

NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD

(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY :
REGISTRATION NUMBER: 2016/272582/30)



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2021

NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD

(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY : REGISTRATION NUMBER: 2016/272582/30)

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

GENERAL INFORMATION

NATURE OF BUSINESS

Service Delivery vehicle of the parent municipality, O.R. Tambo District Municipality.

LEGAL FORM

A Municipal Entity of the O.R. Tambo District Municipality as defined by the Municipal Structures Act. (Act no 117 of 1998)

ACTING CHIEF EXECUTIVE OFFICER

Mr. L. MBIKO

Appointed on 07 December 2020 to act in this position. Previous CEO, Mr. P. Pongwana resigned with effect from 19 January 2021.

ACTING CHIEF FINANCIAL OFFICER

Mr. M. MPATHENI

(Appointed on 07 December 2020 to act in this position)

REGISTERED OFFICE

Old Government Printers Building, 5 Textile Road, Vulindlela Heights, Southernwood, Mthatha

EXTERNAL AUDITORS

Auditor General South Africa

PRINCIPAL BANKERS

First National Bank

MOST RELEVANT LEGISLATION

- Constitution of the Republic of South Africa (Act no. 108 of 1996)
- Municipal Finance Management Act (Act no 56 of 2003) (MFMA)
- Division of Revenue Act (Act No.3 of 2016)
- The Income Tax Act (Act no. 58 of 1962)
- Value Added Tax Act (Act no. 89 of 1991)
- Local Government: Municipal Structures Act (Act no 117 of 1998)
- Local Government: Municipal Systems Act (Act no 32 of 2000)
- Municipal Planning and Performance Management Regulations of 2001 issued in terms of Local Government: Municipal Systems Act (Act no. 32 of 2000)
- Skills Development Levies Act (Act no 9 of 1999)
- Employment Equity Act (Act no 55 of 1998)
- Unemployment Insurance Act (Act no 30 of 1966)
- Basic Conditions of Employment Act (Act no 75 of 1997)
- Supply Chain Management Regulations, 2005 issued in terms of Local Government: Municipal Finance Management Act (Act no. 56 of 2003)
- South African Local Government Bargaining Council - Collective Agreement on Leave
- Companies Act (Act no.71 of 2008)

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ACCOUNTING OFFICER'S STATEMENT

The accounting officer is required by the Municipal Finance Management Act, 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 his responsibility to ensure that the annual financial statements fairly present the state of affairs of the Entity as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with Generally Recognised Accounting Practice (GRAP). The external auditors are engaged to express an independent opinion on the annual financial statements.

The Annual Financial Statements are prepared in accordance with Generally Recognised Accounting Practice (GRAP) and the MFMA, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

I, as the Accounting Officer, acknowledge that I am ultimately responsible for the system of internal financial control established by the Entity and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have set 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 responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Entity and all employees are required to maintain the highest ethical standards in ensuring the Entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Entity is on identifying, assessing, managing and monitoring all known forms of risks. While operating risks cannot be fully eliminated, the Entity endeavours to minimise them by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The annual financial statements set out on pages 2 to 44, which have been prepared on the going concern basis, were approved on 31 August 2021.



Mr. L. Mbiko
Acting Chief Executive Officer

30/11/2021

Date

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CERTIFICATE BY THE COMPANY SECRETARY

In terms of Section 88(2)(e) of the South African Companies Act No. 71 of 2008, Company Secretary must certify whether the company has filed required returns and notices in terms of this Act and whether all such returns and notices appear to be true, correct and up to date.

The Company Secretary resigned with effect from 29 July 2021 hence at the time of issuing these Annual Financial Statements, that is 31 August 2021, the position was vacant.

Management certifies that the company has lodged with the Companies and Intellectual Property Commission, all such returns as are required in terms of the Companies Act and that all such returns and notices are true, correct and up to date.



L. Mbiko
Acting Chief Executive Officer

30/11/2021

Date

NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD

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DIRECTORS REPORT

Directors submit their report for the financial year ended 30 June 2021.

1 Main business and operations

The Ntinga O.R. Tambo Development Agency, a municipal entity established by the O.R. Tambo District Municipality (ORTDM) performs activities which fall within the functions and powers of district municipalities as contemplated in Section 84(1) of the Municipal Structures Act, 1998 (Act 117 of 1998), in particular Section 84 (1).

2 Taxation

The Entity is operating as a State Owned Company, incorporated as a private company. In terms of the Income Tax Act, a private company is liable for Income Tax .

3 Board of Directors

The directors of the Entity appointed for a period of five years are as follows:

Name	Nationality	Appointment date	Changes
Mr. S. Mase (Chairperson)	RSA	01 July 2017	Resigned on 03 May 2021
Professor L. Majova-Songca (Deputy Chairperson)	RSA	01 July 2017	Resigned on 30 April 2021
Mr. M. Msiwa	RSA	01 July 2017	Resigned on 03 May 2021
Ms. U. Mkize	RSA	01 July 2017	-
Dr. L. Ndabeni	RSA	01 July 2017	-
Ms. N. Bam	RSA	01 July 2017	-
Dr. N.L. Ndudane	RSA	01 July 2017	-
Mr. M. Pupuma	RSA	01 July 2017	-
Mrs. N. Ngewu	RSA	01 July 2017	-

4 Entity Company Secretary

The Company Secretary of the Entity was Ms. C. Mfana. She resigned from the Entity with effect from 29 July 2021.

5 Business Address:

Old Government Printers Building, 5 Textile Road, Vulindlela Heights, Mthatha, 5100

6 Physical Address:

Old Government Printers Building, 5 Textile Road, Vulindlela Heights, Mthatha, 5100

7 Postal Address:

P.O. Box 1134, Mthatha, 5100

8 Members of the Audit and Risk Committee (ARC)

The members of the ARC were as follows:-

Name	Changes
Professor L.Y. Majova-Songca (Chairperson)	Term expired on 28 February 2021
Ms U.N. Mkize	Term expired on 28 February 2021
Mr. M. Msiwa	Term expired on 28 February 2021
Ms. N. Makuni - Independent Member.	-
Ms. N.D.A. Ngewu (Chairperson)	Appointed with effect from 01 March 2021
Ms. N.S.N. Bam	Appointed with effect from 01 March 2021

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DIRECTORS REPORT

9 Members of the Human Resource and Remuneration Committee

The members of the Human Resource and Remuneration Committee (HRRC) were as follows:-

Name

Mr. M.M. Pupuma (Chairperson)
Ms. N.S.N. Bam
Dr. N.T. Ndudane
Ms. N.D.A. Ngewu

10 Members of the Strategy Development and Investment Committee

The members of Strategy Development and Investment Committee (SDIC) were as follows:-

Name

Changes

Mr. M. Msiwa (Chairperson)	Resigned on 03 May 2021
Dr. N.T. Ndudane	-
Dr. L. Ndabeni	-
Mr. M. Pupuma	-
Ms. N.S.N. Bam	Moved to ARC with effect from 01 March 2021
Professor L.Y. Majova-Songca	Appointed with effect from 01 March 2021 and resigned on 30 April 2021.

11 Members of the Social and Ethics Committee

The members of Social and Ethics Committee (SEC) were as follows:-

Name

Changes

Ms. U. Mkize (Chairperson)	-
Ms. N.D.A. Ngewu	Moved to ARC with effect from 01 March 2021
Dr. L. Ndabeni	-
Professor L.Y. Majova-Songca	Appointed with effect from 01 March 2021 and resigned on 30 April 2021.

12 The Entity's Mandate

The mandate given to the Entity by the Parent Municipality includes rendering services in the following areas:

- Intergrated Development Plan;
- Potable Water Supply Systems;
- Domestic and Industrial Waste-water and Sewage Disposal Systems;
- Fresh Produce Markets and Abattoirs;
- Local Tourism Promotion;
- Municipal Public Works;
- Collection of rates, Levies and Duties, and
- Discretionary Activities (which include):

(a) Any other activity agreed upon with the Parent Municipality, Provincial and National Governments and the Private Sector.

13 Financial results

The Entity made a deficit of R 11,542,392 (2020: deficit R 6,114,760).

The reduced funding for the Water Services function has contributed to the increase in deficit in the current year. The fair values of biological assets remained stable in the current financial year and there were no assets donation received in the current year compared to the previous year.

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DIRECTORS REPORT

14 Legal form of the Entity

The Entity is a Municipal Entity incorporated as a State Owned Company in terms of the Companies Act.

15 Impact of COVID on business

The Entity encountered disruptions in operations. At times suppliers could not supply the Entity with the required goods or services due closures. In addition, there has been a noticeable reduction in demand for goods supplied by the Entity. There has also been added operational costs owing to remote working arrangements as well as the requirement to comply with COVID-19 Regulations. At the same time, other operational costs such as travel and accommodation have reduced.

16 Going concern

The parent municipality, O.R. Tambo District Municipality, continues to provide financial support to the Entity. There is commitment by the parent to continue funding the entity. The Entity is implementing a strategy that is focused on generating own revenue particularly from its trading enterprises.

17 Events after the reporting date

The Entity's cashflow and liquidity position has been affected by not receiving the full monthly tranches of July 2021 and August 2021 grant funding from the parent municipality. This is due to the parent municipality grants being withheld by National Treasury. The Entity was informed that with effect from 20 August 2021, Council of the parent municipality was dissolved, and an Administrator appointed.

18 Holding Entity

The holding entity is the O.R. Tambo District Municipality.

19 External Auditors

Auditor General of South Africa (Eastern Cape) will continue in office in accordance with the MFMA.

