



greater tzaneen economic development agency

Greater Tzaneen Economic Development Agency (Pty) Ltd
(Registration number 2007/008144/07)
Annual Financial Statements
for the year ended 30 June 2023

Greater Tzaneen Economic Development Agency (Pty) Ltd

(Registration number 2007/008144/07)

Annual Financial Statements for the year ended 30 June 2023

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	MR.MW Mulaudzi (Acting)
Parent Municipality Representatives in terms of Section 93D (1) MSA	S Raganya B.M Mathebula
Accountant	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 Mpjeane 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

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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 acknowledges 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.

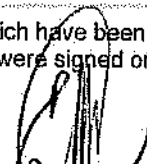
The Accounting Authority have reviewed the Municipal Entity's cash flow forecast for the year to 30 June 2024 and, in light of this review and the current financial position, they are satisfied that the Municipal Entity has or has access to adequate resources to continue in operational existence for 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 49, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 August 2023 and were signed on its behalf by:



Mr. M.W. Mulaudzi
Acting Chief Executive Officer



Mr. M. Mawasha
Chairperson of the Board

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2023

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 2023.

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 2023, the entity had accumulated a surplus of R 3 048 562 (2022: surplus R121 553)

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 of 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.

Refer to note 31 of Annual Financial Statements disclosing Going Concern.

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.

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 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 26 to the financial statements, the Acting Chief Executive Officer and directors are not aware of any other fruitless and wasteful expenditure which have been incurred during the year under review.

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Accounting Officer's Report

9. Irregular expenditure

The Acting Chief Executive Officer and directors are not aware of any other irregular expenditure transactions than those reported in note 29 to the annual financial statements.

10. Events after reporting date

The Acting Chief Executive Officer and directors are not aware of any events after reporting date which could impact the entity at this stage.



Mr. M.W. Mulaudzi
Acting Chief Executive Officer

Report of the auditor-general to Limpopo Provincial Legislature and council on Greater Tzaneen Economic Development Agency (Pty) Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Greater Tzaneen Economic Development Agency (Pty) Ltd set out on pages 08 to 39, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual information for the year then ended 30 June 2023, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Greater Tzaneen Economic Development Agency as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Municipal Finance Management Act 56 of 2003 and the requirements of Standards of Generally Recognised Accounting Practice (GRAP).

Basis of opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. There are calls for the disestablishment of the entity due to apparent non-compliance issues that arose during the establishment process of the entity. The matter is currently under investigation by council.
8. The municipality is inter alia considering disestablishing the entity due to matters relating to non-compliance issues, and then establish a new municipal entity that is fully compliant with

the legal framework governing municipal service delivery mandates, which focuses on the promotion of socio-economic development as enshrined in the Constitution.

9. Council's intention is to disestablish the entity and to transfer its operations, assets, and employees to a new fully functional entity, which will take over the functions of GTEDA.
10. As the matter is still under investigation, council has not yet taken a formal resolution on the disestablishment of the entity, therefore the entity continues to operate as normal.

Emphasis of matter

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

Irregular expenditure

12. As disclosed in note 29 to the financial statements, the municipal entity incurred irregular expenditure of R207 268, due to payment of fees to board members whose term had expired.

Subsequent events

13. I draw attention to note 26 and 29 in the financial statements, which deals with subsequent events, on 24 August 2023, the municipal council approved the write-off of fruitless and wasteful expenditure amounting to R329 823 and irregular expenditure amounting to R232 431, the event occurred after the reporting date.

Other matters

14. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

15. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on it/ them.

Responsibilities of the accounting officer for the financial statements

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
17. In preparing the financial statements, the accounting officer is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

18. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

20. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
21. I selected the following material performance indicators related to local economic development presented in the annual performance report for the year ended 30 June 2023. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Local economic development: indicators
Number of information sharing and networking seminars convened
Number of SMMEs LED project implemented for waste management
Partnership secured
Training intervention funded
Agri business SMMEs supported
New farmers recruited
Existing farmers monitored
Existing SMMEs trained
Existing SMMEs monitored
New waste management SMMs registered
Promotional events attended and exhibited
Number of Committed investors attracted through GTEDA
Number of LED projects implemented through Agricultural Business Incubator
Number of SMMEs assisted with registration
Number of SMMEs LED project implemented for farmer support facility

22. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
23. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives.
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
 - the reported performance information is presented in the annual performance report in the prescribed manner.
 - there is adequate supporting evidence for the achievements reported measures taken to improve performance.
24. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
25. The material findings on the reported performance information for the selected material indicators are as follows:
- Reported indicators and targets not consistent or complete when compared to planned indicators and targets.
 - Various planned indicators included in business plan/ service delivery and budget implementation plan were not reported in the annual performance report.
 - Various indicators and related targets in the annual performance report were not included in the approved plans.

