

**Address of Registered Office:**

Old Government Printers  
No.5 Textile Road  
Vulindlela Heights  
Mthatha  
5100

**Postal Address:**

P.O Box 1134  
Mthatha, 5100

**Tel :** +27 (0) 47 531 0346**Fax:** +27 (0) 47 531 4121**E-Mail :** info@ntinga.org.za**Website :** www.ntinga.org.za

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**NTINGA'S 2019/2020 ADJUSTED BUDGET.****1. Introduction**

The Accounting Officer of a municipal entity is required to conduct a mid-year budget and performance assessment. Results of the assessment indicated a need to adjust the original 2019/2020 budget. Factors that led to the adjustment of the budget are:-

- a) There are engagements taking place between the parent municipality and the entity for recapitalization of the latter. Although no conclusion has been reached, additional grant funding requested has been appropriated in this adjusted budget.
- b) The parent municipality allocated to the entity special projects to implement.
- c) The UIF Labour Activation programme has not yet started due to challenges encountered in recruiting learners. Consequently, revenue has been adjusted downwards by implementation fee originally projected to be generated from the project.
- d) Increase in employee related costs is due to the employment of a Company Secretary. Originally, the position was budgeted for on a consultancy basis.
- e) Board of Directors related costs budget has been adjusted upwards to provide for training after the failure by the parent municipality to provide the promised support.
- f) Depreciation budget has been corrected based on the previous year's audited financial statements.
- g) In the first half the 2019/2020 financial year there has been under-collection of revenue particularly at trading enterprises.
- h) There were challenges encountered in compiling database of water consumers in peri-urban areas. For this billing has not yet started hence the downward adjustment of revenue.

*Ntinga O.R. Tambo Development Agency SOC Ltd: A Municipal Entity of the O.R. Tambo District Municipality (Reg. 2016/272582/30)*

**Directors:** Mr. S.E. Mase (Chairperson); Prof. L.Y. Majova-Songca; Ms. U.N. Mkize; Mr. M. Msiwa; Dr. L.L. Ndabeni; Ms. N.S.N. Bam; Dr. N.T. Ndudane;  
Ms. N.D.A. Ngewu; Mr. M.M. Pupuma; Mr. P.K. Pongwana (CEO)

**Company Secretary:** Ms. C. Mfana

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## 2. Budget Tables

### 2.1 Statement of Financial Performance

Description	2016/2017	2017/2018	2018/19	2019/2020 Original Budget	2019/2020 Adjusted Budget
Rands	Audited Outcome	Audited Outcome	Audited Outcome		
<b>Revenue by Source</b>					
Abattoir Revenue	2,607,022	6,070,229	7,848,902	11,878,450	11,119,376
Dairy Farm Revenue	255,149	270,798		-	-
Kei Fresh Produce Market revenue	-	1,220,277	963,069	5,367,348	2,166,586
Interest earned - external investments	3,053,611	2,273,039	1,155,693	1,300,000	400,000
Special Projects and other conditional grants	20,842,785	4,633,831	6,786,506	13,931,667	17,989,231
Transfers and Subsidies (ORTDM)	29,133,461	32,821,584	27,053,508	38,914,399	43,191,559
Donations received	435,800	506,577	665,596	-	3,095
Other revenue	380,257	256,066	1,101,749	50,000	110,000
Farms revenue	272,005	5,082,140	4,759,027	1,400,000	2,456,062
Water Services (Operational, Refurbishment Grants and Peri-urban billing)	-	1,858,745	10,479,300	17,764,950	15,488,600
Water Services - Establishment Grant	-	-	-	-	-
Adjustments to biological assets	3,800	4,285,693	4,013,157	70,000	2,100,000

