

24/25 ANNUAL REPORT



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CHAIRPERSON'S FOREWORD



It is my honour and privilege, on behalf of the Board of Directors, to present the 2024–2025 Annual Report of Ntinga O.R. Tambo Development Agency SOC Ltd for the period under review.

The year under consideration was both demanding and defining for the Agency. It unfolded within a constrained fiscal environment, heightened socio-economic pressures in our district, and persistent structural challenges affecting the performance of some of our trading enterprises. Notwithstanding these realities, Ntinga continued to grow from strength to strength institutionally, demonstrating resilience, strategic clarity, and an unwavering commitment to its developmental mandate.

As a special purpose vehicle of the O.R. Tambo District Municipality, Ntinga remains firmly positioned as a catalyst for **inclusive economic development, job creation, and sustainable livelihoods**. During the period under review, the Board and the Executive Management deliberately shifted focus toward strengthening governance, improving compliance, reinforcing internal systems, and repositioning the SOC for long-term sustainability. These efforts have laid a critical foundation for future performance improvement, particularly within our commercial operations.

While the operational and financial performance of certain enterprises remained below expectations, decisive steps were taken to confront these challenges with honesty and resolve. The Board initiated a strategic refocus and supported management in implementing corrective interventions aimed at stabilisation, improved efficiency, and enhanced commercial viability. Importantly, these actions were undertaken without compromising Ntinga's broader developmental role within the district.

Our strategic direction continues to be anchored on four interrelated pillars:

- **Enhanced and Enabled Value Chains** – Strengthening upstream and downstream agricultural value chains to unlock the district's latent economic potential.
- **Diversified and Strategic Partnerships** – Promoting inclusive socio-economic growth through collaboration with public institutions, private sector, development finance partners, and communities.
- **Trade and Investment Facilitation** – Positioning the O.R. Tambo District as an attractive destination for business, enterprise development, and innovation.
- **A Dynamic, Capable and Sustainable Agency** – Reinforcing governance, operational discipline, and performance culture to ensure accountability, transparency, and long-term sustainability.

achieving an unqualified audit opinion for the year under review. This is a commendable milestone that reflects dedication and commitment to accountability. However, we must not rest on our laurels—the ultimate target remains a clean audit, and we expect continued focus on addressing root causes and strengthening internal controls to achieve this goal.

CHAIRPERSON'S FOREWORD Cont...

As we look ahead, the Board remains resolute in steering Ntinga through its next phase, one characterised by **strategic consolidation, enterprise turnaround, and renewed developmental impact**. We are confident that the foundations laid during the 2024–2025 financial year will enable Ntinga to emerge stronger, more focused, and better positioned to serve the people of the O.R. Tambo District.

Together, through shared commitment and collective action, we can advance a district economy that is resilient, inclusive, and sustainable.

Dr Nandipha Toyota Ndudane

Chairperson of the Board

Ntinga O.R. Tambo Development Agency SOC Ltd



1.STATEMENT OF RESPONSIBILITY

To the best of my knowledge and belief, I confirm the following;

All information and amounts disclosed in the unaudited annual report are consistent with the unaudited annual financial statements.

The unaudited annual report comprises the unaudited annual performance report.

The annual report will be completed upon completion of audit by the Auditor General.

The unaudited annual report has been prepared in accordance with the guidelines on the annual report issued by National Treasury.

The accounting authority is responsible for establishing and implementing a system of internal control to provide reasonable assurance as to the integrity and reliability of the performance information, human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.



Dr. N.T. Ndudane
Board Chairperson



Mr. L. Mbiko
Chief Executive Officer

In my opinion, the unaudited annual report fairly reflects the operations, the performance information, the human resource information and the financial affairs of the Entity for the financial year ended 30 June 2025.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Ndudane'.

Dr. N.T. Ndudane
Chairperson of the Board

A handwritten signature in black ink, appearing to read 'Mbiko'.