Other matter

26. I draw attention to the matter below.

Achievement of planned targets

27. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

Report on compliance with legislation

28. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The Accounting Officer is responsible for the municipal entity's compliance with legislation.
29. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
30. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipal entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
31. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

32. The accounting officer is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008. The other information referred to does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
33. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
34. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Internal control deficiencies

35. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
36. The annual performance report contained numerous misstatements mainly due to a lack of monitoring and reviews. This could be as a result of lack of segregation of duties and inadequate internal reviews within the entity.
37. The entity had a high vacancy rate and leadership did not take action to fill the vacancies, the high vacancy rate was supplemented by prolonged acting periods.
38. The board of directors was not structured in line with the charter and the organisational structure. In addition, its term expired and was not timely renewed resulting in irregular expenditure on board fees and this may have a resultant impact on the validity of the decisions taken by the board.
39. The board of directors failed to appoint a company secretary in line with board charter and memorandum of incorporation.

Auditor-General

Polokwane

29 November 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipal entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation
Municipal Finance Management Act 56 of 2003 (MFMA) and regulations issued in terms of the act
Municipal Systems Act 32 of 2000 (MSA) and regulations and instructions issued in terms of the act
Companies Act 71 of 2008 and regulations and instructions issued in terms of the act
Preferential Procurement Policy Framework Act 5 of 2000 and regulations and instructions issued in terms of the act
Prevention and Combating of Corrupt Activities Act 12 of 2004
Auditee-specific enabling legislation

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Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Current Assets			
Receivables from exchange transactions	3	35 593	67 070
Receivables from non-exchange transactions	4	417 600	206 893
VAT receivable	8	255 861	-
Cash and cash equivalents	5	2 130 507	2 016 667
		2 839 561	2 290 630
Non-Current Assets			
Property, plant and equipment	6	486 022	393 669
Intangible assets	7	8 414	11 218
Receivables from exchange transactions	3	34 786	52 955
		529 222	457 842
Total Assets		3 368 783	2 748 472
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	320 121	235 520
Payables from non-exchange transactions (SARS)	10	-	2 391 299
		320 121	2 626 819
Total Liabilities		320 121	2 626 819
Net Assets		3 048 662	121 653
Contributed capital	11	100	100
Accumulated surplus/(deficit)		3 048 562	121 553
Total Net Assets		3 048 662	121 653

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Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Other income	30	-	72 610
Interest received - investment	12	122 249	33 276
Total revenue from exchange transactions		122 249	105 886
Revenue from non-exchange transactions			
Transfer revenue			
Grants and subsidies	13	10 251 506	9 857 217
Discretionary grant received from Services SETA (conditional grant)		148 784	527 472
VAT Liability adjustment		1 581 230	-
Administration and project management costs from Services SETAS	14	84 996	56 643
Grant received - LG SETA		1 107 398	171 125
Total revenue from non-exchange transactions		13 173 914	10 612 457
Total revenue	12	13 296 163	10 718 343
Expenditure			
Employee related costs	15	4 276 417	3 693 664
Remuneration of board members	16	720 810	726 704
Consulting fees		634 011	498 231
Depreciation and amortisation	17	174 708	106 423
General expenses	18	1 797 561	1 839 282
Lease rentals on operating lease		701 734	609 159
Project costs	19	2 015 173	1 759 099
Bad Debts written off		43 596	-
Loss on scrapping of assets		5 144	-
Total expenditure		10 369 154	9 232 562
Surplus for the year		2 927 009	1 485 781

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Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Note	Contributed capital	Accumulated surplus	Total net assets
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 01 July 2022		100	121 553	121 653
Changes in net assets				
Surplus for the year		-	2 927 009	2 927 009
Total changes		-	2 927 009	2 927 009
Balance at 30 June 2023		100	3 048 562	3 048 662

Note(s)

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Greater Tzaneen Economic Development Agency (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Sale of goods and services		-	72 610
Grants and movement in trade and other receivables		11 132 166	10 342 927
Interest income		122 249	33 276
		<u>11 254 415</u>	<u>10 448 813</u>
Payments			
Employee costs and board member costs		(4 997 227)	(4 420 368)
Suppliers and movement in trade and other payables		(5 873 947)	(5 026 258)
		<u>(10 871 174)</u>	<u>(9 446 626)</u>
Net cash flows from operating activities	20	<u>383 241</u>	<u>1 002 187</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	<u>(269 401)</u>	<u>(220 544)</u>
Net increase/(decrease) in cash and cash equivalents		113 840	781 643
Cash and cash equivalents at the beginning of the year		2 016 667	1 235 024
Cash and cash equivalents at the end of the year	5	<u>2 130 507</u>	<u>2 016 667</u>