Description	2016/2017	2017/2018	2018/19	2019/2020 Original Budget	2019/2020 Adjusted Budget
Rands	Audited Outcome	Audited Outcome	Audited Outcome		
Gains on disposal of PPE	237,146	300,514	213,286	40,000	40,000
Decrease in provision for doubtful debts	-	29,440	55,684	-	-
Donation of Assets by parent municipality	-	62,258,495	10,781,346	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>57,221,036</b>	<b>121,867,428</b>	<b>75,876,823</b>	<b>90,716,814</b>	<b>95,064,509</b>
<b>Expenditure By Type</b>					
Employee related costs	21,645,270	34,274,310	41,536,267	45,486,915	44,706,503
Board of Directors Allowances	318,002	1,076,060	1,135,302	820,628	620,628
Board of Directors Travelling, Accommodation & other	684,888	650,048	275,990	584,500	567,000
Debt impairment	27,875	387,582	-	-	-
Depreciation	740,273	4,016,134	4,237,152	3,723,570	4,702,498
Assets impairment	-	4,530,507	7,287,711	-	-
Finance charges	16,569	31,770	40,571	37,800	37,800
Repairs and Maintenance	113,324	216,572	486,596	220,000	175,000
Fresh Produce Market Operations	5,939,781	2,473,468	2,454,787	3,261,039	3,076,281
Abattoir Operations	3,008,047	6,349,700	11,028,217	3,722,163	2,783,056
Dairy Farm Operations	720,638	559,079	-	-	-
Farms Operations	7,936,689	4,057,476	3,145,429	10,013,949	10,709,391
Water Services Operations	2,582,553	1,069,899	2,279,525	3,860,800	4,025,000
Special Projects (Transfers and Grants)	1,248,391	628,494	5,832,979	9,913,043	13,688,505
Other Operating Expenditure	5,066,117	6,666,902	7,652,844	8,762,871	7,660,923
Adjustments to Biological Assets	139,550	310,844	454,650	150,000	100,000
<b>Total Expenditure</b>	<b>50,187,968</b>	<b>67,298,844</b>	<b>87,848,020</b>	<b>90,557,278</b>	<b>92,852,583</b>
<b>Surplus/ (Deficit) for the year</b>	<b>7,033,069</b>	<b>54,568,585</b>	<b>-11,971,197</b>	159,536	2,211,926
Income Tax	-	1,866,427	5,353,124	-	-

Description	2016/2017	2017/2018	2018/19	2019/2020 Original Budget	2019/2020 Adjusted Budget
<b>Rands</b>	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Audited Outcome</b>		
<b>Profit After Tax</b>	<b>7,033,069</b>	<b>56,435,012</b>	<b>-6,618,073</b>	<b>159,536</b>	<b>2,211,926</b>
Accumulated surplus at the beginning of the year	28,541,440	35,574,511	92,009,520	80,083,433	85,391,447
<b>Accumulated surplus at the end of the year</b>	<b>35,574,508</b>	<b>92,009,523</b>	<b>85,391,447</b>	<b>80,242,969</b>	<b>87,603,372</b>

## 2.2 Statement of Financial Position

Description	2016/2017	2017/2018	2018/2019	Budget year 2019/2020	
<b>Rands</b>	<b>Audited Outcomes</b>	<b>Audited Outcomes</b>	<b>Audited Outcomes</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and Cash Equivalents	36,254,354	30,880,253	6,282,309	15,292,744	10,160,596
Receivables from Exchange Transactions	20,899	1,651,914	11,220,406	1,100,000	1,100,000
Receivables from Non-Exchange Transactions	6,208,828	924,075	192,578	200,000	200,000
Taxes	169,940	1,866,427	7,219,552	-	7,219,552
Inventory	199,262	982,361	170,266	900,000	200,000
<b>Total current assets</b>	<b>42,853,282</b>	<b>36,305,031</b>	<b>25,085,112</b>	<b>17,492,744</b>	<b>18,880,148</b>
<b>Non current assets</b>					
Property, plant and equipment	4,265,631	54,931,715	61,518,434	59,610,630	58,827,117

	2016/2017	2017/2018	2018/2019	Budget year 2019/2020	
Description	Audited Outcomes	Audited Outcomes	Audited Outcomes	Budget year 2019/2020	
Biological assets	760,051	11,232,450	13,234,503	9,345,450	14,554,503
Intangible assets	814,289	644,144	781,249	144,144	538,578
<b>Total non current assets</b>	<b>5,839,972</b>	<b>66,808,310</b>	<b>75,534,185</b>	<b>69,100,225</b>	<b>73,920,197</b>
<b>TOTAL ASSETS</b>	<b>48,693,255</b>	<b>103,113,341</b>	<b>100,619,297</b>	<b>86,592,969</b>	<b>92,800,345</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Taxes (VAT)	-	588,611	2,654,559	350,000	350,000
Unspent Conditional Government Grants and Receipts	6,442,340	1,766,208	3,290,842	-	1,300,000
Payables from exchange transactions	2,681,580	5,157,797	5,047,079	3,200,000	300,000
Payables from non-exchange transactions	446,973	446,973	446,973	-	446,973
Current employee benefits	3,547,854	3,144,234	3,788,396	2,800,000	2,800,000
<b>Total current liabilities</b>	<b>13,118,747</b>	<b>11,103,823</b>	<b>15,227,850</b>	<b>6,350,000</b>	<b>5,196,973</b>
<b>Non current liabilities</b>					
	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>13,118,747</b>	<b>11,103,823</b>	<b>15,227,850</b>	<b>6,350,000</b>	<b>5,196,973</b>
<b>NET ASSETS</b>	<b>35,574,508</b>	<b>92,009,518</b>	<b>85,391,447</b>	<b>80,242,969</b>	<b>87,603,372</b>
<b>COMMUNITY WEALTH/EQUITY</b>					
Accumulated Surplus/(Deficit)	35,574,508	92,009,518	85,391,447	80,242,969	87,603,372
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>35,574,508</b>	<b>92,009,518</b>	<b>85,391,447</b>	<b>80,242,969</b>	<b>87,603,372</b>

