Co-operative, the report accounts for **55** Co-operatives operating within Tzaneen.

7. LED PROJECTS

7.1. Agricultural Business Incubator

The objective of the project is to establish a business incubator that creates employment opportunities and stimulate local economic growth for the marginalized people of Greater Tzaneen Municipality. A funding application was submitted to IDC Social Economic Funding for 250 unemployed youth on agro-processing and hospitality. The following trainings have been facilitated for the identified SMMEs participating in the incubation proramme:

- **a.** Agro-processing (Apple and Orange juice) for 22 businesses.
- **b.** Biogas training for 10 businesses.
- **c.** Chemical Handling training for 20 businesses
- **d.** Marketing training for 20 SMMEs businesses

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7.2. Tzaneen Farmer Support Facility

GTEDA provides ongoing support to over 400 local farmers and has partnered with FABCO for establishment of a farmer support facility in Nkowankowa, the facility was launched to assist farmers with input support, mechanization support, training and access to market. The partnership between FABCO and Mahindra on mechanisation is still in force, and a further partnership agreement has been signed with ETG Logistics to supply farmers with power tillers and quadbikes.

GTEDA provided the following trainings under the Farmer Support Facility:

a. Technical training on planting of Casava for 40 farmers

b. Governance, Compliance, and Financial Management for 20 SMMEs farmers.

GTEDA conducted sessions for local farmers for possible establishment of commodity associations focusing on Mango due to its abundant supply within the GTM area. The sessions were conducted for Relela and Lesedi Clusters, other clusters will follow in the next financial year. The aim of the sessions was to present an up-to-date description of the South African Mango Industry, its production and trade as well as to present benefits of participating in such an association.

7.3. *Waste Management support programmes for SMMEs*

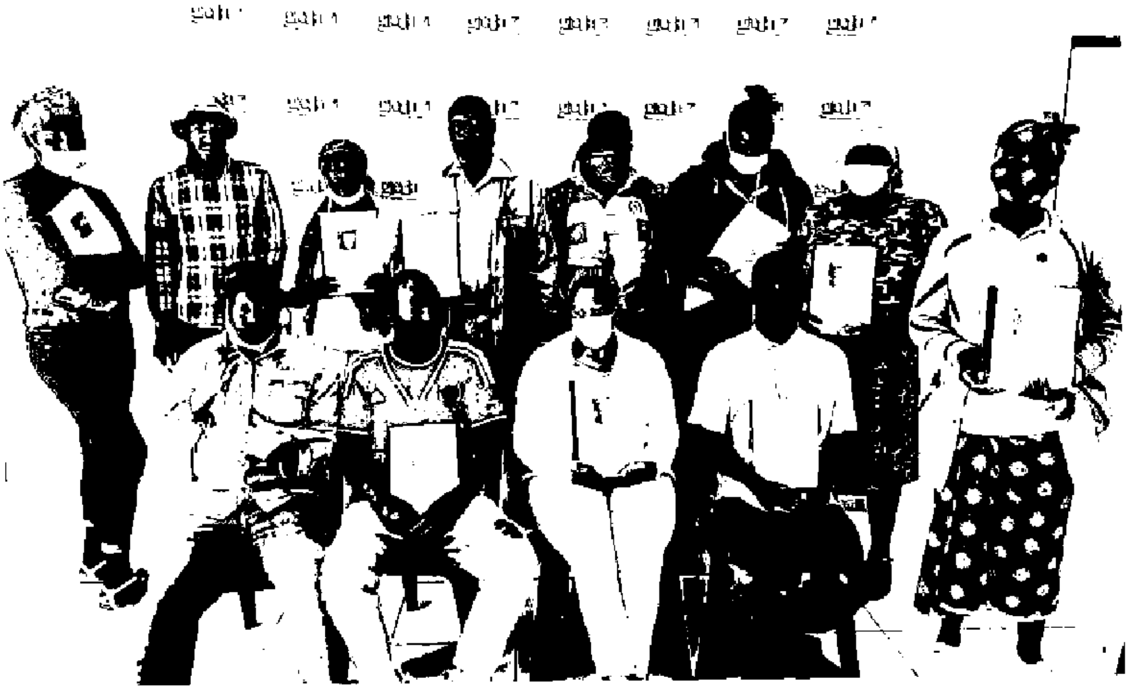
A working relationship was established with TWS to embark on a manufacturing project using bio waste, at the close of the financial year, the parties facilitated a site visit on 22 October 2021 to TWS Biodiesel production plant located in Hammanskraal as part of the due diligence exercise which will inform the nature of partnership between GTEDA and TWS. The plant uses waste cooking oil from restaurants to produce glycerol and biodiesel, which is environmentally friendly and has low carbon emission.

GTEDA successfully conducted three Waste Management trainings for 21 participants at Lephepane, 15 participants at Runnymede and 15 participants at Relela respectively. The purpose of the training was to provide skills for SMMEs and Co-operatives that operate or aspire to establish waste management businesses. The training involved understanding the most important elements integrated in sustainable waste management as well as to give support and guidance to attendees on funding opportunities available for the sector. The training focused on hygienic processes, efficient and economic solid waste storage, collection, transportation, treatment or disposal of waste in an environmentally friendly manner.

Lephepane Group

Runnymede Group

Relela Group



Provision of Personal Protective Equipment (PPE)

GTEDA supported 10 SMMEs previously trained and currently working in the waste management sphere with a complete set of Personal Protective Equipment (PPE) to ensure that SMMEs comply with occupational health and safety requirements in their day-to-day operations.

LG SETA Environmental Practice Learnership

The LG SETA Environmental Practice (Learnership) funding application was approved on 08 November 2021. The learnership will be implemented over a period of 12 months, from June 2022 to June 2023 for 25 unemployed youth. Greater Tzaneen Municipality – Environmental Department have agreed to provide host sites as well as to allocate mentors for the practical part of the learnership. The total number of learners includes members of SMMEs operating within the Waste Management field as well as individuals aspiring to establish own businesses in the future. Upon completion of this programme, GTEDA will continue to support these learners with business registrations, business support and related services.

8. NEW VENTURE CREATION TRAINING - SERVICES SETA

During the 2021/22 financial year GTEDA was awarded funding from the Services SETA to the value of R810 000.000 for implementation of a New Venture Creation Skills Programme for 100 unemployed learners. The training was implemented over a period of 6 months from 10 January 2022 to 30 June 2022 through a partnership with Dithoriso Phepo Hlweko Services (the skills development provider).

GTEDA identified learners from all the 4 clusters of the Greater Tzaneen Municipality i.e., Lesedi, Runnymede, Relela and Bulamahlo. The skills programme comprised of theoretical training as well as practical/workplace learning. In order to minimize/prevent learner dropouts and to motivate learners to stay in the programme, GTEDA provided the learners with daily meals for the duration of the training and further divided the learners into four groups with training being provided at their local community centres to avoid high travel expenses, as indicated below:

Group 1: Lenyenye Community Hall, Lenyenye Township (16 learners)
Group 2: Lesedi Community Hall, Lephepane Village (40 learners)
Group 3: Relela Community Hall, Relela Village (31 learners)
Group 4: Runnymede Community Hall, Runnymede Village (13 learners)

9. VEXOSPARK

Vexospark has implemented a Microsoft Digital training programme for school principals. This programme was implemented through a partnership with University of Pretoria. A further Microsoft Digital Technology programme was implemented for 1400 participants and participants were issued with completion certificates.

A partnership has been established between Vexospark and IDC where IDC committed to fund the centre with additional laptops.

4.2. ANNUAL PERFORMANCE REPORT

The role of GTEDA in the Greater Tzaneen Municipality is to facilitate socio-economic development and investment attraction in order to grow the local economy and stimulate job creation, this function is conducted by the Project Management Unit. The performance results of the financial year under review are presented below as captured under the SDBIP using the GTM online reporting tool called Action Assist.