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received - investment	-	-	-	122 249	122 249	Appendix E(1)
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	10 251 506	-	10 251 506	10 251 506	-	Appendix E(1)
Income received from SETA (Conditional Grant)	324 972	-	324 972	148 784	(176 188)	Appendix E(1)
VAT Liability adjustment	-	-	-	1 581 230	1 581 230	
Administration and project management costs from SETA	-	-	-	84 996	84 996	Appendix E(1)
Grant received - LG SETA	972 430	-	972 430	1 107 398	134 968	Appendix E(1)
Total revenue from non-exchange transactions	11 548 908	-	11 548 908	13 173 914	1 625 006	
Total revenue	11 548 908	-	11 548 908	13 296 163	1 747 255	
Expenditure						
Employee related costs	(5 191 177)	-	(5 191 177)	(4 276 417)	914 760	Appendix E(1)
Remuneration of board members	(594 890)	-	(594 890)	(720 810)	(125 920)	Appendix E(1)
Depreciation and amortisation	(100 163)	-	(100 163)	(174 708)	(74 545)	Appendix E(1)
Lease rentals on operating lease	(727 735)	-	(727 735)	(701 734)	26 001	Appendix E(1)
Repairs and maintenance	(6 292)	-	(6 292)	-	6 292	Appendix E(1)
Consulting fees	(671 355)	-	(671 355)	(634 011)	37 344	Appendix E(1)
Interest expenses	(5 175)	-	(5 175)	-	5 175	Appendix E(1)
Project cost	(2 256 834)	-	(2 256 834)	(2 015 173)	241 661	Appendix E(1)
General Expenses	(1 726 447)	-	(1 726 447)	(1 841 157)	(114 710)	Appendix E(1)
Total expenditure	(11 280 068)	-	(11 280 068)	(10 364 010)	916 058	
Operating surplus	268 840	-	268 840	2 932 153	2 663 313	
Loss on scrapping of assets	-	-	-	(5 144)	(5 144)	
Surplus / (Deficit) before taxation	268 840	-	268 840	2 927 009	2 658 169	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	268 840	-	268 840	2 927 009	2 658 169	

Refer to Note 28 for variances above 10%.

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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 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 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 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 entity for similar financial instruments.

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Notes to the Financial Statements: Accounting Policies

1.4 Significant judgments and sources of estimation uncertainty (continued)

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of 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 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, its deemed cost is the carrying amount of the asset(s) given up.

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

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

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.

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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 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 entity; and
- the cost or fair value of the asset can be measured reliably.

The 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
Computer Software	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).

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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 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

Receivable from exchange transactions
Cash and cash equivalents

Category

Financial asset measured at amortised cost
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

Payables from exchange transactions

Category

Financial liability measured at amortised cost

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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 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 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.

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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 entity assesses 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 entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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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 recognises 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 recognises 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 entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognises 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.

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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 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 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 entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized 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.

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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 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 entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the 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 an 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.

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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 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 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 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 arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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

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

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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 entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting 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 entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

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

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

1.14 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.

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2023

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

Entity 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 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 2022/07/01 to 2023/06/30.

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 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 entity, including those charged with the governance of the 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 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 entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The 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.

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS@ 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board@ has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14@) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

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

The entity expects to adopt the revisions for the first time in the 2022/2023 annual financial statements.

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS@ 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board@ has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

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

The entity expects to adopt the revisions for the first time in the 2022/2023 01 April 2023.

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 expects to adopt the guideline for the first time in the 2098/2099 annual financial statements.

GRAP 104 (as revised): 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 revisions is not yet set by the Minister of Finance.

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

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2023

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 expects to adopt the interpretation for the first time in the 2022/2023 01 April 2023.

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.

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

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

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
3. Receivables from exchange transactions		
Prepayments	1 946	1 946
Rental deposits	3 386	3 386
Bursary repayment - Mr KJ Maphoto	65 047	71 097
Other receivables	-	43 596
	70 379	120 025

Other receivables relates to an amount of R43 596 receivable originating from a court order in favour of GTEDA. Board approved write-off of the amount during the 2022/23 financial year.

The bursary repayable by the previous CEO is payable over a remaining period of 43 months at a monthly instalment of R 1 513.

Disclosed as follows

Non Current Assets	34 786	52 955
Current Assets	35 593	67 070
	70 379	120 025

4. Receivables from non-exchange transactions

Discretionary grant receivable from SETA	417 600	206 893
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5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	176	176
Bank balances	897 892	489 181
Other cash and cash equivalents	1 232 439	1 527 310
	2 130 507	2 016 667

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
Petty Cash - ABSA Bank	-	-	-	176	176	176
Cheque Account ABSA Bank 40-7166-4582	69 972	27 416	23 473	69 972	27 416	23 473
ABSA BANK - 32 day Notice Account 92-2181-3770	376	365	365	376	365	365
ABSA Bank - Depositor Plus Account 92-8795-3029	1 232 063	1 526 944	1 063 870	1 232 063	1 526 944	1 063 870
ABSA BANK - Classice Business Account (SETA) 40-9462-4490	827 920	461 766	147 140	827 920	461 766	147 140
Total	2 130 331	2 016 491	1 234 848	2 130 507	2 016 667	1 235 024

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Notes to the Annual Financial Statements

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2022

6. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	278 781	(214 190)	64 591	286 578	(209 201)	77 377
Office equipment	30 913	(30 128)	785	33 311	(32 191)	1 120
IT equipment	791 915	(371 269)	420 646	587 214	(272 042)	315 172
Total	1 101 609	(615 587)	486 022	907 103	(513 434)	393 669

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Write offs	Total
Furniture and fixtures	77 377	6 852	(19 546)	(92)	64 591
Office equipment	1 120	-	(284)	(51)	785
IT equipment	315 172	262 549	(152 074)	(5 001)	420 646
	393 669	269 401	(171 904)	(5 144)	486 022

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

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 entity.

7. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	48 687	(42 302)	6 385	48 687	(40 174)	8 513
Website	45 051	(43 022)	2 029	45 051	(42 346)	2 705
Total	93 738	(85 324)	8 414	93 738	(82 520)	11 218

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	8 513	(2 128)	6 385
Other intangible assets	2 705	(676)	2 029
	11 218	(2 804)	8 414

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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7. Intangible assets (continued)

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
	<u>14 023</u>	<u>(2 805)</u>	<u>11 218</u>

8. VAT receivable

South African Revenue Service	255 861	-
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9. Payables from exchange transactions

Rental and other expenses	1 335	30 869
Accrued leave pay	168 431	81 083
Other payables	150 355	123 568
	<u>320 121</u>	<u>235 520</u>

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

VAT payable and interest on VAT	-	2 381 230
Employee Tax - penalties & interest	-	10 069
	<u>-</u>	<u>2 391 299</u>

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. Balance was settled during current financial year.

11. Contributed capital

Authorised

1000 Ordinary shares of R1 each	1 000	1 000
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Issued

Ordinary Shares	100	100
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12. Revenue

Other income	-	72 610
Interest received	122 249	33 276
Government grants & subsidies	10 251 506	9 857 217
Discretionary grant received from Services SETA	148 784	527 472
VAT Liability adjustment	1 581 230	-
Administration and project management fee - Services SETAS	84 996	56 643
Grant received - LG SETA	1 107 398	171 125
	<u>13 296 163</u>	<u>10 718 343</u>

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023	2022
12. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income	-	72 610
Interest received	122 249	33 276
	122 249	105 886
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	10 251 506	9 857 217
Discretionary grant received from Services SETA	148 784	527 472
VAT Liability adjustment	1 581 230	-
Administration and project management fee - Services SETAS	84 996	56 643
Grant received - LG SETA	1 107 398	171 125
	13 173 914	10 612 457
13. Government grants and subsidies		
Operating grants		
Greater Tzaneen Municipality	10 251 506	9 857 217
14. Administration and project management fee from SETA		
Admin and project management fee - Services SETA	12 064	42 768
Admin and project management fee - LG SETA	72 932	13 875
	84 996	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")		
15. Employee related costs		
Basic	3 082 265	2 655 357
Other payroll levies (Statutory Levies)	891 579	837 014
Leave pay provision charge	145 630	95 144
Overtime payments	13 013	8 792
13th Cheques	143 930	97 357
	4 276 417	3 693 664
Compensation of Executive Directors		
M.W. Mulaudzi - Acting Chief Executive Officer		
Acting Allowance	280 702	312 020
Travelling	120 468	78 222
Performance Bonus	35 436	-
	436 606	390 242

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

16. Remuneration of board members

Board fees 720 810 726 704

30 June 2023

	Emoluments	Travel	Statutory Payments	Total
M.Z. Mawasha (Chairperson)	142 061	5 201	48 369	195 631
M.F. Mushwana	169 941	7 776	51 314	229 031
M.I. Moakamela	126 634	4 091	42 211	172 936
B.L. Mathebula	89 388	5 270	28 554	123 212
	528 024	22 338	170 448	720 810

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

Council extended the current board of GTEDA by a period not exceeding six (6) months effective from 1 November 2022 to 30 April 2023 and further extended the board term by two (2) months from 1 May 2023 to 30 June 2023.

17. Depreciation and amortisation

Property, plant and equipment	171 903	103 618
Intangible assets	2 805	2 805
	174 708	106 423

18. General expenses

Advertising and marketing	29 891	45 918
Auditors fees	624 595	615 802
Bank charges	26 307	22 083
Bursaries	254 207	78 600
Cleaning expenses	36 560	238 100
Computer expenses	5 910	-
Consumables	2 177	832
Entertainment	2 402	373
Fines and penalties: SARS	-	17 726
Insurance	17 370	17 270
Social Inclusion	-	11 950
IT expenses	71 993	68 527
Printing and stationery	25 698	24 458
Security	5 199	6 791
Seminar and workshops	89 706	79 316
Subscriptions and membership fees	42 487	59 909
Telephone and fax	148 797	143 512
Training	202 505	286 000
Travel - local	146 941	87 400
VAT adjustment	64 816	34 715
	1 797 561	1 839 282