20 Website www.ntinga.org.za

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	30 JUNE 2021 R (Actual)	2020 R (Actual)
ASSETS			
Current Assets		15,536,262	18,454,272
Cash and Cash Equivalents	2	3,309,325	13,278,532
Receivables from exchange transactions	3	69,942	752,164
Inventory	4	4,060,042	3,235,871
Receivables from non-exchange transactions	5	8,096,954	1,187,705
Non-Current Assets		68,626,998	75,181,029
Property, Plant and Equipment	8	54,969,817	59,420,271
Intangible Assets	9	483,522	671,228
Biological Assets	10	13,173,660	15,089,530
Deferred tax	7	-	-
Total Assets		84,163,260	93,635,301
NET ASSETS AND LIABILITIES			
Current Liabilities		23,581,238	21,455,742
Payables from exchange transactions	11	5,271,050	5,834,200
Payables from non-exchange transactions	12	446,974	446,974
Unspent Conditional Government Grants and Receipts	13	4,307,504	5,748,198
Current Employee benefits	14	4,788,007	4,586,855
Current portion of long - term liabilities	16	296,953	87,536
Taxes	6	8,470,750	4,751,979
Non - Current Liabilities		67,281	122,420
Long - term liabilities	16	67,281	122,420
TOTAL LIABILITIES		23,648,519	21,578,161
NET ASSETS		60,514,741	72,057,140
Accumulated Surplus		60,514,743	72,057,135
TOTAL NET ASSETS		84,163,260	93,635,301

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30 JUNE 2021 (Actual) R	2020 (Actual) R
REVENUE			
Non-exchange Revenue		46,443,139	46,514,585
Transfers and Subsidies	17	46,443,139	46,514,585
Exchange Revenue		17,758,288	24,784,089
Interest Earned - external investments		194,956	385,520
Sale of Goods and Rendering of Services	18	17,563,332	24,398,569
Gains		3,255,876	9,073,081
Adjustments to Biological Assets	19.1	2,956,707	6,604,567
Gains on disposal of Property, Plant and Equipment		-	4,731
Gains on disposal of Biological Assets		299,169	-
Intercompany Transactions - Donation of Assets	19.3	-	2,463,783
Total Revenue		67,457,303	80,371,755
EXPENDITURE			
Employee related costs	20	44,944,690	45,031,065
Board of directors related costs	21	827,482	932,106
Depreciation and Amortisation	23	5,415,041	5,466,038
Loss on disposal of Property, Plant and Equipment		54,863	-
Repairs and Maintenance		108,028	145,654
Finance Charges	24	263,153	70,020
Operational costs	26	24,563,104	32,475,885
Contracted services	27	2,346,035	2,124,547
Losses - Biological Assets	19.2	477,300	241,200
Total Expenditure		78,999,695	86,486,515
Loss before tax for the year		(11,542,392)	(6,114,760)
Income tax	7	-	-
Loss after tax for the year		(11,542,392)	(6,114,760)

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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 1 JULY 2019	85,391,446	85,391,446
Net Deficit for the year	(6,114,760)	(6,114,760)
Previously reported at 30 June 2020	79,276,686	79,276,686
Correction of error (note 25)	(7,219,551)	(7,219,551)
Restated Balance at 30 JUNE 2020	72,057,135	72,057,135
Net Deficit for the year	(11,542,392)	(11,542,392)
Balance at 30 JUNE 2021	60,514,743	60,514,743

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30 JUNE 2021 R	30 JUNE 2020 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Grants and public contributions		45,002,446	49,297,177
Sales of goods and services		11,336,306	33,389,172
Interest Earned - external investments		194,956	385,520
Payments			
Suppliers		(20,819,283)	(29,560,672)
Employees and directors		(45,772,172)	(44,830,248)
Finance charges		(263,153)	(70,020)
Cash utilised by operations	29	(10,320,900)	8,610,929
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	32	(764,470)	(673,495)
Proceeds on Disposal of Fixed Assets		1,243	17,112
Purchase of Intangible Assets		(68,523)	(132,958)
Purchase of Biological assets		(2,096,900)	(947,785)
Proceeds on Disposal of Biological assets		3,126,064	-
Net Cash Utilised by Investing Activities		197,414	(1,737,126)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		377,094	270,189
Loans repaid		(222,815)	(147,769)
Net Cash from Financing Activities		154,279	122,420
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(9,969,207)	6,996,223
Cash and Cash Equivalents at the beginning of the year		13,278,532	6,282,309
Cash and Cash Equivalents at the end of the year	30	3,309,325	13,278,532
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(9,969,207)	6,996,223

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

		2020/2021					
	Notes	Original Budget	Adjustments Budget	Final Adjusted Budget	Actual Outcome	Variance Amount	Variance %
ASSETS							
Current Assets		9,567,635	(7,276,561)	2,291,074	15,536,262	(13,245,188)	
Cash and Cash Equivalents	1a	8,994,523	-8,793,424	201,099	3,309,325	(3,108,226)	-1546%
Receivables from exchange transactions	1b	200,000	269,975	469,975	69,942	400,033	85%
Inventory	1c	173,112	1,296,888	1,470,000	4,060,042	(2,590,042)	-176%
Receivables from non-exchange transactions	1d	200,000	-50,000	150,000	8,096,954	(7,946,954)	-5298%
Non-Current Assets		106,698,827	(28,063,738)	78,635,089	68,626,998	10,008,092	
Property, Plant and Equipment		84,050,867	-28,709,782	55,341,085	54,969,817	371,269	1%
Intangible Assets	1f	393,906	111,017	504,923	483,522	21,401	4%
Biological Assets	1g	15,034,503	535,027	15,569,530	13,173,660	2,395,870	15%
Deferred tax	1n	7,219,551	-	7,219,551	-	7,219,551	100%
TOTAL ASSETS		116,266,462	(35,340,299)	80,926,163	84,163,260	(3,237,096)	
NET ASSETS AND LIABILITIES							
Current Liabilities		1,690,000	6,934,491	8,624,491	23,581,238	(14,956,747)	
Payables from exchange transactions	1h	100,000	1,644,617	1,744,617	5,271,050	(3,526,433)	-202%
Payables from non-exchange transactions		-	446,973	446,973	446,974	(1)	0%
Unspent Conditional Government Grants and Receipts	1i	-	-	-	4,307,504	(4,307,504)	0%
Current Employee benefits	1j	1,200,000	2,900,000	4,100,000	4,788,007	(688,007)	-17%
Current portion of long-term liabilities	1k		87,536	87,536	296,953	(209,417)	-239%
Deferred tax	1l	390,000	1,855,365	2,245,365	8,470,750	(6,225,385)	-277%
Non - Current Liabilities		-	34,884	34,884	67,281	(32,397)	
Long-term liabilities	1m	-	34,884	34,884	67,281	(32,397)	-93%
TOTAL LIABILITIES		1,690,000	6,969,375	8,659,375	23,648,519		
NET ASSETS		114,576,462	(42,309,674)	72,266,788	60,514,741		
Accumulated Surplus		114,576,464	-42,309,675	72,266,789	60,514,743	2	
TOTAL NET ASSETS		116,266,462	(35,340,299)	80,926,163	84,163,260		

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

The difference between the final adjustments budget and the final budget are due to virements in terms of the entity's approved policy.

Explanations of variances greater than 10% between final budget and actual income.

1a	Some of the special projects for which funds were received from funders could not be implemented due to lockdown restrictions.
1b	An invoice issued to the municipality for VAT was not paid by year end.
1c	There was inventory at hand in the form of livestock bought towards the year end.
1d	These are pre-payment deposits for electricity paid to King Sabata Dalindyebo Municipality. The balance is the money receivable from O.R. Tambo Distrit Municipality.
1l	No budget provision was made for an increase in the deffered tax asset due to the reason that the entity projected a trading surplus.
1f	The variance is insignificant and is due to depreciation charges.
1g	The variance is caused by livestock transferred to inventory.
1h	Projections were that balances owed by the entity would be settled by year-end but that was not the case hence the variance. Some of the balances were settled after year-end.
1i	Certain special projects for which funding was recieved could not be implented due to lockdown restrictions.
1j	A number of employees were working from home and did not utilise their annual leave days hence the higher than anticipated leave provision.
1k	The variance is attributed to the short-term portion of the liability that arose from the acquisition of computer equipment through leasing and the original plan was to buy them instead of leasing.
1l	This is due to VAT amount on grants, that was invoiced to ORTDM.
1m	The variance is attributed to the long-term portion of the liability that arose from the acquisition of computer equipment through leasing and the original plan was to buy them instead of leasing.

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

		2020/2021					
	Notes	Original Budget	Adjustments Budget	Final Adjusted Budget	Actual Outcome	Variance Amount	Variance %
REVENUE							
Non-exchange Revenue							
		48,053,730	2,181,528	50,235,258	46,443,139		
Transfers and Subsidies	2a	48,053,730	2,181,528	50,235,258	46,443,139	3,792,119	8%
Exchange Revenue							
		64,596,007	(40,717,641)	23,878,366	17,758,288		
Interest Earned - external investments		455,000	-200,000	255,000	194,956	60,044	24%
Sale of Goods and Rendering of Services	2b	64,141,007	-40,517,641	23,623,366	17,563,332	6,060,034	26%
Gains							
		2,140,000	-	2,140,000	2,956,707		
Adjustments to Biological Assets	2c	2,100,000	-	2,100,000	2,956,707	(856,707)	-41%
Gains on disposal of Property, Plant and Equipment	2d	40,000	-	40,000	-	40,000	100%
Intercompany Transactions - Donation of Assets	2e	-	-	-	-	-	-100%
Total Revenue		114,789,736	(38,536,113)	76,253,624	67,158,134	9,095,490	
EXPENDITURE							
Employee related costs		47,976,354	-3,178,187	44,798,167	44,944,690	(146,523)	0%
Board of directors related costs	2f	1,214,350	-212,400	1,001,950	827,482	174,468	17%
Depreciation and Amortisation	2g	3,756,922	1,052,721	4,809,643	5,415,041	(605,398)	-13%
Repairs and Maintenance	2h	215,080	-90,080	125,000	108,028	16,972	14%
Finance Charges	2i	41,580	-	41,580	263,153	(221,573)	-533%
Operational costs	2j	33,402,844	-1,065,663	32,337,181	26,909,139	5,428,042	17%
Loss on disposal of Property, Plant and Equipment		-	0	0	54,863	(54,863)	-100%
Losses - Biological Assets	2l	150,000	-	150,000	477,300	(327,300)	-218%
Total Expenditure		86,757,130	(3,493,609)	83,263,521	78,999,695	4,263,826	
(Loss)/Profit before tax for the year		28,032,606	(35,042,504)	(7,009,897)	(11,841,561)	4,831,664	
Income tax		-	-	-	-	-	
(Loss)/Profit after tax for the year		28,032,606	(35,042,504)	(7,009,897)	(11,841,561)	4,831,664	

NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD
(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY : REGISTRATION NUMBER: 2016/272582/30)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

The difference between the final adjustments budget and the final budget are due to virements in terms of the entity's approved policy.