Mr. L. Mbiko
Chief Executive Officer

2. CHAPTER ONE: EXECUTIVE SUMMARY

2.1 INTRODUCTION

During the reporting period, Ntinga O.R. Tambo Development Agency SOC Ltd continued to play a central role in enabling inclusive and sustainable economic growth within the O.R. Tambo District. Guided by its four strategic goals: (a) enhancing and enabling full agricultural value chains, (b) diversifying partnerships for socio-economic development, (c) promoting trade and investment opportunities, and (d) building a dynamic, capable, and sustainable state-owned company; Ntinga has delivered tangible results that support local producers, strengthen food systems, and stimulate regional economic development.

Key Performance Indicators



Achieved



Over Achieved



Not Achieved

Goal One:

Enhanced and Enabled Full Value Chains (upstream and downstream) for Agricultural Produce, Markets and Abattoirs.

Goal Two:

Diversified Partnerships that Promote Inclusive Socio-economic Development and Growth.

Goal Three:

Promoted Trade and Investment Opportunities in the District

Goal Four:

Dynamic, Capable and Sustainable State-Owned Company

2. CHAPTER ONE: EXECUTIVE SUMMARY Cont...

2.1.1 Enhancing and Enabling Full Agricultural Value Chains

Ntinga successfully enhanced upstream and downstream value chains for cattle, pigs, and fresh produce.

a) Access to markets was facilitated for local livestock producers through the effective operation of Umzikantu Abattoir and the fresh produce market, ensuring that farmers have reliable and structured platforms to sell their produce.

b) The Adam Kok Farms were utilised as a feeder both for the abattoir and the fresh produce market, strengthening integration within the agricultural system.

c) The livestock genetic improvement programme provided local farmers with improved breeds, enhancing productivity and long-term sustainability.

d) Continued support was extended to the local market agent and smallholder farmers, creating inclusive opportunities in the agricultural sector.

2.1.2. Diversified Partnerships for Socio-Economic Development.

Partnerships remained a cornerstone of Ntinga's operations:

a) Collaborations were forged to improve operations at Adam Kok Farms, enhancing efficiency and output.

b) Renewable energy initiatives are explored in the O.R. Tambo District, contributing to sustainability and improved service delivery.

c) Through a public call for expressions of interest, the agency successfully attracted investors who are planning to invest into the district, boosting confidence in local opportunities.

d) Local enterprise development initiatives were supported, nurturing emerging entrepreneurs and fostering inclusive participation in the district economy.

e) Strong collaborations with local municipalities and stakeholders were pursued to unlock opportunities in priority sectors of the district economy.

2.1.3 Promoting Trade and Investment Opportunities

Ntinga continued to position the O.R. Tambo District as a hub of agricultural and related investment opportunities:

a) Investment attraction initiatives unlocked interest from private sector investors in agriculture, energy, and agro-processing.

b) Trade and investment promotion activities were aligned with local, Provincial and national government plans, ensuring policy coherence and integration.

c) The groundwork was laid for the establishment of a fresh produce packhouse and the upgrade of the abattoir, both critical in advancing market access and export readiness.

2.1.4 Building a Dynamic, Capable, and Sustainable State-Owned Company

Operational excellence and strong governance underpinned Ntinga's work:

a) The entity achieved a high level of good governance, supported by an effective Board of Directors, compliance with applicable laws, policies, and regulations, and accountability to its shareholders.

b) Resource mobilization initiatives improved financial resilience, with a financial recovery plan under development to ensure long-term sustainability.

c) Emphasis was placed on the optimum utilisation of existing assets to maximise value for the community -



2. CHAPTER ONE: EXECUTIVE SUMMARY Cont...

Future Outlook

Looking ahead, Ntinga will scale up interventions that commercialise agriculture and support broad-based participation in the economy. Key initiatives include:

- i) Establishment of commercial feedlots to strengthen livestock value chains.
- ii) Sustained support for subsistence farmers to improve food security and livelihoods.
- iii) Development of a fresh produce packhouse to enhance market access.
- iv) Upgrading of Umzikantu Abattoir to meet higher industry standards.
- v) Continued promotion of trade and investment opportunities to diversify the district economy.
- vi) Scaling enterprise development initiatives to build a pipeline of local businesses.

vii) Maintaining a high level of governance and accountability, ensuring Ntinga remains a trusted implementing agent of choice.

viii) Enhancing a business-to-business development strategy to foster stronger linkages across value chains.