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
19. Project costs		
Business support centre	1 150	1 747 208
Livestock (Leather Making)	-	2 410
Radio Station (GTFM)	-	9 481
SMME's Support	459 186	-
Agricultural Business Incubator	19 524	-
Promotional Events	128 102	-
Waste Management for SMME	1 150 541	-
SMME's Registration	39 000	-
Tzaneen Farmer Support	217 670	-
	2 015 173	1 759 099
20. Cash generated from operations		
Surplus	2 927 009	1 485 781
Adjustments for:		
Depreciation and amortisation	174 708	106 423
VAT liability adjustment	(1 581 230)	-
Loss on scrapping of assets	5 144	-
Bad debts written off	43 596	-
Changes in working capital:		
Receivables from exchange transactions	6 050	(66 059)
VAT Receivable	(255 861)	-
Other receivables from non-exchange transactions	(210 707)	(203 472)
Payables from exchange transactions	84 601	(8 029)
SARS payables	(810 069)	(312 457)
	383 241	1 002 187
21. Taxation		
The entity is exempt from income tax in terms of Section S10(1)(cA)(ii) of the Income Tax Act.		
22. Auditors' remuneration		
External audit fees	312 274	197 548
Internal audit fees	312 321	418 254
	624 595	615 802
23. Related parties		
Relationships		
Controlling entity	Greater Tzaneen Municipality	
Major Stakeholders	Chief Executive Officer and Board (Note 15 and 16)	
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.		
Greater Tzaneen Municipality Audit Committee (Shared).		
There are no entities that are related to the directors of the Board.		

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

23. Related parties (continued)

Related party transactions

Grant received from related parties

Greater Tzaneen Municipality	10 251 506	9 857 217
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Compensation to Acting Chief Executive Officer: M.W Mulaudzi

Acting allowance	280 702	312 020
Performance Bonus	35 436	-
Travelling	120 468	78 222
	436 606	390 242

24. 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 2023

	Less than 1 year	Between 1 and 2 years
Trade and other payables	320 121	-

At 30 June 2022

	Less than 1 year	Between 1 and 2 years
Trade and other payables	235 520	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The 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	2023	2022
Cash and Cash Equivalents	2 130 507	2 016 667
Receivables from exchange transactions	70 379	120 025
Receivables from non exchange transactions	417 600	206 893
Other		
	2 607 765	2 343 585

Greater Tzaneen Economic Development Agency (Pty) Ltd

(Registration number 2007/008144/07)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

24. 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.

25. Commitments

Authorised operating expenditure

Already contracted for but not provided for

• Internal Audit	67 424	408 221
• Training Services	162 181	419 525
• IT Support	23 805	27 773
• Cleaning Services	-	21 413
• Cellphone Contract	1 399	47 688
• Panasonic - copier Rental	-	19 176
• Office Rental	47 548	43 225
• Accounting and Taxation	6 100	182 000
• MME Digitals	88 800	-
• Pansolution	20 957	-
• Electronic Communication Network	10 201	-
	428 415	1 169 021

IT support:

Bohlabele 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. Contract was extended by eleven Months from 1 February 2023 to 31 December 2023. (commitments for 6 months).

Cell phone contract:

Vodacom contract for the following phone:

079.693 5568 25/07/2021 to 31/07/2023 R 1 399.00 commitment period for 01 month.

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 5 months).

PanSolution:

PanSolution is a company contracted for telephone services R 3 492.91 per month for a period of 14 months (01/11/2022 to 31/12/2023), commitment period for 06 months.

Office Rental:

Tzaneen Steel Industry is a contract for office rental at R 47 548.03 per month for a period of 12 months (01/08/2022 to 31/07/2023), commitment period for 01 month.

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

25. Commitments (continued)

Accounting and Taxation:

Tsutsa Consulting is a company contracted for accounting and taxation services for a period of 42 months (01/06/2019 to 31/11/2022). Contract was extended by nine (9) months from 1 December 2022 to 31 August 2023 (**commitment period for 02 months**).

MME Computers/Digitals:

MME Computers/Digitals is a company contracted for the rental copier machine at R 5 550.00 p.m for a period of 24 months (01/11/2022 to 31/10/2024) **commitment period for 16 months**.

Electronic Communication Network:

Electronic communication network is a company contracted for telephone services R 1 700 p.m for a period of 18 Months (01/07/2022 to 31/12/2023) **commitment period for 6 months**.

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). Contract was extended by eleven Months from 1 February 2023 to 31 December 2023. **Commitment period for 6 months**.

26. Fruitless and wasteful expenditure

Opening Balance	329 823	259 574
Wasteful Expenditure	-	52 523
Penalties and interest: SARS (VAT)	-	17 726
Fruitless and wasteful expenditure awaiting condonement	329 823	329 823

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.

Subsequent to year-end and during a Council meeting on 24 August 2023, the Council approved the write-off of the amount of R329 823.

27. 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 officer and includes a note to the annual financial statements.

An amount of R13 900.00 was 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.

Greater Tzaneen Economic Development Agency (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

28. Budget differences

Material differences between budget and actual amounts

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

Statement of Financial Performance

Income

Interest received (100%)

The Entity did not budget for interest income during the 2023/2022 financial year.

VAT liability adjustment (100%)

The balance of R 1 581 230 represents a VAT compromise adjustment that was not budgeted for.

Grant received - LG SETAS (13.9%)

More received than budgeted for. Due to expenses already incurred by year-end for which the revenue was provided for.

Grant received - Service SETA (54%)

The Entity included amount in budget for which expenses were already incurred in the previous year and for which the income was provided under receivables.

Administration and project management cost (100%)

The variance of R 84 996 is due to the Entity not budgeting for income from this source.

Expenditure

Interest expense (100%)

The entity budgeted for interest expenses amounting to R 5 175, however no expenses were incurred.