Explanations of variances greater than 10% between final budget and actual income.

2a	Funding for certain projects from the parent municipality received and the implementation of these projects was impacted negatively by lockdown restrictions.
2b	Missed revenue targets for the fresh produce market, farms and water services are the main cause of the variance. The market is still unable to attract additional market agents to trade at its floor.
2c	Livestock at hand appreciated in value more than originally anticipated. Valuation of livestock was conducted by an independent and professional Veterinarian.
2d	Disposal of redundant assets could not be conducted due to COVID-19 lockdown restrictions.
2f	Owing to lockdown restrictions, Board and Committee meetings were held virtually in the second half of the financial year hence the savings on the budget.
2g	Budgeted depreciation of assets was underestimated hence the variance.
2h	This variance is due to efficiencies otherwise assets requiring repairs and maintenance were attended to.
2i	The variance is attributed mainly to interest charged by the parent municipality on overdue water account at Kei Fresh Produce Market and laptop computers that were purchased on finance lease. Part of the water balance originated before the market was transferred to Ntinga.
2j	Budgeted operational costs include expenditure on special projects. As stated in 2a above the implementation of these projects was negatively impacted by lockdown restrictions. With staff having to work from virtually and rotation, there were savings on some of the budgeted operational expenditure items.
2l	The livestock death were mainly due to the red water disease in the farms and it was not anticipated.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

		2020/2021					
	Notes	Original Budget	Adjustments Budget	Final Adjusted Budget	Actual Outcome	Variance Amount	Variance %
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts		90,820,571	(24,016,991)	66,803,580	56,533,708		
Grants and public contributions	3a	62,976,498	-18,709,319	44,267,179	45,002,446	(735,267)	-2%
Sales of goods and services		27,444,073	-5,120,176	22,323,897	11,336,306	10,987,591	49%
Interest Earned - external investments		400,000	-187,496	212,504	194,956	17,548	8%
Payments		(85,759,848)	4,574,484	(81,185,364)	(66,854,608)		
Suppliers	3b	-36,527,564.00	1,183,897	(35,343,667)	(20,819,283)	(14,524,384)	41%
Employees and directors		(49,190,704)	3,390,587	(45,800,117)	(45,772,172)	(27,945)	0%
Finance charges	3c	-41,580	-	(41,580)	(263,153)	221,573	-533%
Cash utilised by operations		5,060,723	(19,442,507)	(14,381,784)	(10,320,900)		
CASH FLOW FROM INVESTING ACTIVITIES							
Purchase of Property, Plant and Equipment	3d	-1,768,510	1,445,510	(323,000)	(764,470)	441,470	-137%
Proceeds on Disposal of Fixed Assets	3e	120,000	-120,000	0	1,243	(1,243)	0%
Purchase of Intangible Assets	3f	-	-158,000	(158,000)	(68,523)	(89,477)	57%
Purchase of Biological assets	3g	-700,000	700,000	-	(2,096,900)	2,096,900	0%
Proceeds on Disposal of Biological assets	3h	-	1,785,351	1,785,351	3,126,064	(1,340,713)	-75%
Net Cash from Investing Activities		(2,348,510)	3,652,861	1,304,351	197,414		
CASH FLOW FROM FINANCING ACTIVITIES							
New loans raised	3i	-	-	-	377,094	(377,094)	0%
Loans repaid	3j	-	-	-	(222,815)	222,815	-100%
Net Cash from Financing Activities		-	-	-	154,280		
NET DECREASE IN CASH AND CASH EQUIVALENTS		2,712,213	(15,789,646)	(13,077,433)	(9,969,207)		
Cash and Cash Equivalents at the beginning of the year		6,282,309	6,996,223	13,278,532	13,278,532		
Cash and Cash Equivalents at the end of the year		8,994,523	-8,793,423	201,099	3,309,325		
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		2,712,213	(15,789,646)	(13,077,433)	(9,969,207)		

NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

The difference between the final adjustments budget and the final budget are due to virements in terms of the entity's approved policy.

Explanations of variances greater than 10% between final budget and actual income.

3a	Funding for certain projects from the parent municipality received and the implementation of these projects was impacted negatively by lockdown restrictions.
3b	Missed revenue targets for the fresh produce market, farms and water services are the main cause of the variance. The market is still unable to attract additional market agents to trade at its floor.
3c	The variance is attributed mainly to interest charged by the parent municipality on overdue water account at Kei Fresh Produce Market and laptop computers that were purchased on finance lease. Part of the water balance originated before the market was transferred to Ntinga.
3d	Some laptops were purchased though a finance lease and were capitalised in the current financial year.
3e	This relates to proceeds received from our insurance for assets either damaged or lost.
3f	This is the balance of the POS and inventory system for the abattoir that was settled in the current financial year.
3g	The budget relates to the acquisition of heifers for livestock exchange programme.
3h	Due to favourable meat prices sales of biological assets were more than the forecast.
3i	The variance is attributed to the loan raised as a result of acquisition of computer equipment through leasing and the original plan was to buy them instead of leasing.
3j	The variance is attributed to loan repayments as a result of acquisition of computer equipment through leasing and the original plan was to buy them instead of leasing.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework have been developed in accordance with GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP or any relevant Legislation.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

1.2 ADOPTION OF NEW AND REVISED STANDARDS

The Entity has applied the effective standards, interpretations and directives of Generally Recognised Accounting Practice (GRAP) applicable to it that are issued and approved by the Accounting Standards Board.

The Entity has not early-adopted any standard of GRAP that is not yet effective.

1.3 PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.4 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis which assumes that Entity will continue in operation at-least for the next twelve (12) months.

1.5 COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.6 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

1.7 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as any amount that is higher than 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.8 PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2020 to 30 June 2021. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the original and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts.

1.9 LEASES

1.9.1 Entity as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Entity. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Entity recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. This section equally applies to grant allocation from the parent municipality to the extent that it is allocated to specific projects. If specific conditions are not met or unspent balances cannot be allocated to other projects, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the parent municipality or other organs of state.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this liability:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Entity until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Entity's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.11 PROVISIONS

Provisions are recognised when the Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.12 EMPLOYEE BENEFITS

1.12.1 Provision for Staff Leave

Liabilities for annual leave are recognised as the leave accrues to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term or at a time determined and approved by the Board of Directors.

1.12.2 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.12.3 Pension and retirement fund obligations

The Entity provides retirement benefits for its employees on a defined contribution plan. Defined contribution plans are post-employment benefit plans under which the Entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

1.13 BORROWING COSTS

Borrowing costs are interest and other expenses incurred by the Entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised to the cost of the asset. All other borrowing costs are recognised as an expense in the period in which it is incurred.

1.14 FINANCE CHARGES

Finance charges comprise interest charges by providers of credit to the Entity. Finance charges are recognised as an expense in the period in which it is incurred.

1.15 PROPERTY, PLANT AND EQUIPMENT

1.15.1 Initial Recognition

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 year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost less any estimated residual value at the end of its lifespan. 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 the Entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Where an asset is acquired by the Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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 assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.15.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years
<u>Buildings</u>	
Buildings	30

Other assets

Computer hardware	5
Office equipment	5
Furniture and fittings	6
Motor vehicles	5
Agricultural equipment	6
Network hardware	5
Plant and equipment	6

Finance lease assets

Computer Equipment	5
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Property, plant and equipment are reviewed at each reporting date for any indication of material impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.15.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16 INTANGIBLE ASSETS

1.16.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

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

The Entity recognises an intangible asset in its Statement of Financial Position only 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.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Entity intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Entity has the resources to complete the project;
- it is probable that the Entity will receive future economic benefits or service potential; and
- the Entity can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset 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 is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.16.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5

1.16.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17 BIOLOGICAL ASSETS

1.17.1 Initial Recognition

A biological asset or agricultural produce is recognised when, and only when:

- the Entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the Entity;
- livestock is expected to be kept for a period extending beyond twelve months for breeding purposes;
- and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell.

1.17.2 Subsequent Measurement

Biological assets are measured at their fair value less cost to sell.

The fair value of cattle is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is recognised in the Statement of Financial Performance for the period in which it arises.

1.18 IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Entity assesses at each reporting date whether there is an indication that an asset may be materially impaired. If any indication exists, or when annual impairment testing for an asset is required, the Entity estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Entity considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Entity operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Entity estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.18.2 Non-cash-generating assets

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

The Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Entity estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Entity considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Entity operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an 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.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an 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 an 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. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.19 INVENTORIES

1.19.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Entity, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Livestock that is acquired or identified for sale within a period of twelve months is classified as inventory.

Where inventory is acquired by the Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.19.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.20 FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.20.1 Initial Recognition

Financial instruments are initially recognised when the Entity becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Entity, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.20.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.20.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.20.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.20.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Entity categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.20.3 De-recognition of Financial Instruments

1.20.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Entity has transferred substantially all the risks and rewards of the asset, or (b) the Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Entity's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Entity's continuing involvement is the amount of the transferred asset that the Entity may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.20.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.20.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.21 REVENUE

1.21.1 Revenue from Non-Exchange Transactions

The Entity receives a major part of its income in the form of grants (referred to as government grants) from the parent municipality, the O.R. Tambo District Municipality.