Ntinga extends its gratitude to the leadership of the O.R. Tambo District Municipality, the Board of Directors, management and staff, and all stakeholders and partners for their unwavering support and collaboration. These partnerships continue to strengthen Ntinga's role as a catalyst for inclusive development and sustainable economic growth in the district.



3. CHAPTER TWO

CORPORATE GOVERNANCE REPORT

In “2024/2025 – The Board continued with its endeavours to oversee the Entity's sustainability and holding management accountable for execution of the strategy.

4.1. INTRODUCTION

The Board continued to fulfil its obligations in maintaining high standards of governance, ethics, and integrity. As a State-Owned Company and Development Agency, we recognize the unique opportunity of the Entity to be a catalyst in changing the rife triple challenge of inequality, poverty, and unemployment in the O.R. Tambo District Municipality. The support by the Parent Municipality, the O.R. Tambo District Municipality, as the shareholder emboldens us as the Board to confidently contribute to eradicating the outlined challenges.

In 2024/25, we continued building upon the gains of governance from the previous financial year, achieving the following governance outcomes in the year under review, amongst others:

a) The Board oversaw the strategic review to ensure that it is in line with the mandate and is executable with expected outcomes and the implementation of the SDBIP (Service Delivery Budget and Implementation Plan).

b) Key executive roles within the Entity continue to be monitored and assessed for performance, including the cascading of performance to all levels of performance within the Agency.

Ntinga is committed to good corporate citizenship and organisational integrity in the running of its affairs and applies strict adherence to all applicable legal requirements in its business.

3. CHAPTER TWO CORPORATE GOVERNANCE REPORT Cont...

To further strengthen and enable the Board's governance and oversight role, we have several direct governance practices implemented for the achievement of best governance outcomes, namely:

- Providing role clarity through the assignment of specific areas of responsibility and accountability to Board committees, the Chief Executive, and senior management.
- Creating an environment for effective decision-making by specifying decisions reserved for the Board and delegating decision-making powers to Board committees (in documented terms of reference) and senior management (in documented delegations of authority).
- Being specific on the information, and frequency of its provision, that the board and its committees require from senior management to enable the Board and committees to prioritize their activities and provide effective leadership and oversight.
- Receiving financial and audit reports from the Audit Committee on matters relating to the Entity.
- Ensuring that the Entity complies with all applicable laws and regulations and maintaining high ethical standards.



3.2. CORPORATE GOVERNANCE FRAMEWORK

The development agency is wholly owned by the O.R. Tambo District Municipality, thus it is the Agency's Parent municipality and sole Shareholder. It is the Executive Authority and provides oversight over the Agency.

Two Shareholder representatives are delegated by the Parent Municipality to attend all Ntinga Board meetings for additional oversight, integration and cross-pollination of information between the parties. The parent municipality's Rural Economic Development and Planning (REDP) Department provides specific oversight over the entity, working closely to monitor our Local Economic Development and Special Projects mandates. Monthly and quarterly reports are submitted to the municipality as per the requirements of the MFMA.

The development agency's reports and performance are further subjected to scrutiny by the municipality's oversight structures such as the portfolio committees and the Municipal Public Accounts Committee (MPAC).

At the Board level, the governance framework provides for the Board of Ntinga, as an independent SOC (State-owned company), to serve as the Accounting Authority that governs the Agency.