Procedure for performance reporting during 2021/22 Financial Year

GTEDA together with GTM are abreast of technological systems used to accurately and reliably report performance information, the "Action Assist" system is at the epitome of capturing, verifying and auditing performance information of GTEDA to ensure that the correct information is reported, and an unbiased performance of the agency is shared with stakeholders and the community. The actual performance reported on the system, and presented in this report, has been audited by Auditor General South Africa (AGSA) and has been colour coded as follows:

Table 2: Economic Growth KPA - Summary of Results for 2021/22				
Colour	**Coding**	**Key to the Colour Codes**	**No of KPIs/Projects**	**% In category**
	KPIs with no targets or actuals in the selected period.	KPI Not Met	1	6%
O	*0% <= Actual/Target <= 74.999%*	KPI Almost Met	1	6%
	75.0% <= Actual/Target <= 99.999%	KPI Met	8	50%
G2	*Actual meets Target (Actual/Target = 100%)*	KPI Well Met	0	0%
B	*100.1% <= Actual/Target <= 149.999%*	KPI Extremely Well Met	6	38%
		Total KPIs	**16**	**100%**

OPMS - DEPARTMENT: GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY

KPA	Programme	KPI Name	Description of Unit of Measurement	Baseline	Annual Target	Revised Target	Actual	Rating	Reason for Deviation	Corrective Measures Taken	Source of Evidence	Reviewer Comment	Internal Auditor Status	Internal Auditor Comments	Internal Auditor Recommendatic
Local Economic evelopment	Investment attraction	# of committed investors attracted through GTEDA	Number	-	1 Number	N/A	2 Number		Q4 : none	Q4 : none	Quarterly reports (Singed agreements and commitment letters)	Target Met	IA-Achieved	Attached POE validated	None
Local Economic evelopment	SMME Supported	# of SMME development and support	Number	-	9 Number	N/A	15 Number	Target Extremely Well Met	MidTerm : Q1 : None Q2 : none Q3 : none Q4 : none	MidTerm : Q1 : None Q2 : none Q3 : none Q4 : none	Quarterly Reports(Seminar report. Signed attendance register.)	Target Met	IA-Achieved	Attached POE validated	None
Local Economic evelopment	Agricultural Business Incubator	# of LED projects implemented through Agricultural Business Incubator	Number	-	15 Number	N/A	54 Number	Target Extremely Well Met	none	none	Quarterly reports	Target Met	IA-Achieved	Attached POE validated.	None
Local Economic	Promotional Events	# Promotional	Number	-	2 Number	N/A	8 Number	Target Extremely	MidTerm : Q2 : none Q4 : none	MidTerm : Q2 : none Q4 :	Quarterly Reports (Signed	Target Met	IA-Achieved	Attached POE	None

evelopment		events attended and exhibited						Well Met		none	attendance register. Exhibition report)			validated.	
Local Economic evelopment	Workplace Skills Development Plan	Number Workplace Skills Development Plan (WSP) submitted to LG Seta by 30 April	Number	-	1 Number	N/A	1 Number		Q4 : None	Q4 : None	Quarterly Report("WSP Proof of submission" Registration).	Target Met	IA-Achieved	Attached POE validated	None
Local Economic evelopment	Annual Report	Number of Annual Report submitted to the municipality by 15 January	Number	-	1 Number	N/A	1 Number		Q3 : None	Q3 : None	Quarterly Report (Annual Report)	Target Met	IA-Achieved	Attached POE validated	None
Local Economic evelopment	GTEDA business plan	# of Submission of the GTEDA business plan to GTM	Number	-	1 Number	N/A	1 Number		Q3 : None	Q3 : None	Quarterly Report	Target Met	IA-Achieved	Attached POE validated	None
Local Economic evelopment	Strategic Risk mitigated	Number of Strategic Risk	Number	-	5 Number	N/A	2 Number	Target Not Met	Q4 : Variance was due to those risks that have	Q4 : Board has accepted the risk as is and	Quarterly Report (Risk Monitoring Report)	Target Not Met	IA-Not achieved	Insufficient POE.	Risks not mitigat

		mitigated							the financial implications pending Goin Concern issues ie Risk no 1(Going Concern, Risk no 7(Inability to secure inducive and Risk no 6(Insufficient human capital and lack of staff retention policy.	will be mitigated pending Goin concern once is resolved				
Local Economic evelopment	Audited Financial Statement	Number of Audited Financial Statement submitted to AGSA by 31 August	Number	-	1 Number	N/A	1 Number		MidTerm : Q1 : None	MidTerm : Q1 : None	Quarterly Report(AFS submitted to AGSA)	Target Met	IA-Achieved	Attached POE validated.	None
Local Economic evelopment	Annual Budget	#Annual Budget Approved by May	Number	-	1 Number	N/A	1 Number		Q4 : none	Q4 : none	Quarterly Report(Annual Budget Approved)	Target Met	IA-Achieved	Attached POE validated.	None
Local Economic evelopment	Waste Management for SMME	# LED projects implemented Waste Management	Number	-	25 Number	N/A	111 Number	Target Extremely Well Met	MidTerm : Q1 : None Q2 : none Q3 : Training was initially expected to commence in	MidTerm : Q1 : None Q2 : none Q3 : Adherence to conditions as	Quarterly Reports(Training reports. Signed attendance register)	Target Met	IA-Achieved	Attached POE validated	None

		for SMMEs						[redacted]	February 2022, however was moved forward to April due to technical delays from LG SETA. Q4 : none	outlined in the grant funding agreement. to ensure that the training is implemented as planned. Q4 : none					
Local Economic evelopment	Budget Spent	% Budget Spent	%	-	100 %	N/A	94 %	**Target almost met**	MidTerm: Q1 : Timing of expenditure Q2 : Underspending was due to recruitment of unemployment youth took longer than planned, therefore there was no expense on the project due to the delay Q3 : The 3% variance was due to under spending on board, and staff travel and accommodation due to covid - 19, meetings were	MidTerm : Q1 : Will be offset after internal audit is conducted, invoiced and paid Q2 : Unemployment youth training will start in January 2022, hence no expense incurred on the project Q3 : The state of the national disaster has improved, the board and staff will start traveling to	Quartely Reports(Financial Report)	Target Not Met	IA-not achieved	100% budget spending not met.	Target almost me

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Local Economic evelopment	SMME's assisted with registration	# of SMME's assisted with registration	Number	-	40 Number	N/A	77 Number	Target Extremely Well Met	MidTerm : Q1 : None Q2 : none Q3 : None Q4 : none	MidTerm : Q1 : None Q2 : none Q3 : None Q4 : none	Quarterly Report (CIPC registration report)	Target Met	IA-Achieved	Attached POE validated	None
Local Economic evelopment	Internal Audits Conducted	# Internal Audits Conducted	Number	-	4 Number	N/A	4 Number		MidTerm : Q1 : Bid for provision of internal audit advertised, but no submissions were received. Q2 : Internal Audit was advertised on time, however no submission were received. Subsequently, the service were re-advertised and Internal Audit	MidTerm : Q1 : Re-advertised (including national newspaper) Q2 : Audit for first and second quarter is in progress and the Internal Audit reports will be finalised by end of January 2022 Q3 :	Quarterly Report	Target Met	IA-Achieved	Attached POE validated.	None

									were appointed during the second quarter Q3 : Internal Audit is in the process of finalizing audit of Financial performance Q4 : none	Audit of Financial Performance will be submitted in the fourth quarter Q4 : none				
Local Economic evelopment	Tzaneen Farmer Supported	# LED projects implemented Tzaneen Farmer Support Facility	Number	-	20 Number	N/A	50 Number	Target Extremely Well Met	Q4 : none	Q4 : none	Quarterly reports(Signed attendance register. Training reports)	Target Met	IA-Achieved	Attached POE validated	None
Good ;overnance and Public 'articipation	Board Meeting held	Number of board meetings held	Number	-	4 Number	N/A	4 Number		MidTerm : Q1 : None Q2 : None Q3 : None Q4 : None	MidTerm : Q1 : None Q2 : None Q3 : None Q4 : None	Quarterly Reports(Invitation, attendance register and minutes)	Target Met	IA-Achieved	Attached POE validated	None