Revenue from non-exchange transactions refers to transactions where the Entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no obligation to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Entity. Where public contributions have been received, but the Entity has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Entity.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a 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 present 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 will be recognised as revenue.

1.21.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- 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 costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Entity has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Entity does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.22 RELATED PARTIES

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
 - or exercise significant influence over the other party, or vice versa,
 - or an entity that is subject to common control, or joint control.
- The following are regarded as related parties of the Entity:

(a) A person or a close member of that person's family is related to the Entity if that person:

- has control or joint control over the Entity.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Entity.
- is a member of the management of the Entity or its controlling entity.

(b) An entity is related to the Entity if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Entity or an entity related to the Entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Entity. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Entity, including:

- a) all members of the governing body of the Entity;
- b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Entity;
- c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Entity; and
- d) the senior management team of the Entity, including the chief executive officer or permanent head of the Entity, unless already included in (a).

Management personnel include:

- a) All directors or members of the governing body of the Entity, being the Chairman of the Board and all other directors.
- b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Entity being the Chief Executive Officer, Chief Financial Officer and all other managers reporting directly to the Chief Executive Officer

Remuneration of management includes remuneration derived for services provided to the Entity in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Entity for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Entity.

The Entity operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

As a municipal entity, the Entity is fully controlled by the parent municipality the O.R. Tambo District Municipality. As a development agency of the parent municipality, the Entity is inherently involved in a number of economic development operations, developmental commercial operations and community based organisations.

1.23 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Entity or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 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), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Entity's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.27 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Entity's accounting policy, management makes the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.27.1 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.27.2 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.

1.27.3 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Entity to determine the useful life of the assets.

1.27.4 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.27.5 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Entity.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Entity, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Entity is satisfied that recognition of the revenue in the current year is appropriate.

1.27.6 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave, leave gratuity is paid or when employment is terminated.

1.28 VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.29 INCOME TAX

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using applicable tax rates at the reporting date.

1.30 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.31 EVENTS AFTER REPORTING DATE

Events after the 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).

If non-adjusting events after the reporting date are material, the Entity discloses the nature and an estimate of the financial effect.

NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD
(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY : REGISTRATION NUMBER: 2016/272582/30)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

		2021 R	2020 R
2	CASH AND CASH EQUIVALENTS		
	Call Investments Deposits	1,243,920	11,982,914
	Bank Accounts	2,058,509	1,276,553
	Petty Cash Balances	6,896	19,065
	Total Cash and Cash Equivalents	3,309,325	13,278,532
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	The entity has the following bank accounts:		
	Current Accounts		
	FNB - Account Number 62166804742 (Primary Bank Account)	1,338,883	345,627
	FNB - Account Number 62183286890 (Salaries Account)	86,535	93,298
	FNB Call Account 62766535622	405,494	642,906
	FNB Call Account 62771259671	227,597	194,722
		2,058,509	1,276,553
	FNB - Account Number 6216680472 (Primary Bank Account)		
	Cash book balance at beginning of year	345,627	1,175,914
	Cash book balance at end of year	1,338,883	345,627
	Bank statement balance at beginning of year	327,701	1,175,914
	Bank statement balance at end of year	1,333,926	327,701
	FNB - Account Number 62183286890 (Salaries Account)		
	Cash book balance at beginning of year	93,298	20,688
	Cash book balance at end of year	86,535	93,298
	Bank statement balance at beginning of year	93,298	20,688
	Bank statement balance at end of year	86,535	93,298
	Trading Account 62254987351		
	Bank statement balance at beginning of year	-	(2,326)
	Bank statement balance at end of year	-	-
	Kei Fresh current account 62192051698		
	Cash book balance at beginning of year	-	14,540
	Cash book balance at end of year	-	-
	Bank statement balance at beginning of year	-	14,540
	Bank statement balance at end of year	-	-
	FNB Call Account 62771259671		
	Cash book balance at beginning of year	194,722	196,693
	Cash book balance at end of year	227,597	194,722
	Bank statement balance at beginning of year	194,722	196,693
	Bank statement balance at end of year	227,597	194,722
	FNB Call Account 62766535622		
	Cash book balance at beginning of year	642,906	275,038
	Cash book balance at end of year	405,494	642,906
	Bank statement balance at beginning of year	594,113	275,038
	Bank statement balance at end of year	395,778	594,113
	FNB Call Account 62773058849		
	Cash book balance at beginning of year	88,672	84,345
	Cash book balance at end of year	91,383	88,672
	Bank statement balance at beginning of year	88,672	84,345
	Bank statement balance at end of year	91,383	88,672
	Call Investment Deposits		
	Call investment deposits consist out of the following accounts:		
	FNB Account number 62181670540 (Ntinga)	95,821	10,809,546
	FNB Account number 62185096122 (Umzimkant Read Meat Abattoir)	230,249	636,266
	FNB - Account Number: 62887833153	1,010	-
	FNB Call 62508942407	95,441	92,593
	FNB Call 62578074149	112,414	352,731
	FNB Call Account 62785410293	3,873	3,106
	FNB Call Account 62773058849	91,383	88,672
	FNB - Account Number: 62875150600	613,729	-
		1,243,920	11,982,914

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

3.1 Credit sales of goods and rentals	572,075	1,178,358
Less: Allowance for Doubtful Debts	(502,133)	(426,194)
Total Net Receivables from Exchange Transactions	69,942	752,164

Receivable amount includes balances that are owed to trading enterprises by customers and tenants. Debtors are required to settle issued invoices within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Ageing of Receivables from Exchange Transactions:

Ageing

Current (0 - 30 days)	37,914	180,712
31 - 60 Days	32,029	53,331
61 - 90 Days	-	503,607
+ 90 Days	502,132	440,708
Total	572,075	1,178,358

3.2 Reconciliation of Provision for Bad Debts

Balance at beginning of year	426,194	339,752
Bad debts written off	-	-
Receivables balance correction (Reversals)/Contribution to provision	75,939	86,442
Restated balance	502,133	426,194

The Provision for Impairment could be allocated between the different classes of receivables as follows:

Trading enterprises / Projects	502,133	426,194
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The fair value of trade receivables approximates their carrying amounts.

502,133	426,194
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Provision is made up of balances that are older than 90 days. However, amounts that are older than 90 days but paid after year end were excluded from the provision amount.

4 INVENTORY

Opening balance	3,235,872	170,266
Consumable stores	288,761	83,091
Livestock	2,699,693	-
Merchandise (Meat)	247,418	87,175
Additions	9,272,800	5,992,308
Consumable stores	262,071	288,761
Livestock - transfers from biological assets	3,665,281	5,456,129
Crops	328,586	-
Merchandise (Meat)	5,016,862	247,418
Issued (Expensed)	(8,448,630)	(2,926,702)
Consumable stores	(488,465)	(83,091)
Livestock issued for slaughter (Meat)	(2,699,693)	(2,756,436)
Merchandise (Meat)	(5,260,472)	(87,175)
Closing Balance		
Consumable stores	62,367	288,761
Livestock	3,665,281	2,699,693
Merchandise (Meat)	3,808	247,418
Crops	328,586	-
Total Inventory	4,060,042	3,235,872

No inventory assets were pledged as security for liabilities.

2021	2020
R	R

5 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other Receivables		
Advance payments and sundry debtors	7,837,547	1,036,918
Prepayments - Deposits	259,407	192,597
Sub-total	8,096,954	1,229,515
Less: Allowance for Doubtful Debts	-	(41,810)
Net - Other Receivables	8,096,954	1,187,705
Total Net Receivables from Non-Exchange Transactions	8,096,954	1,187,705

Reconciliation of Provision for Bad Debts

Balance at beginning of year	41,810	27,959
(Reversal of Provision) / Contribution to provision	(41,810)	13,851
Balance at end of year	-	41,810

6	TAXES		
6.1	VAT PAYABLE	(8,470,750)	(4,751,980)
		<u>(8,470,750)</u>	<u>(4,751,980)</u>
6.2	VAT RECEIVABLE	-	-
		<u>-</u>	<u>-</u>
	NET VAT PAYABLE	<u>(8,470,750)</u>	<u>(4,751,980)</u>

VAT is receivable/payable on the payment basis.

7	INCOME TAX EXPENSE		
	Current tax		
	Current year	-	-
	Deferred tax		
	Income Tax - current year	-	-
	Major components:		
	- Assessed loss	-	-
	- Timing differences	-	-
	Tax charged or (credited) to Statement of Financial Performance	<u>-</u>	<u>-</u>

With effect from 01 July 2017 the Entity started to operate as a State Owned Company and is in compliance with the South African Income Tax Act 58 of 1962.

No provision has been made for tax as the company does not anticipate making taxable income in the next 12 months .

2020/21 Income tax can be reconciled to accounting profit / loss as follows:

Accounting Loss before tax	-11,542,392	(6,114,760)
Tax effect on loss before tax	-3,231,870	(1,712,133)
Adjusted for tax effect of:		
- Fair Value Adjustments	-694,234	(1,781,743)
- Donations	0	(689,859)
- Assets write-offs	-	-
- Temporary timing differences	-536,646	-
Tax amount not recognised	-4,462,750	(4,183,735)
Tax credited to Statement of Financial Performance	<u>0</u>	<u>-</u>

Tax losses can be reconciled as follows:

Loss before tax	(11,542,392.44)	(6,114,760)
Income Tax calculated at 28%	28%	28%
Adjusted for tax effect of:		
Fair value adjustments	6%	29%
Donations	0%	11%
Assets write-offs	0%	0%
Temporary timing differences	5%	0.0%
Tax amount not recognised	-39%	-68%
Effective Tax Rate	<u>-</u>	<u>-</u>

DEFERRED TAX

Deferred tax arising from prior period adjustments	-	7,219,551
Deferred tax movement for the year	-	-
Deferred tax asset	<u>-</u>	<u>7,219,551</u>
Correction of prior year error	-	(7,219,551)
	<u>-</u>	<u>-</u>
Deferred Tax is comprised of:		
Opening balance	-	(7,219,551)
Current movement:		
- Unrealised Losses	-	(23,386)
- Leave Pay	-	223,568
- Bonuses	-	120,885
- Assets amortisation and impairments	-	(321,067)
	<u>-</u>	<u>(7,219,551)</u>
Correction of prior year error	-	7,219,551
	<u>-</u>	<u>-</u>

The Entity has derecognised the deferred tax asset. It is not probable that it will generate profits to utilise the deferred tax asset. A correction of a prior year error has been made.