Depreciation (74.4%)

Variance of R 74 545 is due to the fact that the Entity did not budget for depreciation on asset additions. Additions amounted to R 269 401. Budgeted total amounts to R 100 163 while the actual expenses amount to R 174 708.

Employee costs (17.6%)

The variance is mainly due to the Entity budgeting for the costs of the post of the Chief Executive Officer, however, the CEO's post was not filled during the year under review.

Remuneration of the Board (21.2%)

The variance is mainly due to the statutory payments for board members that were budgeted for under general expenses.

Project Cost (10.7%)

Due to the late start with some of the projects during the year under review the full amount budgeted for was not utilised by year-end.

Repairs and maintenance (100%)

The entity budgeted for repair and maintenance expenses amounting to R 6 292, however no expenses were incurred.

Bad debts written off (100%)

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Notes to the Annual Financial Statements

The entity wrote off a debtor that was irrecoverable in the current year not budgeted for. On the Statement of Comparison of Budget and Actual bad debts written off included in General Expenses total.

29. Irregular expenditure

Opening balance	87 169	-
Unauthorised Board Fees	207 268	87 169
	<u>294 437</u>	<u>87 169</u>

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.

Subsequent to year-end and during a Council meeting on 24 August 2023, the Council approved the write-off of irregular expenditure to the value of R232 431.

An irregular expenditure register containing the details of all the transactions supporting the irregular expenditure balance is available at the registered address of GTEDA.

30. Other income

Study loan recovered	-	<u>72 610</u>
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31. Going concern

When preparing financial statements, management assessed the entity's ability to continue trading as a going concern as there was no intention to liquidate the entity or cease operations.

The current financial position and ratios of GTEDA is sound and the controlling entity also approved financial support for the 2023/24 financial year in its annual operating budget. Therefore, there is no need to compile financial statements on the liquidation basis.

There are currently calls for the disestablishment of GTEDA due to apparent non-compliance issues that arose during the establishment process of the entity. The matter is currently under investigation by Council.

The Municipality is inter alia considering disestablishing GTEDA due to the non-compliance issues, and then establish a new municipal entity that is fully in compliance with the legal framework governing municipal service delivery mandates which focus on promotion of socio-economic development as enshrined in the 1996 constitution.

Council's intention is to disestablish GTEDA and then transfer its operations, assets, and employees to a new fully functional entity to be established, that can take on the functions of GTEDA.

As the matter is still under investigation Council has not yet taken a formal Council resolution on the disestablishment of GTEDA, therefore GTEDA continues to operate as normal.

Based on the above, the current going concern assessment that GTEDA will be able to continue with its operations in the near future is still applicable.

Greater Tzaneen Economic Development Agency (Pty) Ltd
Appendix B
 June 2023

Analysis of property, plant and equipment as at 30 June 2023
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	587 214	262 543	-	(57 845)	-	-	791 915	(272 042)	-	52 346	152 074	-	(371 870)	420 045
Furniture and fittings	285 576	6 822	-	(14 645)	-	-	278 753	(208 201)	-	14 557	(10 545)	-	(214 195)	64 558
Office equipment	33 311	-	-	(2 390)	-	-	30 921	(32 191)	-	2 347	(284)	-	(30 128)	785
	907 103	269 401	-	(74 880)	-	-	1 101 610	(513 434)	-	69 750	(171 904)	-	(615 900)	486 022
Total property plant and equipment	907 103	269 401	-	(74 880)	-	-	1 101 610	(513 434)	-	69 750	(171 904)	-	(615 900)	486 022
Intangible assets														
Computers - software	48 687	-	-	-	-	-	48 687	(40 175)	-	-	(7 122)	-	(42 302)	6 385
Website	45 021	-	-	-	-	-	45 021	(42 346)	-	-	(676)	-	(43 022)	2 029
	93 708	-	-	-	-	-	93 708	(82 520)	-	-	(7 800)	-	(85 324)	8 414
Total	907 103	269 401	-	(74 880)	-	-	1 101 610	(513 434)	-	69 750	(171 904)	-	(615 900)	494 436
Other assets	907 103	269 401	-	(74 880)	-	-	1 101 610	(513 434)	-	69 750	(171 904)	-	(615 900)	494 436
Intangible assets	93 708	-	-	-	-	-	93 708	(82 520)	-	-	(7 800)	-	(85 324)	8 414
	1 000 811	269 401	-	(74 880)	-	-	1 195 318	(595 954)	-	69 750	(179 704)	-	(701 224)	502 850