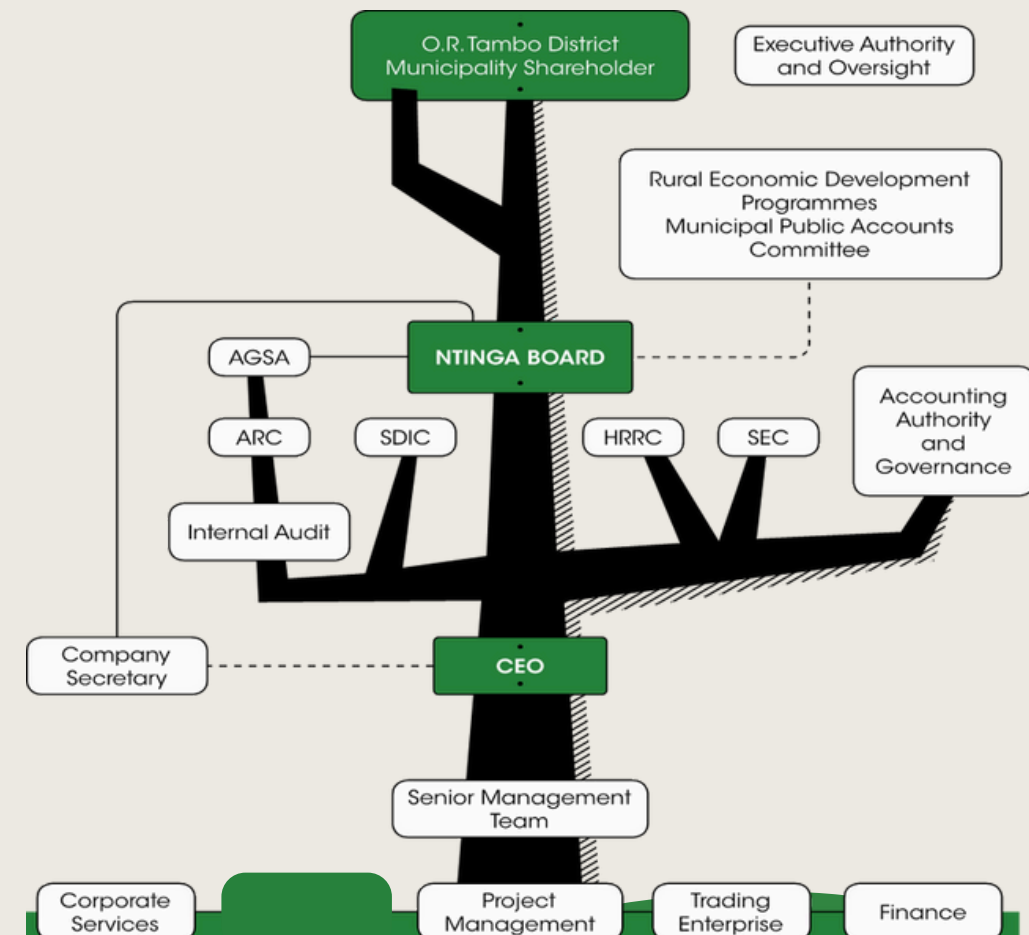
The Board oversees governance through setting the strategic direction of the entity and ensuring an integrated framework of oversight which includes the Board committees that have been formally appointed by the Board, with powers delegated or assigned to them by the Board. The framework is supported by the Board Charter, committee terms of reference and our governance policies, which provide a safeguard towards value creating performance. Our governance framework provides role clarity by clearly delineating roles and areas of accountability and recognises the independent roles and duties required to effectively govern the entity. The Chief Executive Officer is the Accounting Officer and an ex-officio director by virtue of his position.

The Board adopted a governance framework rooted in adhering to legislation, the principles outlined in the Municipal Finance Management Act, Municipal Systems Act, Companies Act, the King IV Report as best practice, and other governance prescripts and guidelines.

The Board is also mindful of the clear governance protocols required to communicate and interact with our Shareholders and their various political and administrative structures.