8	PROPERTY, PLANT AND EQUIPMENT		
	Carrying amounts	54,969,817	59,420,272
	<u>See appendix A</u>		

There are no assets pledged as security.

The effective date of the assessments and revaluation was 30 June 2018. Valuations were performed by independent professional valuer, Mzizi 4291 Properties CC (Reg.no. 2010/072405/23), a registered valuer in terms of Section 20(2) of the Property Valuers Profession Act (47 of 2000). The valuations are performed on a 5 year interval.

9 **INTANGIBLE ASSETS**

Computer Software

Net Carrying amount at 1 July

671,228 781,248

Cost
Accumulated Amortisation
Transfers from KFPM - Accumulated Amortisation
Accumulated Impairment

1,936,574	1,803,616
(1,008,899)	(765,921)
(236,499)	(236,499)
(19,948)	(19,948)

Additions
Transfers from KFPM - Cost
Amortisation

68,523 132,958
- -
(256,229) (242,978)

Net Carrying amount at 30 June

483,522 671,228

Cost
Accumulated Amortisation
Transfers from KFPM - Accumulated Amortisation
Accumulated Impairment

2,005,097	1,936,574
(1,265,128)	(1,008,899)
(236,499)	(236,499)
(19,948)	(19,948)

The following material intangible assets are included in the carrying value above

Description	Carrying Value	
	2021 R	2020 R
Computer software	483,522	671,228

No intangible asset was assessed having an indefinite useful life.
There are no internally generated intangible assets at reporting date.
There are no intangible assets pledged as security for liabilities

10 **BIOLOGICAL ASSETS** (See appendix B)

Carrying amounts

13,173,660 15,089,530

No title or other restrictions are placed on biological assets.
No biological assets were pledged as security for liabilities.
There are no commitments for the acquisition of biological assets.
Biological assets are located at Adam Kok Farms and Ikwezi Dairy Farm. The primary activities revolving around biological assets are livestock breeding and heifer exchange.
Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:
- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring and reporting of quantities by Entity staff.
- A contract is entered into with a Veterinarian to attend to the medical issues of livestock.
- Livestock is regularly vaccinated.

The effective date of the assessments and valuation was 30 June 2021. Valuations were performed by an independent professional veterinarian, Dr M.J. Guma, a registered veterinarian in terms of Veterinary and Para-Veterinary Professions Act No. 19 of 1982.

11 **PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Payables
Other accruals
Annual bonus
Sundry Creditors
Salary deductions

751,189	379,281
3,880,727	4,603,755
1,106,269	1,262,745
2,774,458	3,341,010
639,134	851,164
5,271,050	5,834,200

Payables are being recognised net of any discounts.
Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.
The carrying value of trade and other payables approximates its fair value.
All payables are unsecured.

12 **PAYABLES FROM NON-EXCHANGE TRANSACTIONS**

Sustainable Villages SURUDEEC - Baziya Sustainable Village Project

446,974 446,974

Total Payables from non-exchange transactions

446,974 446,974

This balance is payable to the European Commission. It originates from expenditure incurred by the Entity which the Commission declared as ineligible. The Entity was advised to wait for a directive before making the payment.

13 **UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unspent Grants

4,307,504 5,748,198

District Municipality
Other Grant Providers

4,104,935	5,423,434
202,569	324,764

Total Conditional Grants and Receipts

4,307,504 5,748,198

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends. See appendix "C" for reconciliation of grants from other spheres of government. The entity complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

	2021 R	2020 R	
14 CURRENT EMPLOYEE BENEFITS			
Provision for Staff Leave	4,788,007	4,586,855	
Total Current Employee Benefits	4,788,007	4,586,855	
The movement in current employee benefits are reconciled as follows:			
<u>Provision for Staff Leave</u>			
Balance at beginning of year	4,586,855	3,788,398	
Current year contribution	913,203	815,956	
Expenditure incurred	(712,051)	(17,499)	
Balance at end of year	4,788,007	4,586,855	
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date but limited to 35 leave days. This provision will be realised as employees take leave, when employment is terminated or any circumstance approved by the board of directors.			
15 OPERATING LEASE ARRANGEMENTS			
Future minimum lease payments of the operating lease			
Up to 1 year	126,000	126,000	
1 to 5 Years	325,500	451,500	
More than 5 years	-	-	
Total Operating Lease Payments	451,500	577,500	
The operating lease consist of an agreement entered into with Missionary Sisters of the Precious Blood over a period of 12 years. The entity leases a Dairy Farm. The latest agreement was entered into on 1 January 2013 and expires on 29 January 2025. The initial rental amount in the contract is R 10,500.00 (Including VAT) per month.			
The entity has not engage any sub-lease arrangements.			
The entity did not pay any contingent rent during the year.			
16 LONG-TERM LIABILITIES			
Capitalised Lease Liability - At amortised cost	364,234	209,956	
Current Portion transferred to current liabilities	364,234	209,956	
Capitalised lease liability - At amortised cost	(296,953)	(87,536)	
Total long term liabilities - at amortised cost using the effective interest rate method	67,281	122,420	
Future minimum lease payments of the finance lease			
Up to 1 year	296,953	87,536	
2 to 3 years	67,281	273,305	
More than 3 years	-	-	
	364,234	360,841	
The minimum lease periods are 36 months and 24 months with the final lease payments made on 01/09/2022 and 10/01/2022 respectively.			
The capitalised lease liability consists of the following contracts:			
Supplier	Description of the leased item	Effective	Annual Escalation
Vodacom	Thinkpad Smart PC's	10%	0%
Vodacom	Thinkpad Smart PC's	7%	0%
17 TRANSFERS AND SUBSIDIES			
O.R. Tambo District Municipality	44,267,179	41,015,026	
O.R. Tambo District Municipality - Conditional	1,468,828	5,409,627	
Other grants	707,132	89,932	
Total income	46,443,139	46,514,585	
Total Grants			
Opening balance	5,748,198	3,290,842	
Grants received - O.R. Tambo District Municipality	44,267,179	49,142,061	
Grants received - Other	735,266	155,116	
Less: Amount transferred to revenue	-	-	
Unconditional Grants utilised	(44,267,179)	(41,015,027)	
Conditions met: O. R. Tambo District Municipality	(1,468,828)	(5,729,645)	
Conditions met: Other grants	(707,132)	(95,148)	
Conditions still to be met/(Grant expenditure to be recovered)	4,307,504	5,748,198	
<u>Disclosed as follows:</u>			
Unspent Conditional Government Grants and Receipts	4,307,504	5,748,198	
	4,307,504	5,748,198	

18	SALE OF GOODS AND RENDERING OF SERVICES		
	Agency Services	5,343,027	9,467,045
	SETA Levies and Tender Fees	215,898	994,011
	Fresh Farm Products - Meat	10,452,083	10,514,748
	Slaughter Services	323,593	358,602
	Commission	413,103	909,075
	Office rentals, storage fees, parking fees etc	316,308	662,235
	Sales of Fresh Farm Products - Animals	-	667,402
	Sales of Fresh Farm Products - Crops	476,914	667,043
	Decrease of liability	-	157,277
	Discount received	22,406	1,131
	Total	17,563,332	24,398,569

19 Adjustments to Biological Assets

19.1 Gains

	Fair Value adjustments - Changes in fair values	2,861,307	6,482,767
	Fair Value adjustments - Livestock births	95,400	121,800
		2,956,707	6,604,567

19.2 Losses

	Fair Value adjustments - Price changes	-	-
	Physical changes - Livestock deaths	477,300	241,200
		477,300	241,200

These biological assets adjustments relate to births and deaths of livestock.

19.3 Intercompany Transactions - Donation of Assets

	Property, Plant and Equipment	-	2,463,783
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The previous year donation relates to new buildings built on behalf of the entity by the parent municipality at Adam Kok Farms.

	2021 R	2020 R	
20	EMPLOYEE RELATED COSTS		
	Basic salary	31,833,391	32,047,795
	Bonus - 13th Cheque	2,171,225	2,370,114
	Provident fund	4,172,635	3,752,429
	Allowances	5,013,166	5,476,871
	Staff leave	913,204	830,594
	Unemployment Insurance and Skills Development contributions	741,866	553,262
	Overtime	99,203	-
	Total Employee Related Costs	44,944,690	45,031,065

CONTRIBUTIONS TO PENSION AND PROVIDENT FUNDS

The Entity contributes to the Defined Contribution Provident Fund. The benefit is subject to the Pension Fund Act 24 of 1956.

	Contributions for the year included in employee cost	4,172,635	3,752,429
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REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Chief Executive Officer

	Basic Salary	1,183,716	1,213,206
	Acting Allowance	44,996	-
	Travel Allowance	196,802	180,067
	Cellphone Allowance	31,172	4,201
	Annual Bonus - 13th Cheque	124,411	33,568
	Pension	187,224	155,633
	Gratuity	631,890	-
	Total	2,400,212	1,586,675

Chief Executive Officer (CEO) resigned and an acting person was appointed to the position of the CEO with effect from December 2020.