### 2.3 Cash-Flow Statement

Description	2016/2017	2017/2018	2018/2019	Budget year 2019/2020	
Rands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Sales of goods and services	1,127,787	12,597,748	16,370,736	50,342,415	31,230,624
Grants and public contributions	47,248,480	43,778,466	34,505,610	38,914,399	59,189,948
Interest	3,053,611	2,273,039	1,155,693	1,300,000	400,000
<b>Payments</b>					
Suppliers and employees	-37,195,442	-62,256,404	-70,891,815	-82,709,454	-87,126,913
Finance charges	-16,569	-31,770	-40,571	-37,800	-37,800
Transfers and Grants	-5,939,781	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>8,278,086</b>	<b>-3,638,921</b>	<b>-18,900,347</b>	<b>7,809,560</b>	<b>3,655,859</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds on disposal of Property, Plant and Equipment	539,088	607,921	702,431	120,000	120,000
Proceeds on disposal of Biological Assets	49,900	2,210,953	2,668,856	-	-
Purchase of Intangible Assets	-805,184	-	-315,580	-	-
Purchase of Biological Assets	-318,000	-1,203,766	-1,112,402	-700,000	-700,000
Purchase of Property, Plant and Equipment	-1,729,822	-4,612,167	-7,640,902	-1,822,000	-1,768,510
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>-2,264,020</b>	<b>-2,997,060</b>	<b>-5,697,597</b>	<b>-2,402,000</b>	<b>-2,348,510</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipts	-	-	-	-	-
Repayment of borrowing	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>6,014,066</b>	<b>-6,635,981</b>	<b>-24,597,944</b>	<b>5,407,560</b>	<b>1,307,349</b>

Description	2016/2017	2017/2018	2018/2019		
Rands	Audited Outcome	Audited Outcome	Audited Outcome	Budget year 2019/2020	
				Original Budget	Adjusted Budget
Cash/cash equivalents at beginning of the year:	30,240,288	37,516,234	30,880,253	9,885,184	6,282,309
Cash/cash equivalents at the year end:	36,254,354	30,880,253	6,282,309	15,292,744	7,589,658

## 2.4 Budget Summary Per Entity Goal

2019/20 BUDGET SUMMARY PER GOAL							
GOAL NO.	DESCRIPTION	OPERATIONAL EXPENDITURE		CAPITAL EXPENDITURE		2019/20 TOTAL BUDGET	
		Original Budget	Adjusted budget	Original Budget	Adjusted budget	Original Budget	Adjusted budget
1	Sustainable Water Services (water supply and sanitation) Systems.	14,953,254.91	14,058,003.83	-	-	14,953,254.91	14,058,003.83
2	Enhanced and Enabled Full Value Chains (upstream & downstream) for Agricultural Produce, Markets, Abattoirs and Aquaculture	28,604,889.58	28,488,948.51	2,427,000.00	2,178,510.00	31,031,889.58	30,667,458.51
3	Diversified Partnerships that Promote Inclusive Socio-economic Development and Growth	9,913,043.48	13,688,504.62	-	-	9,913,043.48	13,688,504.62

2019/20 BUDGET SUMMARY PER GOAL							
GOAL NO.	DESCRIPTION	OPERATIONAL EXPENDITURE		CAPITAL EXPENDITURE		2019/20 TOTAL BUDGET	
		Original Budget	Adjusted budget	Original Budget	Adjusted budget	Original Budget	Adjusted budget
4	Dynamic, Capable and Sustainable State Owned Company	37,086,090.02	36,617,126.33	305,000.00	280,000.00	37,391,090.02	36,897,126.33
		<b>90,557,277.99</b>	<b>92,852,583.29</b>	<b>2,732,000.00</b>	<b>2,458,510.00</b>	<b>93,289,277.99</b>	<b>95,311,093.29</b>