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Local Economic evelopment	Agricultural Business Incubator	# of LED projects implemented through Agricultural Business Incubator	Number	-	15 Number	N/A	54 Number	Target Extremely Well Met	none	none	Quarterly reports	Target Met	IA-Achieved	Attached POE validated.	None
Local Economic	Promotional Events	# Promotional	Number	-	2 Number	N/A	8 Number	Target Extremely	MidTerm : Q2 : none Q4 : none	MidTerm : Q2 : none Q4 :	Quarterly Reports (Signed	Target Met	IA-Achieved	Attached POE	None

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Local Economic evelopment	GTEDA business plan	# of Submission of the GTEDA business plan to GTM	Number	-	1 Number	N/A	1 Number		Q3 : None	Q3 : None	Quarterly Report	Target Met	IA-Achieved	Attached POE validated	None
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Local Economic evelopment	Annual Budget	#Annual Budget Approved by May	Number	-	1 Number	N/A	1 Number		Q4 : none	Q4 : none	Quarterly Report(Annual Budget Approved)	Target Met	IA-Achieved	Attached POE validated.	None
Local Economic evelopment	Waste Management for SMME	# LED projects implemented Waste Management	Number	-	25 Number	N/A	111 Number	Target Extremely Well Met	MidTerm : Q1 : None Q2 : none Q3 : Training was initially expected to commence in	MidTerm : Q1 : None Q2 : none Q3 : Adherence to conditions as	Quarterly Reports(Training reports. Signed attendance register)	Target Met	IA-Achieved	Attached POE validated	None

		for SMMEs						[redacted]	February 2022, however was moved forward to April due to technical delays from LG SETA. Q4 : none	outlined in the grant funding agreement, to ensure that the training is implemented as planned. Q4 : none					
Local Economic evelopment	Budget Spent	% Budget Spent	%	-	100 %	N/A	94 %	**Target almost met**	MidTerm: Q1 : Timing of expenditure Q2 : Underspending was due to recruitment of unemployment youth took longer than planned, therefore there was no expense on the project due to the delay Q3 : The 3% variance was due to under spending on board, and staff travel and accommodation due to covid - 19, meetings were	MidTerm : Q1 : Will be offset after internal audit is conducted, invoiced and paid Q2 : Unemployment youth training will start in January 2022, hence no expense incurred on the project Q3 : The state of the national disaster has improved, the board and staff will start traveling to	Quartely Reports(Financial Report)	Target Not Met	IA-not achieved	100% budget spending not met.	Target almost me

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Local Economic evelopment	Internal Audits Conducted	# Internal Audits Conducted	Number	-	4 Number	N/A	4 Number		MidTerm : Q1 : Bid for provision of internal audit advertised, but no submissions were received. Q2 : Internal Audit was advertised on time, however no submission were received, Subsequently, the service were re-advertised and Internal Audit	MidTerm : Q1 : Re-advertised (including national newspaper) Q2 : Audit for first and second quarter is in progress and the Internal Audit reports will be finalised by end of January 2022 Q3 :	Quarterly Report	Target Met	IA-Achieved	Attached POE validated.	None

CHAPTER 5: FINANCIAL MANAGEMENT

5.1. 2021/22 AUDITED FINANCIAL STATEMENTS AND AGSA REPORT

gteda

Greater Tzaneen Economic Development Agency (Pty) Ltd
(Registration number 2007/008144/07)
Annual Financial Statements
for the year ended 30 June 2022

General Information

Legal form of entity	Municipal Entity
Nature of business and principal activities	Greater Tzaneen Economic Development Agency is an entity established by Greater Tzaneen Municipality to drive economic development and attract investments.
Board of Directors	M.Z Mawasha (Chairperson) M.F. Mushwana M.I. Moakamela B.L. Mathebula
Accounting Officer	M.W. Mulaudzi (Acting Chief Executive Officer) (appointed 04 May 2021)
Parent Municipality Representatives in terms of Section 93D (1) MSA	S. Raganya B.M. Mathebula
Acting Finance and Risk Officer	M.E. Modiba
Registered office	Office no.63 Cascades Building Sapekoe Drive Tzaneen 0850
Business address	Office no.63 Cascades Building Sapekoe Drive Tzaneen 0850
Postal address	PO Box 2024 Tzaneen 0850
Controlling entity	Greater Tzaneen Municipality
Bankers	ABSA
Website	www.gteda.co.za
Level of rounding	Rounding to the nearest Rand
Auditors	Auditor General of South Africa (AGSA) Polokwane Office
Audit Committee	M.P. Ramutsheli (Chairperson) L.P.V. Malumbete-Baloyi J.N. Mpjane K. Masupa M.W. Khosa

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Abbreviations

GRAP	Generally Recognised Accounting Practice
GTEDA	Greater Tzaneen Economic Development Agency (Pty) Ltd
GTM	Greater Tzaneen Municipality
IAS	International Accounting Standards
IDC	Industrial Development Corporation
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
SARS	South African Revenue Service
SETA	Sector Education and Training Authority
VAT	Value Added Tax

Accounting Authority's Responsibility and Approval

The Accounting Authority is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the Municipal 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 will be engaged to express an independent opinion on the annual financial statements and will be given unrestricted access to all financial records and related data.

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

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

The Accounting Authority acknowledge that it is ultimately responsible for the system of internal financial control established by the Municipal Entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of authority/power 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 Municipal Entity and all employees are required to maintain the highest ethical standards in ensuring the Municipal Entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Municipal Entity is on identifying, assessing, managing and monitoring all known forms of risk across the Municipal Entity. While operating risk cannot be fully eliminated, the Municipal 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 Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Authority have reviewed the Municipal Entity's cash flow forecast for the year to 30 June 2023 and, in light of this review and the current financial position, they are satisfied that the Municipal Entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Municipal Entity is wholly dependent on the Greater Tzaneen Municipality for continued funding of operations. The Annual Financial Statements are prepared on the basis that the Municipal 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 Municipal Entity.

The Annual Financial Statements set out on pages 5 to 56, which have been prepared on the going concern basis, were approved by the Accounting Authority on 30 August 2022 and were signed on its behalf by:

Mr. M.W. Mulaudzi	**Mr. M.Z. Mawasha**
Acting Chief Executive Officer	**Chairperson of the Board**

Accounting Officer's Report

The Accounting Officer submits his report on the Annual Financial Statements of Greater Tzaneen Economic Development Agency for the year ended 30 June 2022.

1. Nature of business

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 the Industrial Development Corporation (IDC) in order to project manage urban and rural regeneration of the GTM's territory with a view to promote economic development and investment attraction.

2. Review of financial results and activities

The 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 Standard Board.

Full details of the Financial Position, results of operations and cash flows of the Agency are set out in the Financial Statements.

3. Going concern

We draw attention to the fact that at 30 June 2022, the Municipal Entity had accumulated a surplus of R 121 553 (2021: Deficit R1 364 128)

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

The ability of the Municipal Entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continues to procure funding for the ongoing operations for the Municipal Entity. Furthermore, the Greater Tzaneen Municipal Council has committed to fund the Entity by approving a multi-year budget for the coming three fiscal years.

Provision for VAT payable has been made, this is as a result of the entity not declaring output VAT on grants receivable from its funders i.e the Greater Tzaneen Municipality and Industrial Development Corporation. VAT returns from 2014 to 2017 financial years were reviewed and objections were lodged on the assessments raised by SARS. Following SARS audit, the entity's VAT liability has been reduced from R6 853 115 to R2 381 230 at year-end (2021: R 2 703 756).

4. Contributed capital

There were no changes in the authorised or issued share capital of the Municipal Entity during the year under review. The Authorised ordinary shares are 1000 and the issued ordinary shares are 100.