Greater Tzaneen Economic Development Agency (Pty) Ltd
 Appendix B
 July 2022

Analysis of property, plant and equipment as at 30 June 2022
 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Assets Written-off Rand	Transfers Rand	Reclassification Rand	Other charges, overseas Rand	Closing Balance Rand	Opening Balance Rand	Assets Written-off Rand	Reclassifica- tion Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Other assets														
Computer equipment	396 676	220 644	-	-	-	-	617 320	(189 161)	-	-	(83 831)	-	(272 992)	345 328
Furniture and fittings	226 878	-	-	-	-	-	226 878	(183 856)	-	-	(19 206)	-	(203 062)	23 816
Office equipment	33 311	-	-	-	-	-	33 311	(31 626)	-	-	(531)	-	(32 157)	1 154
	656 865	220 644	-	-	-	-	917 509	(404 643)	-	-	(103 568)	-	(512 752)	404 757
Total property plant and equipment	656 865	220 644	-	-	-	-	917 509	(404 643)	-	-	(103 568)	-	(512 752)	404 757
Intangible assets														
Computer software	48 027	-	-	-	-	-	48 027	(38 046)	-	-	(2 128)	-	(40 174)	7 881
Website	45 151	-	-	-	-	-	45 151	(41 669)	-	-	(676)	-	(42 345)	2 796
	93 178	-	-	-	-	-	93 178	(79 715)	-	-	(2 804)	-	(82 519)	10 677
OO														
Other assets	586 569	220 644	-	-	-	-	807 213	(403 816)	-	-	(103 519)	-	(513 434)	393 669
Intangible assets	93 178	-	-	-	-	-	93 178	(79 716)	-	-	(2 804)	-	(82 519)	11 219
	679 747	220 644	-	-	-	-	900 391	(483 532)	-	-	(106 323)	-	(595 953)	404 888

Greater Tzaneen Economic Development Agency (Pty) Ltd

Appendix C

June 2023

Segmental analysis of property, plant and equipment as at 30 June 2023

	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	907 103	269 401	(74 894)	1 101 610	(513 434)	69 750	-	(171 904)	(615 588)	486 022
	907 103	269 401	(74 894)	1 101 610	(513 434)	69 750	-	(171 904)	(615 588)	486 022
Total	907 103	269 401	(74 894)	1 101 610	(513 434)	69 750	-	(171 904)	(615 588)	486 022

Greater Tzaneen Economic Development Agency (Pty) Ltd
Appendix D
 June 2023

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						
10 718 343	9 232 562	1 485 781	Planning and Development/Economic Development/Plan	13 296 163	10 369 154	2 927 009
10 718 343	9 232 562	1 485 781		13 296 163	10 369 154	2 927 009

Greater Tzaneen Economic Development Agency (Pty) Ltd

Appendix E(1)

June 2023

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2023

	Current year 2023 Act. Bal. Rand	Current year 2023 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Interest received - investment	122 249	-	122 249	100	Refer Note 28 of AFS
Municipality Grant	10 251 506	10 251 506	-	-	
VAT Liability adjustment	1 581 230	-	1 581 230	100.0	Refer Note 28 of AFS
Grant received - LG SETA (Waste management project & Bursaries)	1 107 398	972 430	134 968	13.9	Refer Note 28 of AFS
Administration and project management costs from SETA	84 996	-	84 996	100.0	Refer Note 28 of AFS
Grant received - Service SETA	148 784	324 972	(176 188)	(54)	Refer Note 28 of AFS
	13 296 163	11 548 908	1 747 255	260	
Expenses					
Interest expense	-	(5 175)	5 175	100.0	Refer Note 28 of AFS
Employees Costs	(4 276 417)	(5 191 177)	914 760	17.6	Refer Note 28 of AFS
Remuneration of Board members	(720 810)	(594 890)	(125 920)	(21.2)	Refer Note 28 of AFS
Depreciation and Impairment	(174 708)	(100 163)	(74 545)	(74.4)	Refer Note 28 of AFS
Lease rentals on operating lease	(701 734)	(727 735)	26 001	3.6	
Consulting fees	(634 011)	(671 355)	37 344	(5.6)	
Project cost	(2 015 173)	(2 256 834)	241 661	10.7	Refer Note 28 of AFS
General Expenses	(1 797 561)	(1 726 447)	(71 114)	(4.1)	
Repairs and maintenance	-	(6 292)	6 292	100.0	Refer Note 28 of AFS
Bad debts written off	(43 596)	-	(43 596)	100.0	Refer Note 28 of AFS
	(10 364 010)	(11 280 068)	916 058	227.0	
Gain / (loss)					
Loss on scrapping of assets	(5 144)	-	(5 144)	-	
	(5 144)	-	(5 144)	-	
Net surplus/ (deficit) for the year					
	2 927 009	268 840	2 658 169	33.0	

Budget Analysis of Capital Expenditure as at 30 June 2023

	Actual Expenditure Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
GTEDA					
Planning and Development/Economic Development/Plan	269 401	268 840	(561)	-	More spent than budgeted for
	269 401	268 840	(561)	-	

Greater Tzaneen Economic Development Agency (Pty) Ltd
Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2023.