Remuneration of the Chief Financial Officer

	Basic Salary	868,482	1,075,480
	Acting Allowance	221,276	-
	Travel Allowance	127,147	126,123
	Cellphone Allowance	33,585	47,661
	Annual Bonus - 13th Cheque	78,446	72,935
	Pension	112,903	134,001
	Total	1,441,838	1,456,199

With effect from December 2020, the CFO position was occupied by an acting person.

Remuneration of the Senior Manager Water Services

Basic Salary	856,378	1,021,092
Travel Allowance	95,106	113,399
Cellphone Allowance	22,345	26,642
Annual Bonus - 13th Cheque	110,641	73,379
Pension	111,329	132,742
Leave gratuity	205,786	-

Total	1,401,584	1,367,253
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The position was filled for a period of nine (9) months from July 2020 to March 2021. Contract of employment expired and the vacancy was not filled.

Remuneration of the Corporate Service Manager

Basic Salary	1,244,582	1,010,150
Travel Allowance	213,188	216,368
Annual Bonus - 13th Cheque	91,010	84,616
Pension	150,321	131,319

Total	1,699,101	1,442,453
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Remuneration of the Senior Manager Trading Enterprises

Basic Salary	1,060,921	1,010,401
Travel Allowance	162,225	154,500
Cellphone Allowance	-	-
Annual Bonus - 13th Cheque	74,552	35,083
Pension	137,919	131,352

Total	1,435,616	1,331,335
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Remuneration of the Company Secretary

Basic Salary	752,221	781,452
Travel Allowance	112,731	115,565
Cellphone Allowance	-	12,437
Annual Bonus - 13th Cheque	60,944	57,605
Pension	97,789	101,589

Total	1,023,684	1,068,647
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21 BOARD OF DIRECTORS RELATED COSTS

	R 2021	R 2020
Sitting allowances and re-imbursing travel costs	827,482	800,069
Accommodation and travel costs	-	132,037
Total Board of Directors related costs	827,482	932,106

During the year the work of the Board and Committees was conducted remotely and virtually hence there was no accommodation and travel expenditure.

REMUNERATION PER BOARD MEMBER

30 JUNE 2020

Board Member	Sitting Allowance	Re-imbursing travel expenses	TOTAL
Mr S.E. Mase	51,700	-	51,700
Mr M. Msiwa	68,200	-	68,200
Mr M.M. Pupuma	102,383	-	102,383
Mrs N.D.A. Ngewu	100,100	-	100,100
Dr. L.L. Ndabeni	88,000	-	88,000
Ms. U.N. Mkiye	78,100	-	78,100
Prof. L.Y. Majowa-Songca	85,250	-	85,250
Ms. N.S.N. Bam	110,000	-	110,000
Dr. N.T. Ndudane	99,414	-	99,414
Ms. N. Makuni*	44,335	-	44,335
	827,482	-	827,482

Members of the Board are non-executive directors. In order to enable them to carry out their responsibilities efficiently and effectively some members are provided with computer equipment and data bundles. Except for the Board Chairperson members are divided to serve in board committees. *Mrs. Makuni serves as an independent member of the Audit and Risk Committee only.

	2021	2020
	R	R
22 DEBT IMPAIRMENT		
Trade Receivables from exchange transactions - Note 3.2	-	100,293
Debt impairment recognised in statement of financial performance	-	100,293
23 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	5,158,812	5,223,060
Intangible Assets	256,229	242,978
	5,415,041	5,466,038
24 FINANCE CHARGES		
Interest expenses	263,153	70,020
Total finance charges	263,153	70,020
25 CORRECTION OF ERROR IN TERMS OF GRAP 3		
Accumulated surplus		
Balance previously reported		79,276,686
Reversal of previously recognised deferred tax asset		(7,219,551)
Restated balance		72,057,135
Deferred tax Asset		
Balance previously reported		7,219,551
Reversal of previously recognised deferred tax asset		(7,219,551)
Restated balance		-
The Entity has derecognised the deferred tax asset. It is not probable that it will generate profits to utilise the deferred tax asset. A correction of a prior year error has been made.		
26 Operational costs		
Accommodation and travel	721,249	1,047,476
Advertising and promotion	70,722	109,473
Audit fees	1,916,507	2,543,995
Bank charges	302,019	372,535
Bar codes	1,690	-
Cash collection services	101,574	113,287
Cleaning	1,728	1,555
Courier and postage	905	318
Consulting and professional fees	139,327	274,117
Consumables	1,016	49,056
Commission paid	165,776	-
External project expenses	-	2,975
Employee wellness	5,533	226,507
Fuel and oil	881,642	934,400
Feed	1,378,074	924,065
Hiring expenses	-	255,633
Legal fees	73,800	-
Licensing - software	606,617	426,397
Livestock purchases	7,963,966	8,834,069
Livestock - Adam Kok Farms	-	-
Motor vehicle expenses	78,093	167,815
Meat inspection	182,536	179,152
Medication - livestock	178,969	252,575
Municipal services	2,226,003	2,478,255
Occupational health and safety	33,142	-
Packaging	128,285	117,794
Printing and stationery	178,843	242,763
Provision for doubtful debts contribution	91,413	100,293
Protective clothing	50,274	34,645
Rental expenses	115,500	126,000
Refurbishment - water services	2,267,059	3,545,252
Security services	885,446	901,922
Staff training	128,475	361,081
Strategic planning session	4,831	34,705
Subscriptions	185,520	216,028
Telephone and fax	1,488,816	1,446,670
Write offs - Assets	-	-
Cash-up losses	39,310	-
Agricultural development	1,470,519	5,494,345
Personnel and labour	489,975	609,705
Trade and investment promotion	7,950	51,027
Total operational costs	24,563,104	32,475,885

27 **Contracted Services**

Cleaning	234,493	220,158
Insurance - assets	1,675,287	1,526,624
Internal audit expenses	92,700	85,596
Leasing Hire Fac	26,838	33,670
Software licencing	228,917	216,499
Website maintenance	87,800	42,000
	2,346,035	2,124,547

28 **Segment information**

The Entity is organised into four strategic goals and under these goals there are four main segments with main activities and geographical location described a) as follows:

- Umzikantu Red Meat Abattoir. It is based in Mthatha and its main activity is the provision of slaughter services as well as meat sales.
- Adam Kok Farms. Farms are based in Kokstad and are operated for livestock and crop production.
- Kei Fresh Produce Market. The market is based in Mthatha. It is platform wherein farmers bring their produce for sale. The Entity generates as revenue commission on sales. Space and equipment are also rented out at a fee.
- The Entity's mandate includes the repairs and maintenance of water schemes. The function is funded by the parent municipality and the Entity is paid for work done. The Entity is also acting as a paymaster for operators appointed by the parent municipality and generates revenue in the form of implementation fees.

b) Segments are aggregated for reporting purposes.

c) Information reported about these segments is used for evaluating the segments' performance and for making decisions about the allocation of resources.

Segment surplus or deficit, assets and liabilities

2021

	Ntinga Head office	Umkizantu Red Meat Abattoir	Adam kok Farms	Kei Fresh Produce Market	Water Services	Total
Revenue						
Transfers and Subsidies	46,443,139	-	-	-	-	46,443,139
Other income	3,689,136	-	-	-	-	3,689,136
Agency Services	-	-	-	-	5,343,027	5,343,027
Fresh Farm Products - Meat	-	10,452,083	-	-	-	10,452,083
Slaughter Services	-	323,593	-	-	-	323,593
Commission	-	-	-	413,103	-	413,103
Office rentals, storage fees, parking	-	-	-	316,308	-	316,308
Sales of Fresh Farm Products -	-	-	0	-	-	-
Sales of Fresh Farm Products -	-	-	476,914	-	-	476,914
Total revenue	50,132,275	10,775,676	476,914	729,411	5,343,027	67,457,303
Employee costs	26,294,677	3,206,493	4,049,954.75	3,675,645.12	7,717,920	44,944,690
Depreciation	4,362,796	300,466	0	751,778.28	-	5,415,041
Other costs	11,874,977	7,172,058	5517620.41	1,627,883.95	2,447,425	28,639,964
Total expenditure	42,532,450	10,679,018	9,567,575	6,055,307	10,165,345	78,999,695
Surplus/(Deficit) for the period	7,599,825	96,658	-9,090,661	-5,325,896	-4,822,318	-11,542,392
ASSETS						
Property, plant and equipment	48,594,408	2,386,368	0	3,989,041	0	54,969,817
Other assets	483,522	0	0	0	0	483,522
Deferred tax	-	0	0	0	0	0
Receivables	7,594,820	205,800	0	366,276	0	8,166,895
Inventory	3,727,648	3,808	328,586	0	0	4,060,042
Cash and cash equivalents	2,333,571	230,249	112,414	633,091	0	3,309,325
Biological assets	0	0	13,173,660	0	0	13,173,660
Total Assets	62,733,968	2,826,225	13,614,660	4,988,408	-	84,163,261
LIABILITIES						
Trade payables	0	503,742	4,227	693,898	0	1,201,867
Other creditors	19,560,672	569,229	606,329	659,379	1,051,044	22,446,652
Total Liabilities	19,560,672	1,072,971	610,555	1,353,277	1,051,044	23,648,519