Accounting Officer's Report

5. Directors

The directors in office at the date of this report are:

M.Z. Mawasha (Chairperson)
M.F. Mushwana
M.I. Moakamela
B.L. Mathebula

6. Controlling entity

The Municipal Entity's controlling entity is the Greater Tzaneen Municipality.

7. Auditors

Auditor General of South Africa (AGSA) will continue in office for the next financial period.

8. Fruitless and wasteful expenditure

Except for the fruitless and wasteful expenditure disclosed in Note 25 to the financial statements, the Chief Executive Officer and directors are not aware of any other fruitless and wasteful expenditure which have been incurred during the year under review.

9. Irregular expenditure

Refer to Note 28 regarding the Irregular expenditure.

10. Events after reporting date

Refer to Note 30 regarding the events after reporting date.

PRACTICE LOGO

Report of the Auditor General

To the Provincial Legislature of Greater Tzaneen Economic Development Agency (Pty) Ltd

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Current Assets			
Receivables from exchange transactions	3	67 070	53 966
Receivables from non-exchange transactions	4	206 893	3 421
Cash and cash equivalents	5	2 016 667	1 235 024
		2 290 630	**1 292 411**
Non-Current Assets			
Property, plant and equipment	6	393 669	276 743
Intangible assets	7	11 218	14 023
Receivables from exchange transactions	3	52 955	-
		457 842	**290 766**
Total Assets		**2 748 472**	**1 583 177**
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	236 520	243 549
Payables from non-exchange transactions (SARS)	9	2 391 299	2 703 756
		2 626 819	**2 947 305**
Total Liabilities		**2 626 819**	**2 947 305**
Net Assets		**121 653**	**(1 364 128)**
Contributed capital	10	100	100
Accumulated surplus/(deficit)		121 553	(1 364 228)
Total Net Assets		**121 653**	**(1 364 128)**

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
Revenue			
Revenue from exchange transactions			
Other income	29	72 610	43 596
Interest received - investment	11	33 276	19 488
Total revenue from exchange transactions		**105 886**	**63 084**
Revenue from non-exchange transactions			
Transfer revenue			
Grants and subsidies	12	9 857 217	8 961 106
Discretionary grant received from Services SETA (conditional grant)		527 472	-
Administration and project management costs from Services SETAS	13	56 643	-
Grant received - LG SETA		171 125	148 200
Total revenue from non-exchange transactions		**10 612 457**	**9 109 306**
Total revenue	11	**10 718 343**	**9 172 390**
Expenditure			
Employee related costs	14	3 693 664	4 133 536
Remuneration of board members	15	726 704	473 739
Consulting fees		498 231	558 124
Depreciation and amortisation	16	106 423	53 700
General expenses	17	1 839 282	1 774 358
Lease rentals on operating lease		609 159	707 105
Project costs	18	1 759 099	456 621
Loss on scrapping of assets		-	6 332
Total expenditure		**9 232 562**	**8 163 515**
Surplus for the year		**1 485 781**	**1 008 875**

Statement of Changes in Net Assets

Figures in Rand	Note	Contributed capital	Accumulated (deficit)/surplus	Total net assets
Opening balance as previously reported		100	(5 820 372)	(5 820 272)
Adjustments				
Prior year adjustments		-	3 447 269	3 447 269
Balance at 01 July 2020 as restated*		**100**	**(2 373 103)**	**(2 373 003)**
Changes in net assets				
Surplus for the year		-	1 008 875	1 008 875
Total changes		-	1 008 875	1 008 875
Balance at 01 July 2021		**100**	**(1 364 228)**	**(1 364 128)**
Changes in net assets				
Surplus for the year		-	1 485 781	1 485 781
Total changes		-	1 485 781	1 485 781
Balance at 30 June 2022		**100**	**121 553**	**121 653**
Note		10		

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Receipts			
Sale of goods and services		72 610	43 596
Grants and movement in trade and other receivables		10 342 927	9 209 564
Interest income		33 276	19 488
		10 448 813	9 272 648
Payments			
Employee costs and board member costs		(4 240 757)	(4 509 728)
Suppliers		(5 205 869)	(3 454 801)
		(9 446 626)	(7 964 529)
Net cash flows from operating activities	19	**1 002 187**	**1 308 119**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(220 544)	(177 111)
Net increase/(decrease) in cash and cash equivalents		**781 643**	**1 131 008**
Cash and cash equivalents at the beginning of the year		1 235 024	104 016
Cash and cash equivalents at the end of the year	5	**2 016 667**	**1 235 024**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Virements	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	-	72 610	72 610	Appendix E(1)
Interest received - investment	-	-	-	33 276	33 276	Appendix E(1)
Total revenue from exchange transactions	-	-	-	105 886	105 886	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	9 857 217	-	9 857 217	9 857 217	-	Appendix E(1)
Income received from SETA (Conditional Grant)	810 000	-	810 000	527 472	(282 528)	Appendix E(1)
Administration and project management costs from SETA	-	-	-	56 643	56 643	Appendix E(1)
Grant received - LG SETA	1 250 000	-	1 250 000	171 125	(1 078 875)	Appendix E(1)
Total revenue from non-exchange transactions	11 917 217	-	11 917 217	10 612 457	(1 304 760)	
Total revenue	11 917 217	-	11 917 217	10 718 343	(1 198 874)	
Expenditure						
Employee related costs	(4 781 538)	-	(4 781 538)	(3 693 664)	1 087 874	Appendix E(1)
Remuneration of board members	(559 510)	-	(559 510)	(726 704)	(167 194)	Appendix E(1)
Depreciation and amortisation	(96 310)	-	(96 310)	(106 423)	(10 113)	Appendix E(1)
Lease rentals on operating lease	(728 591)	-	(728 591)	(609 159)	119 432	Appendix E(1)
Repairs and maintenance	(6 050)	-	(6 050)	-	6 050	Appendix E(1)
Consulting fees	(513 048)	-	(513 048)	(498 231)	14 817	Appendix E(1)
Interest expenses	-	-	-	-	-	Appendix E(1)
Project cost	(2 874 609)	-	(2 874 609)	(1 772 974)	1 101 635	Appendix E(1)
General Expenses	(2 099 061)	-	(2 099 061)	(1 825 407)	273 654	Appendix E(1)
Total expenditure	(11 658 717)	-	(11 658 717)	(9 232 562)	2 426 155	
Surplus / (Deficit) before taxation	258 500	-	258 500	1 485 781	1 227 281	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	258 500	-	258 500	1 485 781	1 227 281	

Refer to Note 27 for variances above 10%.

Notes to the Financial Statements: Accounting Policies

1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

1.1 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the Municipal Entity.

1.2 Rounding

All financial figures have been rounded off to the nearest Rand.

1.3 Going concern assumption

These Annual Financial Statements have been prepared based on the expectation that the Municipal Entity will continue to operate as a going concern for the foreseeable future.

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

1.4 Significant judgments and sources of estimation uncertainty

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

Trade receivables and loans and receivables

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

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

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Municipal Entity for similar financial instruments.

Notes to the Financial Statements: Accounting Policies

1.4 Significant judgments and sources of estimation uncertainty (continued)

Impairment testing

The Municipal Entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as exchange rates inflation interest.

1.5 Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the Municipal Entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Notes to the Financial Statements: Accounting Policies

1.5 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	7 - 10 years
Office equipment	Straight line	3 - 5 years
Computer equipment	Straight line	3 - 5 years

The residual value, and the useful life and depreciation method of each asset 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 estimate.

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

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

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Municipal Entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipal Entity; and
- the cost or fair value of the asset can be measured reliably.

The Municipal Entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Website development	5 years

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

Notes to the Financial Statements: Accounting Policies

1.7 Financial instruments

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

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Classification

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

Class	Category
Receivable from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Payable from exchange transactions	Financial liability measured at amortised cost

Notes to the Financial Statements: Accounting Policies

1.7 Financial instruments (continued)

Initial recognition

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

The Municipal Entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The Municipal Entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Municipal Entity measures a financial asset and financial liability initially at its fair value.