	2023/2022				2022/ 2021		
	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	11 548 908	-	11 548 908	13 296 163	1 747 255	160 %	10 718 343
Planning and development	10 251 506	-	10 251 506	10 251 505	-	-	9 857 217
Grant received - Service SETA	324 972	-	324 972	148 784	(176 188)	46,00 %	527 472
Other income	-	-	-	-	-	-	72 610
Administration and project management costs from SETA	-	-	-	84 996	84 996	-	55 643
VAT Liability adjustment	-	-	-	1 581 230	1 581 230	-	-
Grant received - LG-SETA (Waste management project & Bursaries)	972 430	-	972 430	1 107 398	134 968	114 %	171 125
Interest received	-	-	-	122 249	122 249	-	33 276
Total Revenue - Functional	11 548 908	-	11 548 908	13 296 163	1 747 255	160 %	10 718 343
Expenditure - Functional							
Economic and environmental services	11 280 068	-	11 280 068	10 369 154	910 914	92 %	9 232 562
Planning and development	11 280 068	-	11 280 068	10 369 154	910 914	92 %	9 232 562
Total Expenditure - Functional	11 280 068	-	11 280 068	10 369 154	910 914	92 %	9 232 562
Surplus/(Deficit) for the year	268 840	-	268 840	2 927 009	2 659 169	68 %	1 485 781

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 2023.

	2023/2022				2022/2021			
	Original Budget	Budget Adjustments (J.O. s28 and s31 of the MFMA)	Virement (J.O. Council approved policy)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjusted Budget	Actual Outcome as % of Final Budget	Revised Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote								
Economic and environmental services	10 251 506	-	-	10 251 506	10 251 506	-	- %	9 867 217
Grant received - Service BETA	324 972	-	-	324 972	148 784	(176 188)	- 46 %	527 472
Interest received	-	-	-	-	122 249	122 249	- %	33 276
VAT liability adjustment	-	-	-	-	1 561 230	1 561 230	- %	-
Grants received - LSI BETA (Waste management project & Buses)	972 430	-	-	972 430	1 107 308	134 868	114 %	171 125
Administration and project management costs from BETA	-	-	-	-	84 096	84 096	- %	56 643
Other income	-	-	-	-	-	-	- %	72 610
Total Revenue by Vote	11 548 908	-	-	11 548 908	13 268 183	1 719 275	114,86 %	10 718 343
Expenditure by Vote to be appropriated								
Economic and environmental services	11 280 058	-	-	11 280 058	10 368 154	(911 904)	- 82,00%	9 232 562
Total Expenditure by Vote	11 280 058	-	-	11 280 058	10 368 154	(911 904)	- 90,95%	9 232 562
Output/(Deficit) for the year	268 850	-	-	268 850	2 899 029	2 630 179	100,00 %	1 485 781

Greater Tzaneen Economic Development Agency (Pty) Ltd
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2023

	2023/2022				2022/ 2021	
	Original Budget	Final budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source						
Municipal Grant:	10 251 506	10 251 506	10 251 506	-	-	9 857 217
Other income	-	-	-	-	-	72 610
Interest received (trading)	-	-	122 249	122 249	100 %	33 226
YAT Liability adjustment	-	-	1 681 230	1 681 230	100 %	-
Administration and project management costs from SETA	-	-	84 996	84 996	100 %	56 643
Grant received - LG SETA (Waste management project & bursaries)	972 430	972 430	1 107 398	134 968	114 %	171 125
Grant received - Service SETA	324 972	324 972	148 784	(176 188)	46 %	527 472
Total Revenue (excluding capital transfers and contributions)	11 548 908	11 548 908	13 296 163	1 747 255	460 %	10 718 343
Expenditure By Type						
Employee related costs	5 191 177	5 191 177	4 276 417	(914 760)	(82)%	3 683 694
Remuneration of Board	594 890	594 890	720 810	125 920	121 %	726 704
Lease rental and Operating lease	727 735	727 735	701 734	(26 001)	(96)%	609 159
General expenditure	1 726 447	1 726 447	1 841 157	114 710	107 %	1 826 407
Project Costs	2 256 834	2 256 834	2 015 173	(241 661)	89 %	1 772 974
Consulting fee	671 355	671 355	634 011	(37 344)	94 %	498 231
Depreciation	100 163	100 163	174 708	74 545	174 %	106 423
Loss on disposal of non-current asset	-	-	5 144	5 144	-	-
Interest expense	5 175	5 175	-	(5 175)	-	-
Repairs and maintenance	6 292	6 292	-	(6 292)	-	-
Total Expenditure	11 280 068	11 280 088	10 369 154	910 914	407 %	9 232 562
Surplus/(Deficit)	268 840	268 840	2 927 009	2 658 169	53 %	1 485 781
Surplus/(Deficit) after capital transfers & contributions	268 840	268 840	2 927 009	2 658 169	53 %	1 485 781
Surplus/(Deficit) after taxation	268 840	268 840	2 927 009	2 658 169	53 %	1 485 781
Surplus/(Deficit) attributable to municipality	268 840	268 840	2 927 009	2 658 169	53 %	1 485 781
Surplus/(Deficit) for the year	268 840	268 840	2 927 009	2 658 169	53 %	1 485 781

Greater Tzaneen Economic Development Agency (Pty) Ltd
Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2023

	2023/2022			2022/ 2021		
	Original Budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Original Budget	Revised Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote						
Multi-year expenditure						
GTEDA	268 840	268 840	269 401	561	- %	220 544
Capital multi-year expenditure sub-total	268 840	268 840	269 401	561	- %	220 544
Single-year expenditure						
Total Capital Expenditure - Vote	268 840	268 840	269 401	561	- %	220 544
Capital Expenditure - Functional						
Funded by:						