The Directors bring a wealth of expertise, skills, and diverse experience, which strengthens the ability of the Board to provide wide-ranging strategic direction and oversight over the entity. In line with best practice, the Board is led by the Board Chairperson, Dr N.T. Ndudane (from 22 May 2024) to ensure adequate and streamlined oversight over the affairs of the Board.

3.3. SCHEMATIC REPRESENTATION OF THE ENTITY



3.4. NON-EXECUTIVE DIRECTOR BOARD COMPOSITION



Dr Nandipha, Toyota Ndudane (54)

BOARD MEMBER

- Chairperson(22/05/2024)
- SDIC member
- HRRC Member

QUALIFICATIONS

- Bachelor of Agricultural Science
- Bachelor of Veterinary Medicine and Surgery
- Master's degree in Veterinary Animal Pathology

AREA OF EXPERTISE

- Agricultural systems
- Agricultural business management

ACTIVE DIRECTORSHIPS/ POSITIONS

- Cape Wools SA- Non-Executive Director.
- South African Veterinary Council
- Council Member.



Mr Tembile Yako (44)

BOARD MEMBER

- SEC Chairperson (01/09/22 - 25/07/24)
- HRRC member & HRRC Chairperson

QUALIFICATIONS

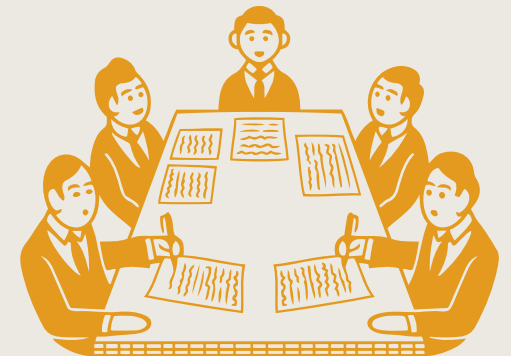
- MPhil Corporate Strategy, Gordon Institute of Business Science (GIBS)
- MPhil, Futures Studies, Stellenbosch University
- Certificate in Public Policy, TMLI-UNISA
- Post Graduate Diploma, Futures Studies, Stellenbosch University
- Certificate in African Political Economy, TMLI-UNISA
- BA (Hons) Business Management, Lincoln University
- Senior Management Development Programme, USB
- Management Development Programme (MDP), USB

AREA OF EXPERTISE

- Executive, Management, Strategy & Policy Development;
- Stakeholder Management; Performance Monitoring and Evaluation;
- Governance and Board Reporting;
- Facilitation and Negotiations; Public
- Sector Management and Administration; Operational Management; Scenario
- Planning and Environmental Scanning; Policy Development; Business
- Development; Enterprise Risk Management;
- Project Management.

ACTIVE DIRECTORSHIPS/ POSITIONS

- Director - Mbalana Resources
- Director- Kuteno Development Projects
- Director - Yebo Yethu
- Director – Lutho's Travel & Hospitality
- Director - Bula Tsela





**Mr Madoda. Pumelele
Madikiza - HRRC member
(63)**

BOARD MEMBER

- SDIC member
- SEC member

QUALIFICATIONS

- Bachelor of Commerce (B. Comm)
- Honours degree in accounting
- Diploma in Marketing

AREA OF EXPERTISE

- Local economic development and Trade & Investment promotion
- Local government legislation

ACTIVE DIRECTORSHIPS/ POSITIONS

National African Federated Chamber of Commerce (NAFCOC)
- Chairperson



**Adv Sonwabile
Mancotywa
(59)**

BOARD MEMBER

- SDIC Chairperson
- HRRC member

QUALIFICATIONS

- Doctor of Philosophy (candidate) Current
- Management Advanced Programme
- Post graduate qualification in Management Practice
- LLB
- B. Juris

AREA OF EXPERTISE

- Public law (interpretation of PFMA, MFMC, NT) Regulations
- Strategic analysis and insight
- Strategic planning and development
- Relationship building and networking
- Negotiating and political acumen
- Presentation and communication
- Business and emotional intelligence