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The Municipal Entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the Municipal Entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

Notes to the Financial Statements: Accounting Policies

1.7 Financial Instruments (continued)

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

Derecognition

Financial assets

The Municipal Entity derecognises financial assets using trade date accounting.

The Municipal Entity derecognises a financial asset only when:

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

Notes to the Financial Statements: Accounting Policies

1.7 Financial instruments (continued)

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

If the Entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the Municipal Entity has retained substantially all the risks and rewards of ownership of the transferred asset, the Municipal Entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the Municipal Entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The Municipal Entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

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

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

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Notes to the Financial Statements: Accounting Policies

1.7 Financial instruments (continued)

Distributions to holders of residual interests are recognised by the Municipal Entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the Municipal Entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Municipal Entity does not offset the transferred asset and the associated liability.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessee

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

1.9 Impairment of non-cash-generating assets

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

Identification

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Notes to the Financial Statements: Accounting Policies

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

1.10 Contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of a Municipal Entity after deducting all of its liabilities.

1.11 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.12 Revenue from exchange transactions

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

Notes to the Financial Statements: Accounting Policies

1.12 Revenue from exchange transactions (continued)

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

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

Measurement

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipal Entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipal Entity, and
- The amount of the revenue can be measured reliably.

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

1.13 Revenue from non-exchange transactions

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

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

Control of an asset arise when the Municipal Entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Notes to the Financial Statements: Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

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

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

Recognition

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

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

Measurement

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

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

1.14 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.15 Fruitless and wasteful expenditure

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

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

Notes to the Financial Statements: Accounting Policies

1.16 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 Budget information

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

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

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

The budget for the economic entity includes all the entity's approved budgets under its control.

The Annual Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.18 Related parties

The Municipal 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.

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

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

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

1.19 Events after reporting date

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

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

The Municipal Entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Municipal Entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2022 or later periods:

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

The entity does not envisage the adoption of the guideline until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's Annual Financial Statements.

GRAP 104 (amended): Financial Instruments

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

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

The most significant changes to the Standard affect:
- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the amendment is not yet set by the Minister of Finance.

The entity expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

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

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

iGRAP 21: The Effect of Past Decisions on Materiality

Background

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items affect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:
- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

The effective date of these interpretation have not yet been set. 01 April 2023.

The entity does not envisage the adoption of the expects to adopt until such time as it becomes applicable to the interpretation's operations.

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

GRAP 2020: Improvements to the standards of GRAP 2020

Every three years, the Accounting Standards Board undertakes periodic revisions of the Standards of GRAP, in line with best practice internationally among standard setters.

Improvements to Standards of GRAP are aimed at aligning the Standards of GRAP with international best practice, to maintain the quality and to improve the relevance of the Standards of GRAP.

Amendments include,

GRAP 20 – Related Party Disclosures
- Clarify that entity, or any member of a group of which it is part, providing management services to reporting entity (or controlling entity of reporting entity) is a related party
  - Disclose amounts incurred by the entity for the provision of management services that are provided by a separate management entity
  - If an entity obtains management services from another entity ("the management entity") the entity is not required to apply the requirements in paragraph .35 to the remuneration paid or payable by the management entity to the management entity's employees or those charged with governance of the entity in accordance with legislation, in instances where they are required to perform such functions
  - Management services are services where employees of management entity perform functions as "management" as defined

Directive 7 – The Application of Deemed Cost
- Clarify that bearer plants within scope of Directive

The effective date of these improvements is 01 April 2023.

The entity expects to adopt the improvements for the first time in the 2022/2023 Annual Financial Statement.

It is unlikely that the improvements will have a material impact on the entity's Annual Financial Statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An entity applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2025.

The entity expects to adopt the amendment for the first time in the 2024/2025 annual financial statements.

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

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

3. Receivables from exchange transactions

	2022	2021
Prepayments	1 946	6 984
Rental deposits	3 386	3 386
Bursary repayable - Mr KJ Maphoto	71 097	-
Other receivables	43 596	43 596
	120 025	**53 966**

Other receivables relates to an amount of R43 596 receivable originating from a court order in favour of GTEDA.

The bursary repayable by the previous CEO is payable over a remaining period of 47 months at a monthly instalment of R 1 153.

Disclosed as follows

	2022	2021
Non Current Assets	52 955	-
Current Assets	67 070	53 966
	120 025	**53 966**

4. Receivables from non-exchange transactions

	2022	2021
Discretionary grant receivable from SETA	206 893	3 421

5. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022	2021
Cash on hand	176	176
Bank balances	489 181	170 613
Other cash and cash equivalents	1 527 310	1 064 235
	2 016 667	**1 235 024**

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
Petty Cash - ABSA BANK - Cheque Account 40-7166-4582	-	-	-	176	176	176
ABSA BANK -Cheque Account 40-7166-4582	27 416	23 473	6 589	27 416	23 473	6 589
ABSA BANK - 32day Notice Account 92-2181-3770	365	365	365	365	365	365
ABSA BANK - Depositor Plus Account 92-8795-3029	1 526 944	1 063 870	92 086	1 526 944	1 063 870	92 086
ABSA Bank - Classic Business Account (SETA) 40-9462-4490	461 766	147 140	4 800	461 766	147 140	4 800
Total	**2 016 491**	**1 234 848**	**103 840**	**2 016 667**	**1 235 024**	**104 016**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

6. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	286 578	(209 202)	77 376	286 578	(189 996)	96 582
Office equipment	33 311	(32 190)	1 121	33 311	(31 659)	1 652
IT equipment	587 214	(272 042)	315 172	366 670	(188 161)	178 509
Total	**907 103**	**(513 434)**	**393 669**	**686 559**	**(409 816)**	**276 743**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	96 582	-	(19 205)	77 377
Office equipment	1 652	-	(532)	1 120
IT equipment	178 509	220 544	(83 881)	315 172
	276 743	**220 544**	**(103 618)**	**393 669**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures	110 801	-	(14 165)	(54)	96 582
Office equipment	5 002	-	(3 159)	(191)	1 652
IT equipment	41 066	177 111	(33 571)	(6 087)	178 509
	156 869	**177 111**	**(50 895)**	**(6 332)**	**276 743**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipal Entity.

7. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	48 687	(40 174)	8 513	48 687	(38 046)	10 641
Website	45 051	(42 346)	2 705	45 051	(41 669)	3 382
Total	**93 738**	**(82 520)**	**11 218**	**93 738**	**(79 715)**	**14 023**

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software	10 641	(2 128)	8 513
Other intangible assets	3 382	(677)	2 705
	14 023	**(2 805)**	**11 218**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

7. Intangible assets (continued)

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	12 769	(2 128)	10 641
Other intangible assets	4 058	(676)	3 382
	16 827	**(2 804)**	**14 023**

8. Payables from exchange transactions

	2022	2021
Rental and other expenses	30 869	18 315
Accrued leave pay	81 083	57 864
Other payables	123 568	167 370
	235 520	**243 549**

9. Payables from non-exchange transactions (South African Revenue Service - SARS)

	2022	2021
VAT payable and interest on VAT	2 381 230	2 703 756
Employee Tax - penalties and interest	10 069	-
	2 391 299	**2 703 756**

The VAT payable consists of assessments issued by SARS, provision for interest and VAT payable on the grant received from Greater Tzaneen Municipality as well as a refund of R470 098 received from Greater Tzaneen Municipality.

Refer to note 30 regarding events after the reporting date.