	2021	2020
	R	R
29 RECONCILIATION BETWEEN DEFICIT FOR THE YEAR AND CASH GENERATED UTILISED BY OPERATIONS		
Deficit for the year	(11,542,392)	(6,114,760)
Adjustments for:		
Depreciation	5,158,812	5,223,060
Amortisation of Intangible Assets	256,229	242,978
Impairments - Property, Plant and Equipment		
Donations received	-	(2,463,783)
Adjustments to Biological Assets	(2,479,407)	(6,363,367)
(Gain)/loss on disposal of Property, Plant and Equipment	-	(4,731)
Loss on disposal of Property, Plant and Equipment	54,863	
Gains on disposal of Biological Assets	(299,169)	
Contribution from/to employee benefits	-	-
Correction of prior year error - note 28	-	-
Increase in provision for doubtful debts	-	-
Operating Loss before changes in working capital	(8,851,065)	(9,480,603)
Changes in working capital	(1,469,837)	18,091,532
(Decrease) / Increase in Payables from Exchange Transactions	(563,150)	874,657
Increase in Provision for Current Employee Benefits	201,152	798,459
(Decrease) / Increase in Unspent Conditional Government Grants and Receipts	(1,440,694)	2,457,356
Increase in Taxes	3,718,771	2,097,421
Increase in Inventory	2,841,111	2,390,524
(Increase) / Decrease in Accounts Receivables	(6,227,027)	9,473,115
Cash utilised/(generated) by operations	(10,320,901)	8,610,929
30 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 2	1,243,920	11,982,914
Cash Floats - Note 2	6,896	19,065
Bank - Note 2	2,058,509	1,276,553
Total cash and cash equivalents	3,309,325	13,278,532
31 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 2	3,309,325	13,278,532
Less:	3,309,325	13,278,532
Unspent Committed Conditional Grants - Note 13	4,307,504	5,748,198
Resources (required) / available for working capital requirements	(998,179)	7,530,334
32 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		
32.1 Additions to Property, Plant and Equipment		
Purchase of property, plant and equipment - Note 8	764,470	673,495
Cash movement	764,470	673,495

33 **IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**

33.1 **Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	35,791	65,329
Fruitless and wasteful expenditure incurred	-	23,622
Less: Recovered during the year	(34,239)	(53,160)
Outstanding Balance	1,552	35,791
Fruitless and wasteful expenditure awaiting further action	1,552	1,552
Fruitless and wasteful expenditure recovered after financial year - August 2020	-	23,622

Incident	Disciplinary steps/proceedings
During 2017/18 financial year eleven cows were transferred to Umzikantu Red Meat Abattoir from Adam Kok Farms for slaughter and selling. It was later discovered that they were vaccinated and were not suitable for sale and human consumption and the meat was disposed.	Affected employees were found to have been negligent and sanction was passed that the loss would be recovered from them. Recovery of money was implemented in the 2019/2020 financial year.
Legal fees incurred on collection of Red Meat Levy due.	Letters will be written to the affected employees as to why these legal fees of R1,552 can not be recovered from them.
Suspected fraudulent fuel card transactions	Unknown transactions amounting R23,622 were noted on a vehicle fuel card. Upon investigation it transpired that the fuel card may have been duplicated or hacked. The full amount was recovered from the bank in August 2020.

33.2 **Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance	1,356,987	988,596
Irregular expenditure incurred during the year	215,717	368,391
Condoned during the year	-	-
Irregular expenditure awaiting further action	1,572,704	1,356,987

This expenditure was reported to the parent municipality and is awaiting action by Council.

Incident	2021	2020
Sage Evolution. No declaration of interest was attached on the payment voucher. Supplier insisted that their CSD is detailed to cover the information on their interests.	158,105	158,104
Jim Palo Trading. Their tax status was non-tax compliant at the time of appointment. They are subsequently tax compliant.	111,001	111,000
Uhlelo Engineering. Did not qualify for being selected as supplier to procure goods and services considering points scored. No cancellation letter could be produced for the winning bidder.	56,134	56,134
Lindwin Trading. Their director was in employment of the state.	43,152	43,154
Bid specifications not including the local content requirement.	288,368	288,367
During the 2020/21 financial year procurement was made through deviation from a single source supplier without following the entity's SCM policy in full.	215,717	-
Employees whose salaries include travel allowances used Entity vehicles	700,228	700,228
	1,572,704	1,356,987

34 **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

34.1 **Audit fees - [MFMA 125 (1)(b)]**

	R	R
Opening balance	-	-
Current year audit fee	1,916,507	2,543,995
Amount paid - current year	(1,916,507)	(2,543,995)
Closing balance	-	-

34.2 **VAT - [MFMA 125 (1)(b)]**

Opening balance	(4,751,979)	(2,654,559)
VAT payments made to SARS - previous year	228,201	(125,908)
VAT due to SARS - current year	(6,628,715)	(7,019,770)
VAT payments made to SARS - current year	2,681,743	5,048,257
Closing balance - Payable	(8,470,750)	(4,751,979)

VAT is accounted for on a payment basis.

34.3 **PAYE, SDL and UIF - [MFMA 125 (1)(b)]**

Opening balance	661,945	621,921
Current year payroll deductions and contributions	9,373,955	8,973,155
Amount paid - current year	(9,428,862)	(8,933,131)
Closing balance	607,038	661,945

	2021 R	2020 R
34.4 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	72,549	(1,760)
Current year payroll deductions and contributions	5,013,009	5,214,969
Amount paid - current year	(4,974,799)	(5,140,660)
Closing balance	110,760	72,549

34.5 Supply Chain Management Deviations

Procurement transactions where it was impractical to follow normal SCM procedures	9,748,289	8,281,776
Total	9,748,289	8,281,776

These are deviations approved by the Accounting Officer and ratified by the Board of Directors. They were also presented to the Council of the parent municipality. Most of them relate to procurement of livestock from farmers and auctions where it was impractical to follow normal procurement processes such as requesting for atleast three quotations.

35 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:	61,295	61,295
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Total commitments consist out of the following:

- Sanitation projects	61,295	61,295
Total	61,295	61,295

This expenditure will be financed from:

Government Grants	61,295	61,295
Total	61,295	61,295

36 FINANCIAL RISK MANAGEMENT

The activities of the entity expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

(a Foreign Exchange Currency Risk

The entity does not engage in foreign currency transactions.

(b Price risk

The entity is not exposed to price risk.

(c Interest Rate Risk

As the entity does not have significant interest-bearing liabilities, the entity's income and operating cash flows are not substantially dependent on changes in market interest rates.

The entity analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The entity did not hedge against any interest rate risks during the current year.

(d Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the entity to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of customers utilising purchasing and utilising the services of the abattoir, dispersed across different sectors and geographical areas. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the entity effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Board endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection".

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the entity for current and non-current investments are all listed on the JSE (First National Bank, Nedbank, Absa and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

	2021 R	2020 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	69,942	752,164
Receivables from non-exchange transactions	8,096,954	1,187,705
Cash and Cash Equivalents	3,309,325	13,278,532
	11,476,220	15,218,401

(e Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2021	Less than 1 year R	Between 1 and 5 years R	Between 5 and 10 years R	Over 10 Years R
Trade and Other Payables	5,718,024	5,718,024	-	-
Unspent conditional government grants and receipts	4,307,504	4,307,504	-	-
	10,025,528	10,025,528	-	-

2020	Less than 1 year R	Between 1 and 5 year R	Between 5 and 10 years R	Over 10 Years R
Trade and Other Payables	6,281,174	6,281,174	-	-
Unspent conditional government grants and receipts	5,748,198	5,748,198	-	-
	12,029,372	12,029,372	-	-

37 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the entity are classified as follows:

37.1 Financial Assets Classification

Receivables

Receivables from exchange transactions	Financial instruments at amortised cost	69,942	752,164
Receivables from non-exchange transactions	Financial instruments at amortised cost	8,096,954	1,187,705

Short-term Investment Deposits

Call Deposits	Financial instruments at amortised cost	1,243,920	11,982,914
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Bank Balances and Cash

Bank Balances	Financial instruments at amortised cost	2,058,509	1,276,553
Cash Floats and Advances	Financial instruments at amortised cost	6,896	19,065

11,476,220 **15,218,401**

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost	11,476,220	15,218,401
At amortised cost	11,476,220	15,218,401

37.2 **Financial Liability** **Classification**

Payables from exchange transactions

Trade creditors	Financial instruments at amortised cost	751,189	379,281
Salary deductions	Financial instruments at amortised cost	639,134	851,164
Accruals		3,880,727	4,603,755
Payables from non-exchange transactions		446,974	446,974
Government Subsidies and Grants	Financial instruments at amortised cost	4,307,504	5,748,198

10,025,528 **12,029,371**

SUMMARY OF FINANCIAL LIABILITY

Financial instruments at amortised cost	10,025,528	12,029,371
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These financial instruments are contracted to mature in one year or less after the balance sheet date.

38 **EVENTS AFTER THE REPORTING DATE**

The Entity's cashflow and liquidity position has been affected by not receiving the full monthly tranches from July 2021 and August 2021 grant funding from the parent municipality. This is due to the parent municipality grants being withheld by National Treasury. The Entity was informed that with effect from 20 August 2021, Council of the parent municipality was dissolved, and an Administrator appointed.

39 **IN-KIND DONATIONS AND ASSISTANCE**

Internal auditor seconded from the O. R. Tambo District Municipality. Office accommodation is provided by O. R. Tambo District Municipality at no cost.

40 **CONTINGENT LIABILITIES**

2021	2020
R	R

<u>Man Truck & Bus (Pty) Ltd.</u> , The Entity is a second defendant on a matter involving a collision between a truck and a cow at Adam Kok Farms.	218,254	218,254
<u>CE Du Plessis and 2 other vs OR Tambo District Municipality</u> , Defendant is OR Tambo District Municipality and Ntinga is the second respondent. Plaintiffs alleges that their respective properties were damaged by fires which came from Adam Kok Farms owned by ORTDM and managed by Ntinga. The matter is being defended by the municipality.	1,781,524	1,781,524
<u>Zandisile Kanise vs OR Tambo District Municipality</u> , Defendant is OR Tambo District Municipality and Ntinga is the second respondent. Mr. Z.L. Kanise is employed by Ntinga. As per request of ORTDM he was seconded at ORTDM, Executive Mayor Office without any documentation. It is alleged that he acted as a Policy Analyst on secondment from Ntinga.	2,000,000	2,000,000
<u>Benzile Munala vs Kei Fresh Produce Market</u> , The matter is between Kei Fresh Produce Market and its former employee. It happened before the market was transferred to Ntinga by the municipality. The matter relates to an alleged unfair labour practice.	500,000	500,000
<u>Sheriff of the Court - Kokstad vs Ntinga</u> , The Sheriff is claiming re-imbursment of costs incurred after eviction of livestock at Adam Kok Farms. Ntinga is challenging the matter.	230,000	230,000
<u>Ms Gwavu vs Kei Fresh Produce Market / Ntinga</u> , Ms Gwavu was dismissed in 2011 by Kei Fresh Produce Market for gross negligence and the lost of funds before the market was incorporated into Ntinga. An out of court settlement was reached between the parties and it was settled by the District Municipality after year end.	-	213,086
<u>Sontongane Vuyani vs Ntinga</u> , In December 2019 the entity received summons dated 14 October 2019 alleging that the claimant's vehicle hit a cow belonging to the entity. The matter is being defended.	160,200	160,200
	4,889,978	5,103,064

41 **RELATED PARTIES**

41.1 **Related Party Loans**

No loans to or from related parties

41.2 **Compensation of key management personnel**

The compensation of key management personnel is set out in note 20 to the Annual Financial Statements.