ACTIVE DIRECTORSHIPS/ POSITIONS

- The Cross Border Road Transport Agency – Non-Executive Chairperson
- Raymond Mhlaba Development Agency – Non Executive Director
- Eastern Cape Parks and Tourism Agency – Non-Executive Director



**Mr Mxolisi Sikhosana
39**

BOARD MEMBER

- HRRC member
- SEC member
- SEC Chairperson (25/07/24)

QUALIFICATIONS

- Post Graduate Diploma in Accounting Fort Hare University 2010
- B Com Accounting Fort Hare University 2008
- Matric Senior Certificate (Distinction)

AREA OF EXPERTISE

- Internal and external auditing
- Risk and compliance
- Corporate governance

ACTIVE DIRECTORSHIPS/ POSITIONS

- Elundini Local Municipality - Audit Committee Member
- Eastcape Midlands College – Council Member, Audit Committee Member
- Eastern Cape Socio Economic Consultative Council (ECSECC) – Audit, Risk, And ICT Committee

3.4. NON-EXECUTIVE DIRECTOR BOARD COMPOSITION Cont...

Gender: 83% Male 17% Female	Non-Executive Directors Age – this can be on a linear scale or in some other summarised format: 35-45= 2 46-50 = 0 51- 55= 2 56 – 60=1 61-65= 1
Race: 100% Black	

3.5. BOARD AND COMMITTEES' MEMBERSHIP AND MEETING ATTENDANCE .

The Board has delegated some of its responsibilities to Committees in accordance with the approved delegation of authority and Charters. Each Committee acts within the ambit of clearly defined terms of reference that are approved by the Board. These terms of reference are periodically reviewed and updated to address any changes in legislation, or the governance and oversight needs of the Board of Directors.

The Board has four Committees to assist it in discharging its role and responsibilities. The Committees have been established in line with legislative requirements and business imperatives. These Committees report to the Board to enable the Board to take responsibility for complete oversight and the exercise of their fiduciary duties both individually and as a collective. This aims to provide sound governance.

3.5.1 THE BOARD COMMITTEES

- Audit and Risk Committee;
- Human Resources and Remuneration Committee;
- Social and Ethics Committee;
- Strategy, Development and Investment Committee

3.5.2. 2024/2025 BOARD AND COMMITTEE MEETINGS ATTENDANCE

	Board Meetings	HR & REMCO: Meetings	Strategy, Developmen	Social & Ethics:
Dr Ndudane	6/6/2025	4/4/2025	4/4/2025	N/A
Mr Yako	6/6/2025	N/A	N/A	2/2/2025
Mr Madikiza	6/6/2025	4/4/2025	4/4/2025	2/2/2025
Adv Mancotywa	6/6/2025	4/4/2025	4/4/2025	N/A
Mr Xalisa	4/6/2025	N/A	3/4/2025	1/2/2025
Mr Sikhosana	6/6/2025	4/4/2025	N/A	2/2/2025
Mr Sparg	6/6/2025	N/A	N/A	N/A

The Audit Committee is a shared service with the O.R. Tambo District Municipality, the following is the record of meeting attendance held by the Committee:

NO	NAME	POSITION	DATE OF APPOINTM ENT	MEETINGS ATTENDED
1	Mr Craig Sparg	Audit Committee	30 August 2022 -	6/6/20...
2	Mr Gideon Labane	Audit Committee Member	30 August 2022 – 02 May 2025	5/6/2025
3	Ms. Tembela Bacela	Audit Committee Member	November 2023 – 11 August	6/6/20...
4	Ms. Welekazi Dukuza	Audit Committee Member	November 2023 – Current	6/6/20...

3.6. SUCCESSION PLANNING

The Board of Directors is appointed directly by the Parent Municipality. The Board therefore remains independent and impartial by ensuring that the Parent Municipality provides sole oversight over the Board succession plan of the Agency. The Chairperson provides guidance and engages with the Parent Municipality where it specifically requests guidance to understand the Agency's evolving needs in terms of non-executive director succession.