10. Contributed capital

	2022	2021
Authorised		
1000 Ordinary shares of R1 each	1 000	1 000
Issued		
Ordinary Shares	100	100

11. Revenue

	2022	2021
Other income	72 610	43 596
Interest received	33 276	19 488
Government grants & subsidies	9 857 217	8 961 106
Discretionary grant received from Services SETA	527 472	-
Administration and project management fee - Services SETAS	56 643	-
Grant received - LG SETA	171 125	148 200
	10 718 343	**9 172 390**

The amount included in revenue arising from exchanges of goods or services are as follows:

	2022	2021
Other income	72 610	43 596
Interest received	33 276	19 488
	105 886	**63 084**

Notes to the Annual Financial Statements

	2022	2021

11. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

	2022	2021
Taxation revenue		
Transfer revenue		
Government grants & subsidies	9 857 217	8 961 106
Discretionary grant received from Services SETA	527 472	-
Administration and project management fee - Services SETAS	56 643	-
Grant received - LG SETA	171 125	148 200
	10 612 457	**9 109 306**

12. Government grants and subsidies

	2022	2021
Operating grants		
Greater Tzaneen Municipality	9 857 217	8 961 106

13. Administration and project management fee from SETA

	2022	2021
Admin and project management fee - Services SETA	42 768	-
Admin and project management fee - LG SETA	13 875	-
	56 643	**-**

In terms of paragraph 8 of the SETA Offer To Contract of the Grant Regulations and the Services SETA's Discretionary Grant Policy a maximum of 7.5% of the amount of grant funding may be used/allocated towards administration and project management costs ("administration costs").

14. Employee related costs

	2022	2021
Basic	2 655 357	2 863 853
Other payroll levies (Statutory Levies)	837 014	1 070 019
Leave pay provision charge	95 144	107 302
Overtime payments	8 792	-
13th Cheques	97 357	92 362
	3 693 664	**4 133 536**

Compensation of Executive Directors

K.J. Maphoto - Chief Executive Officer

	2022	2021
Annual Remuneration	-	874 443
Travelling	-	115 044
	-	**989 487**

M.W. Mulaudzi - Acting Chief Executive Officer

	2022	2021
Acting Allowance	312 020	50 818
Travelling	78 222	-
	390 242	**50 818**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

15. Remuneration of board members

	2022	2021
Board fees	726 704	473 739

30 June 2022	Emoluments	Travel	Statutory Payments	Total
M.Z Mawasha (Chairperson)	168 795	10 006	60 243	239 044
M.F Mushwana	134 633	2 595	44 878	182 106
M.I Moakamela	126 183	2 448	42 211	170 842
B.L Mathebula	96 837	5 596	32 279	134 712
	526 448	**20 645**	**179 611**	**726 704**

30 June 2021	Emoluments	Travel	Statutory Payments	Total
M.Z Mawasha (Chairperson)	125 829	8 270	36 065	170 164
M.F Mushwana	96 837	-	17 758	114 595
M.I Moakamela	70 766	-	18 193	88 959
B.L Mathebula	74 490	-	25 531	100 021
	367 922	**8 270**	**97 547**	**473 739**

16. Depreciation and amortisation

	2022	2021
Property, plant and equipment	103 618	50 895
Intangible assets	2 805	2 805
	106 423	**53 700**

17. General expenses

		2022	2021
Advertising and marketing		45 916	44 842
Auditors fees	Note 21	615 802	378 934
Bank charges		22 083	17 773
Bursaries		78 600	274 600
Cleaning expenses		238 100	-
Consumables		832	741
Covid-19 expenses		-	393 019
Entertainment		373	280
Fines and penalties: SARS		17 726	13 654
Insurance		17 270	16 851
Social Inclusion		11 950	-
IT expenses		68 527	74 355
Postage and courier		-	1 296
Printing and stationery		24 458	15 844
Recoupment expenses		-	45 672
Security		6 791	4 403
Seminar and workshops		79 316	-
Subscriptions and membership fees		59 909	63 145
Telephone and fax		143 512	177 147
Training		286 000	57 200
Travel - local		87 400	194 602
VAT adjusment #		34 718	-
		1 839 282	**1 774 358**

The VAT adjustment relates to the correction of the VAT liability account. Provision has been made for the assessments raised by SARS, accrued interest and any journals passed by SARS on the account.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

18. Project costs

Business support centre		
Livestock (Leather Making)	1 747 208	443 567
Radio Station (GTFM)	2 410	4 820
	9 481	8 234
	1 759 099	**456 621**

19. Cash generated from operations

Surplus		
Adjustments for:	1 485 781	1 008 875
Depreciation and amortisation		
Impairment loss	106 423	53 700
Changes in working capital:	-	6 332
Receivables from exchange transactions		
Other receivables from non-exchange transactions	(66 059)	(45 642)
Payables from exchange transactions	(203 472)	145 800
SARS payables	(8 029)	(43 925)
	(312 457)	182 879
	1 002 187	**1 308 119**

20. Taxation

The entity is exempt from income tax in terms of Section S10(1)(cA)(ii) of the Income Tax Act.

21. Auditors' remuneration

External audit fees		
Internal audit fees	197 548	196 325
	418 254	182 609
	615 802	**378 934**

22. Related parties

Relationships

Controlling entity	
Major stakeholders	Greater Tzaneen Municipality
	Chief Executive Officer and Board (Note 14 and 22)

Identity of related parties

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

The Board of Directors comprises of directors as listed in the directors report and its committees, namely the Finance and Risk Committee, HR Committee and Project, Investment Committee and Social Committee.

Greater Tzaneen Municipality Audit Committee (Shared).

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

Related party transactions

Grant received from related parties		
Greater Tzaneen Municipality		
	9 857 217	8 961 106

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

22. Related parties (continued)

Compensation to former Chief Executive Officer : K.J Maphoto		
Annual remuneration	-	874 443
Travelling	-	115 044
	-	989 487

Compensation to Acting Chief Executive Officer: M.W. Mulaudzi		
Acting allowance	312 020	50 818
Travelling	78 222	-
	390 242	50 818

23. Risk management

Financial risk management

Liquidity risk

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

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

At 30 June 2022	Less than 1 year	Between 1 and 2 years
Trade and other payables	235 520	-

At 30 June 2021	Less than 1 year	Between 1 and 2 years
Trade and other payables	243 549	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Municipal Entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial instrument	2022	2021
Cash and cash equivalents	2 016 667	1 235 024
Receivables from exchange transactions	120 025	53 996
Receivables from non-exchange transactions	206 893	3 421
	2 343 585	1 292 411

23. **Risk management (continued)**

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

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

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

24. Commitments

Authorised operating expenditure

Already contracted for but not provided for	2022	2021
• Internal Audit	408 221	198 000
• Training Services	419 525	-
• IT Support	27 773	65 550
• Cleaning Services	21 413	116 000
• Cellphone contract	47 688	48 300
• Panasonic -copier rental	19 176	19 176
• Office Rental	43 225	43 225
• Accounting and taxation	182 000	143 052
	1 169 021	**833 303**

IT support:
Bohlabelo Computers, this is an IT support contract at R 3 967.50 p.m. appointed for a period of twenty four (24) months from 01/02/2021 to 31/01/2023 (commitment period 7 months).

Cell phone contract:
Vodacom contracts for office use, this is two cell phones contracted at R4 549.00 p.m appointed for a period of twenty-four (24) months.

079 693 5562	25/07/2021 to 30/06/2023	R 2 249.00	commitment period for 12 months
060 970 5114	28/04/2021 to 31/03/2023	R 2 300.00	commitment period for 09 months

Internal Audit:
Tladi & Associates Inc is an Internal Audit Company appointed for a period not exceeding 24 months (2 years) from 14 December 2021 to 30 November 2023 for provision of internal audit services (Commitments for 17 months)

Panasonic:
Panasonic is a company contracted for the rental copier machine R 4 794 per month for a period of 65 months (01/06/2017 to 31/10/2022), commitment period 04 month.

Office Rental:
Tzaneen Steel Industry is a contract for office rental at R 43 225 per month for a period of 12 months (1/08/2021 to 31/07/2022), commitment period for 01 month.

Accounting and taxation services:
Tsutsa Consulting is a company contracted for accounting and taxation services for a period of 42 months (01/06/2019 to 31/11/2022), commitment period for 05 months.

Cleaning Services:
Seleb Protection Service is a cleaning service contracted at R 21 413.00 p.m appointed for a period of six months from 01/02/2022 to 31/07/2022), commitment period for 01 month.