41.3 **Other related party transactions**

Grant Amount

O.R. Tambo District Municipality

44,267,179

49,142,061

In-kind donations and assistance

Internal support and risk management function are received from the O. R. Tambo District Municipality at no cost to the entity. Office accommodation and related municipal services are provided by O.R. Tambo District Municipality at no cost to the Entity.

Service Delivery services arrangements with the parent municipality

The Entity assigned a function of repairing and maintaining water schemes in rural and peri-urban areas. The Entity is the paymaster for water scheme operators appointed by the parent municipality. It derives revenue from these functions.

5,343,027

9,467,045

Ntinga is appointed as an implementing agent for certain local economic development initiatives.

-

8,127,035

Supply of water and sanitation services to Umzikantu Abattoir, Ikhwezi Dairy Farm and Kei Fresh Produce Market

- Value of services provide

154,411

385,397

- Interest charged on overdue accounts

42,171

45,313

Donation of Assets and Transfer of liabilities

Donation and transfer of assets.

-

2,463,783

41.4 **Nature of related party relationship**

O.R. Tambo District Municipality is the parent municipality of the entity

Related party transactions were undertaken at arms length.

42 **FINANCIAL SUSTAINABILITY**

The indicators or conditions that indicate that the Entity is financially stable are as follows:-

Financial Indicators

The parent municipality transferred to the Entity revenue generating assets. Due to this, the entity's revenue generation is improving from year to year. In addition, the extension of the mandate to include water services has expanded revenue sources for the Entity.

43 **Going concern**

The parent municipality, O.R. Tambo District Municipality, continues to provide financial support to the Entity. There is commitment by the parent to continue funding the entity. The Entity is implementing a strategy that is focused on generating own revenue particularly from its trading enterprises.

APPENDIX A - Unaudited
NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD
(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY : REGISTRATION NUMBER: 2016/272582/30)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

8 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2021

APPENDIX "A"

Reconciliation of Carrying Value	Cost					Accumulated Depreciation and Impairment Losses					Carrying Value	
	Opening Balance	Additions	Transferred from Parent Municipality	Disposals	Closing Balance	Opening Balance	Depreciation Charge	Transferred from KFPM	Impairment	Disposals		Closing Balance
	R	R		R	R	R		R	R	R		R
Land and Buildings	45,917,122	49,080	-	-	45,966,202	5,137,661	1,014,162	-	-	-	6,151,823	39,814,379
Land	23,001,877	-	-	-	23,001,877	-	-	-	-	-	-	23,001,877
Buildings	22,915,245	49,080	-	-	22,964,325	5,137,661	1,014,162	-	-	-	6,151,823	16,812,502
Lease Assets	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment (Lease)	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment (Lease)	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	31,862,498	715,390	-	122,341	32,455,547	13,221,687	4,144,650	-	-	66,228	17,300,109	15,155,438
Furniture & Fittings	2,409,293	77,099	-	28,403	2,457,990	1,518,208	197,546	-	-	14,155	1,701,599	756,390
Motor vehicles	4,232,382	-	-	-	4,232,382	1,909,252	627,716	-	-	-	2,536,968	1,695,414
Plant and equipment	23,211,315	77,100	-	31,955	23,256,460	8,810,169	2,993,793	-	-	26,710	11,777,252	11,479,208
Computer Equipment	1,960,000	561,191	-	61,983	2,459,208	960,356	325,595	-	-	25,363	1,260,588	1,198,620
Network Hardware	49,507	-	-	-	49,507	23,701	-	-	-	-	23,701	25,806
	77,779,620	764,470	-	122,341	78,421,749	18,359,348	5,158,812	-	-	66,228	23,451,932	54,969,817

30 JUNE 2020

Reconciliation of Carrying Value	Cost					Accumulated Depreciation and Impairment Losses					Carrying Value	
	Opening Balance	Additions	Transferred from Parent Municipality	Disposals	Closing Balance	Opening Balance	Depreciation Charge	Transferred from KFPM	Impairment	Disposals		Closing Balance
	R	R		R	R	R		R	R	R		R
Land and Buildings	43,371,995	81,344	2,463,783	-	45,917,122	4,061,251	1,076,410	-	-	-	5,137,661	40,779,461
Land	23,001,877	-	-	-	23,001,877	-	-	-	-	-	-	23,001,877
Buildings	20,370,118	81,344	2,463,783	-	22,915,245	4,061,251	1,076,410	-	-	-	5,137,661	17,777,584
Lease Assets	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment (Lease)	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	31,283,746	592,151	-	13,399	31,862,498	9,076,055	4,146,651	-	-	1,018	13,221,687	18,640,811
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	2,273,244	136,049	-	-	2,409,293	1,335,853	182,355	-	-	-	1,518,208	891,085
Tractor and other farming equipment	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	4,167,382	65,000	-	-	4,232,382	1,216,211	693,041	-	-	-	1,909,252	2,323,130
Plant and equipment	23,211,315	-	-	-	23,211,315	5,791,124	3,019,045	-	-	-	8,810,169	14,401,146
Computer Equipment	1,605,469	367,930	-	13,399	1,960,000	709,165	252,209	-	-	1,018	960,356	999,644
Network Hardware	26,335	23,172	-	-	49,507	23,701	-	-	-	-	23,701	25,806
Orchard	-	-	-	-	-	-	-	-	-	-	-	-
	74,655,741	673,495	2,463,783	13,399	77,779,620	13,137,306	5,223,061	-	-	1,018	18,359,348	59,420,272

APPENDIX B
NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD
(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY : REGISTRATION NUMBER: 2016/272582/30)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

10 BIOLOGICAL ASSETS

30 JUNE 2021

Reconciliation of Carrying Value - Livestock

	Fair Value		Quantities	
	Cattle R	Total R	Cattle	Total
Opening balance	15,089,530	15,089,530	1,806	1,806
Total movements	(1,915,870)	(1,915,870)	(431)	(431)
Acquisitions	2,096,900	2,096,900	259	259
Births	95,400	95,400	477	477
Deaths	(477,300)	(477,300)	(55)	(55)
Gains from change in fair value	2,861,307	2,861,307	-	-
Transfers to inventory	(3,665,281)	(3,665,281)	(417)	(417)
Disposals	(2,826,896)	(2,826,896)	(695)	(695)
Closing balance	13,173,660	13,173,660	1,375	1,375

30 JUNE 2020

Reconciliation of Carrying Value

	Fair Value		Quantities	
	Cattle R	Total R	Cattle	Total R
Opening balance	13,234,502	13,234,502	1,833	1,833
Total movements	1,855,028	1,855,028	(27)	(27)
Acquisitions	947,790	947,790	164	164
Births	121,800	121,800	609	609
Deaths	(241,200)	(241,200)	(41)	(41)
Gains from change in fair value	6,482,767	6,482,767	-	-
Transfers to inventory	(5,456,129)	(5,456,129)	(759)	(759)
	15,089,530	15,089,530	1,806	1,806

APPENDIX C
NTINGA O.R. TAMBO DEVELOPMENT AGENCY
(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY : REGISTRATION NUMBER: 2016/272582/30)

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 01 July 2020	Allocation for the year	Receipts for the year	Interest Received	Bank charges	Transfers (to) / from other projects or Revenue	Grants repaid	Conditions met	Balance 30 June 2021
	R	R	R	R	R	R	R	R	R
Unconditional Grants									
District Municipality Grants									
O.R. Tambo District Municipality - Operations funding	-	-	44,267,179	-	-	-	-	(44,267,179)	-
Total District Municipality Grants	-	-	44,267,179	-	-	-	-	(44,267,179)	-
Conditional Grants									
O.R. Tambo District Municipality Project Funds									
Wool Improvement	2,173,913	-	-	-	-	-	-	-	2,173,913
Zandukwana Project	315,071	-	-	-	-	-	-	-	315,071
ORTDM Cooperatives Development Centre	126,084	-	-	-	-	-	-	(72,063)	54,020
RAFI Implementation	2,685,073	-	-	-	-	-	-	(1,396,765)	1,288,308
Trade and Investment Promotion	123,291	-	-	-	-	-	-	-	123,291
Total District Municipality Grants	5,423,432	-	-	-	-	-	-	(1,468,828)	3,954,603
Other Grant and Subsidy Providers									
Lefa Le Rona Trust	141	-	-	-	-	-	-	-	141
Ingquza Hill Local Municipality	324,641	-	-	-	-	-	-	(122,195)	202,446
SETA	-	-	127,681	-	-	-	-	(127,681)	-
Maize Project	-	-	607,570	-	-	-	-	(457,256)	150,314
Total Other Grant Providers	324,782	-	735,251	-	-	-	-	(707,132)	352,901
Total	5,748,213	-	45,002,430	-	-	-	-	(46,443,139)	4,307,504