Training services:
Hilmark Trading is a company contracted to provide further Education and Training on Environmental Practice (Learnership for Unemployed youth) for a period of 12 months from (01/02/2022 to 31/01/2023) commitment period for 07 months.

25. Fruitless and wasteful expenditure

	2022	2021
Opening balance	259 574	245 920
Wasteful Expenditure	52 523	-
Penalties and interest: SARS (VAT)	17 726	13 654
Fruitless and wasteful expenditure awaiting condonement	**329 823**	**259 574**

Notes to the Annual Financial Statements

25. Fruitless and wasteful expenditure (continued)

The fruitless and wasteful Expenditure report was submitted to the Finance and Risk Committee for consideration, the expenditure related to Penalty and interests fee on late payment of SARS-PAYE and Penalty and interest incurred on the VAT liability. Subsequently, fruitless and wasteful expenditure was incurred which relates to advertising of the CEO's post which was not filled. The expenditure was submitted to Board and it was referred to MPAC for investigation.

26. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the Accounting Officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Accounting Authority and includes a note to the Annual Financial Statements.

Services to the value of R15 080,00 were procured during the financial year under review and the process followed in procuring those services deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Accounting Officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

27. Budget differences

Material differences between budget and actual amounts

Explanation of variances between approved and final budget greater than 10%

<u>Statement of Financial Performance</u>

Income

Other income (100%)

The increase of R 72 610 is due to the recovery of a bursary that was not budgeted for as the Board only approved the recovery of the bursary after the budget was approved

Interest received (100%)

The variance of R 33 276 is due to the fact that the Entity did not budget for interest income during the 2021/2022 financial year.

Grant received – SETAS (66%)

The variance between actual and budget amounts to R 1 361 403 is mainly due to late start of the projects during the financial year and therefore funding not being paid over before work commenced and claims are submitted. Actual amount received R 698 597 while R 2 060 000 was budgeted for.

Administration and project management costs (100%)

The variance of R 56 643 is due to Entity not budgeting for income from this source.

Expenditure

Employee related expenses (22,8%)

Main reason for the decrease of R 1 087 874 in the expenses is the fact that the costs of the former Chief Executive Office (CEO) such as salary and performance bonus is still included in the budgeted total while the CEO is no longer in the employ of the entity. Budgeted total amounts to R 4 781 538 while the actual expenses amount to R 3 693 664.

Depreciation (10,5%)

Notes to the Annual Financial Statements

Variance of R 10 113 is due to the fact that the Entity did not budget for depreciation on asset additions. Additions amounted to R 220 544. Budgeted total amounts to R 96 310 while the actual expenses amount to R 106 423.

Lease rental expenses (16,4%)

The variance of R 119 423 with the actual less than the budgeted figure by R 728 591. Less was spent on copier rental due to derease in printing activities as meetings are held virtually and meeting packs/documents are shared electronically. Subsequently, the variance was due to over-budgeting on Office Rental, which was informed by the lessor's proposed annual increment letter, which was later reduced..

Repairs and maintenance (100%)

The entity budgeted for repair and maintenance expenses amounting to R 6 050, however no expenses were incurred.

Project costs (38,32%)

Due to the late start of the projects during the year and amount of R 1 101 635 less was spent less than budgeted amount of R 2 874 609.

Remuneration of Board Members (29.9%)

Rational for the variance is due to statutory payments on remuneration of the Board Members being budgeted for under operating expenses. That also the main reason for the variance under general expense.

28. Irregular expenditure

Opening balance	-	-
Current year - Unauthorised Board fees	87 169	-
	87 169	-

The irregular expenditure incurred relates to unauthorised board fees as a result of the current board's term of office not being extended by the appointing authority. The expenditure will be reported to the board and then referred to MPAC for investigation.

29. Other income

Study loan recovered	72 610	-
Sundry income	-	43 596
	72 610	**43 596**

Sundry income in 2021 relates to amount receivables originating from a court order in favour of GTEDA.

30. Events after reporting date

GTEDA is in debt to South African Revenue Service (SARS) for value added tax on grants amounting to R 2 381 230. The Entity negotiated with SARS for a reduced settlement of the debt. On 22 July 2022 a compromise was reached between SARS and GTEDA whereby SARS agreed to a reduced negotiated amount of R 800 000. The amount R 800 000 is repayable in 9 installments with the first installment of R 400 000 payable on 31 July 2022 and the final installment to be paid on 28 March 2023.

Greater Tzaneen Economic Development Agency (Pty) Ltd
Appendix B
July 2021

Analysis of property, plant and equipment as at 30 June 2022

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Assets written off Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Assets written off Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Other assets														
Computer equipment	366 670	220 544	-	-	-	-	587 214	(188 161)	-	-	(83 881)	-	(272 042)	315 172
Furniture and fittings	286 578	-	-	-	-	-	286 578	(189 996)	-	-	(19 206)	-	(209 202)	77 376
Office equipment	33 311	-	-	-	-	-	33 311	(31 659)	-	-	(531)	-	(32 190)	1 121
	686 559	220 544	-	-	-	-	907 103	(409 816)	-	-	(103 618)	-	(513 434)	393 669
Total property plant and equipment	686 559	220 544	-	-	-	-	907 103	(409 816)	-	-	(103 618)	-	(513 434)	393 669
Intangible assets														
Computers - software	48 687	-	-	-	-	-	48 687	(38 046)	-	-	(2 128)	-	(40 174)	8 513
Website	45 051	-	-	-	-	-	45 051	(41 669)	-	-	(676)	-	(42 345)	2 706
Total	93 738	-	-	-	-	-	93 738	(79 715)	-	-	(2 804)	-	(82 519)	11 219
Other assets	686 559	220 544	-	-	-	-	907 103	(409 816)	-	-	(103 618)	-	(513 434)	393 669
Intangible assets	93 738	-	-	-	-	-	93 738	(79 715)	-	-	(2 804)	-	(82 519)	11 219
	780 297	220 544	-	-	-	-	1 000 841	(489 531)	-	-	(106 422)	-	(595 953)	404 888

Greater Tzaneen Economic Development Agency (Pty) Ltd
Appendix B
July 2021

Analysis of property, plant and equipment as at 30 June 2021

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Assets Written-off Rand	Transfers Rand	Reclassification Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Assets Written-off Rand	Reclassification Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Other assets														
Computer equipment	245 774	177 112	(56 216)	-	-	-	366 670	(204 720)	-	-	(33 571)	50 130	(188 161)	178 509
Furniture and fittings	288 411	-	(1 833)	-	-	-	286 576	(177 610)	-	-	(14 165)	1 779	(189 994)	96 582
Office equipment	37 280	-	(3 969)	-	-	-	33 311	(32 276)	-	-	(3 159)	3 776	(31 659)	1 652
	571 465	177 112	(62 018)	-	-	-	686 559	(414 606)	-	-	(50 895)	55 685	(409 816)	276 743
Total property plant and equipment	571 465	177 112	(62 018)	-	-	-	686 559	(414 606)	-	-	(50 895)	55 685	(409 816)	276 743
Intangible assets														
Computers - software	48 687	-	-	-	-	-	48 687	(35 918)	-	-	(2 128)	-	(38 046)	10 641
Website	45 051	-	-	-	-	-	45 051	(40 933)	-	-	(676)	-	(41 609)	3 382
	93 738	-	-	-	-	-	93 738	(76 851)	-	-	(2 804)	-	(79 655)	14 023
00														
Other assets	571 465	177 112	(62 018)	-	-	-	686 559	(414 606)	-	-	(50 895)	55 685	(409 816)	276 743
Intangible assets	93 738	-	-	-	-	-	93 738	(76 851)	-	-	(2 804)	-	(79 655)	14 023
	666 203	177 112	(62 018)	-	-	-	780 297	(491 457)	-	-	(53 699)	55 685	(489 471)	290 766

Greater Tzaneen Economic Development Agency (Pty) Ltd
Appendix C
July 2021
Segmental analysis of property, plant and equipment as at 30 June 2022

	Cost/Revaluation				Accumulated Depreciation					
	Opening Balance Rand	Additions Rand	Assets written off Rand	Closing Balance Rand	Opening Balance Rand	Assets written off Rand	Transfers Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
GTEDA										
Planning and Development/Economic Development/Plan	686 559	220 544	-	907 103	(409 816)	-	-	(103 618)	(513 434)	393 669
	686 559	220 544	-	907 103	(409 816)	-	-	(103 618)	(513 434)	393 669
Total	686 559	220 544	-	907 103	(409 816)	-	-	(103 618)	(513 434)	393 669

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
			GTEDA			
9 172 390	8 163 515	1 008 875	Planning and Development/Economic Development/Plan	10 718 343	9 232 562	1 485 781
9 172 390	**8 163 515**	**1 008 875**		**10 718 343**	**9 232 562**	**1 485 781**

Greater Tzaneen Economic Development Agency (Pty) Ltd
Appendix E(1)
July 2021

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2022

	Current year 2022 Act. Bal. Rand	Current year 2022 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Interest received (trading)	33 276	-	33 276	100	Refer Note 27 of AFS
Grants Received	9 857 217	9 857 217	-	-	
VAT refund	-	-	-	-	
Other income	72 610	-	72 610	100.0	Refer Note 27 of AFS
Administration and project management fee from SETA	56 643	-	56 643	100.0	Refer Note 27 of AFS
LG SETA	698 597	2 060 000	(1 361 403)	(66)	Refer Note 27 of AFS
	10 718 343	11 917 217	(1 198 874)	234	
Expenses					
Interest expense	-	-	-	-	
Employees Costs	(3 693 664)	(4 781 538)	1 087 874	22.8	Refer Note 27 of AFS
Remuneration of Board members	(726 704)	(559 510)	(167 194)	(29.9)	
Depreciation and Impairment	(106 423)	(96 310)	(10 113)	(10.5)	Refer Note 27 of AFS
Lease rentals on operating lease	(609 159)	(728 591)	119 432	16.4	Refer Note 27 of AFS
Consulting fees	(498 231)	(513 048)	14 817	2.9	
Project cost	(1 772 974)	(2 874 609)	1 101 635	38.3	Refer Note 27 of AFS
General Expenses	(1 825 407)	(2 099 061)	273 654	13.0	
Repairs and maintenance - General	-	(6 050)	6 050	100.0	Refer Note 27 of AFS
	(9 232 562)	(11 658 717)	2 426 155	153.0	
Other revenue and costs	-	-	-	-	
Net surplus/ (deficit) for the year					
	1 485 781	258 500	1 227 281	80.0	

Budget Analysis of Capital Expenditure as at 30 June 2022

	Actual Expenditure Rand Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
GTEDA					
Planning and Development/Economic Development/Plan	220 544	258 500	37 956	15	Less spent than budgeted for
	220 544	**258 500**	**37 956**	**15**	

Greater Tzaneen Economic Development Agency (Pty) Ltd
Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2022

	2022/2021						2021/ 2020
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Functional							
Economic and environmental services	11 917 217	-	11 917 217	10 774 988	(1 142 231)	134 %	9 172 390
Planning and development	9 857 217	-	9 857 217	9 857 217	-	100 %	8 961 106
Other income	-	-	-	129 253	129 253	- %	43 596
Grant received - LG SETA	2 060 000	-	2 060 000	698 597	(1 248 117)	34 %	148 200
Interest received	-	-	-	33 276	33 276	- %	19 488
Total Revenue - Functional	11 917 217	-	11 917 217	10 718 343	(1 142 231)	134 %	9 172 390
Expenditure - Functional							
Economic and environmental services	11 658 717	-	11 658 717	9 232 582	2 426 155	(79)%	8 163 515
Planning and development	11 658 717	-	11 658 717	9 232 562	2 426 155	(79)%	8 163 515
Total Expenditure - Functional	11 658 717	-	11 658 717	9 232 562	2 426 155	79 %	8 163 576
Surplus/(Deficit) for the year	258 500	-	258 500	1 485 781	1 227 281	55 %	1 008 875

Greater Tzaneen Economic Development Agency (Pty) Ltd
Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal entity vote) for the year ended 30 June 2022

	2022/2021							2021/ 2020
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote								
Economic and enviromental services	9 857 217	-		9 857 217	9 857 217	-	100.00 %	8 961 106
Interest received	-	-		-	33 276	33 276	- %	19 498
Administration and project management costs from SETA	-	-		-	56 643	56 643	- %	-
Grant received - LG SETA	2 060 000	-		2 060 000	698 597	(1 361 403)	34 %	148 200
Other income	-	-		-	72 610	72 610	- %	43 696
Total Revenue by Vote	11 917 217	-		11 917 217	10 718 343	(1 198 874)	134.00 %	9 172 390
Expenditure by Vote to be appropriated								
Economic and enviromental services	11 658 717	-	-	11 658 717	9 232 562	(2 426 155)	(79.00)%	8 163 515
Total Expenditure by Vote	11 658 717	-	-	11 658 717	9 232 562	(2 426 155)	(79.00)%	8 163 515
Surplus/(Deficit) for the year	258 500	-		258 500	1 485 781	1 227 281	55.00 %	1 008 875

Greater Tzaneen Economic Development Agency (Pty) Ltd
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2022

	2022/2021					2021/ 2020
	Original Budget	Final budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source						
Municipal Grant	9 857 217	9 857 217	9 857 217	-	100 %	8 861 106
Interest earned - external investments	-	-	33 276	33 276	- %	19 488
Other Income	-	-	72 610	72 610	- %	43 596
Administration and project management costs from SETA	-	-	56 643	56 643	- %	-
Grant received - LG SETA	2 060 000	2 060 000	698 597	(1 361 403)	34 %	148 200
Total Revenue (excluding capital transfers and contributions)	11 917 217	11 917 217	10 718 343	(1 198 874)	134 %	9 172 390
Expenditure By Type						
Employee related costs	4 781 538	4 781 538	3 693 664	(1 087 874)	77 %	4 133 536
Remuneration of Board	559 510	559 510	728 704	167 194	(130)%	376 182
Lease rental and Operating lease	728 591	728 591	609 159	(119 432)	84 %	625 314
General expenditure	2 099 061	2 099 051	1 825 407	(273 654)	87 %	1 828 518
Project Costs	2 874 609	2 874 609	1 772 974	(1 101 635)	62 %	591 789
Consulting fee	513 048	513 048	499 231	(14 817)	87 %	558 124
Depreciation	96 310	96 310	106 423	10 113	(111)%	53 700
Repairs and maintenance	6 050	6 050	-	(6 050)	- %	-
Total Expenditure	11 668 717	11 668 717	9 232 562	(2 426 155)	(79)%	8 163 515
Surplus/(Deficit)	258 500	258 500	1 485 781	1 227 281	55 %	1 008 875
Surplus/(Deficit) after capital transfers & contributions	258 500	258 500	1 485 781	1 227 281	55 %	1 008 875
Surplus/(Deficit) after taxation	258 500	258 500	1 485 781	1 227 281	55 %	1 008 875
Surplus/(Deficit) attributable to municipality	258 500	258 500	1 485 781	1 227 281	55 %	1 008 875
Surplus/(Deficit) for the year	258 500	258 500	1 485 781	1 227 281	55 %	1 008 875

Greater Tzaneen Economic Development Agency (Pty) Ltd
Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2022

	2022/2021					2021/ 2020
	Original Budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote Multi-year expenditure						
GTEDA	258 500	258 500	220 544	(37 956)	15 %	177 112
Capital multi-year expenditure sub-total	258 500	258 500	220 544	(37 956)	15 %	177 112
Single-year expenditure						
Total Capital Expenditure - Vote	258 500	258 500	220 544	(37 956)	15 %	177 112
Capital Expenditure - Functional Funded by:						