3.7. SENIOR MANAGEMENT

The entity's Administration is headed by the Chief Executive Officer (CEO), who is the Accounting Officer. The CEO reports and accounts to the Board of Directors and leads the senior management team, which provides operational support. The majority of the current Senior Management Team in the year under review were still appointed on five-year contracts.

Senior Management Composition

**Chief Executive
Officer**

Name

Mr. Loyiso Mbiko

Qualifications

- B Com
- Honours B Compt /CTA
- Completed Articles
- CPMD

Date of Appointment

01-Dec-2021

Gender:

60% Male
40% Female

**Chief Financial
Officer**

Name

Mr. Sandile Sentwa

Qualifications

- B Com
- B com Honours
- Certificate in Theory of Accounting
- CPMD

Date of Appointment

01-April-2022

**Company
Secretary,
Legal &
Compliance
Advisor**

Name

Ms. Sivuyisiwe Ndondlwana

Qualifications

- B. Proc
- LLB
- Admitted Attorney of the High Court RSA
- Postgraduate Qualification - Company Secretarial & Governance Practice
- Certificates in ISO 9001, 14001 and 45001
- ETDPT SETA Assessor and Moderator
- CPMD

Date of Appointment

15 February 2022

**Head:
Corporate Services**

Name

Mr. Dunyiswa Mrwetyana-Zembe

Qualifications

- B. Com Honours in HRM
- National Diploma in Human Resources Management
- Certificate: Local Government Law
- CPMD
- Masters Degree in HRM.

Date of Appointment

15 May 2023

**Head:
Trading Enterprise**

Name

Mr. Mlungiseleli Zilimbola

Qualifications

- B.Com General
- Higher diploma in Project Management
- B.Com Honours (Business Management)
- Masters of Business Administration

Date of Appointment

01-Jul-2019 – 31-Aug-2024

3.8. GOVERNANCE FOUNDATIONS

3.8.1 ETHICS COMMITMENT

In the year under review, the Board continues to entrench its commitment to ethical governance through the review of its Code of Ethics. The Code guides employee behaviour in all internal and external stakeholder relations.

Our main ethical values as espoused in the Code include Integrity, Reliability, Honesty, Accountability and Transparency.

The Social and Ethics Committee of the Board continues to provide its delegated oversight over the application and entrenching of an ethical culture in the entity.

Both the Board and Senior management are required among others to provide an annual declaration of interests to avoid any conflict of interests.

3.8.4. MINIMISING CONFLICT OF INTEREST

In line with the recommendations of the King IV code, the directors are required to declare their interest in any discussion on the agenda at each meeting. The directors further annually provide the declaration of all their private or business interests and directorships held. These are included above in this report.

Ntinga staff are similarly required to declare their interests in other businesses/organisations on a regular basis. In addition to this declaration, all bid evaluation and adjudication committee members are required to declare any potential conflict of interest at each committee meeting. Committee members are excluded from participating in procurement decisions where a conflict of interest exists or is perceived to exist. Conflict of interest includes the interest of spouses and close family members.

Further, the agency requires all suppliers registered on its database to declare its shareholders and any conflict of interest upon registration to avoid the inadvertent use of suppliers in an irregular manner. Ntinga prevents conflict of interest by ensuring adherence to National Treasury's Code of Conduct for supply chain management practices.

3.8.2. COMPLIANCE WITH LAWS AND REGULATIONS

The Office of the Company Secretary provides legal and compliance advice to the Agency. The Parent Municipality supports the Agency with a shared legal service on litigation matters. Due to limitations with capacity, compliance is not fully centralised however it is decentralised at departmental level with each unit and ensuring compliance at departmental level. The Board continues to provide management support in extending its compliance and monitoring over the Agency.

The Internal Audit Unit periodically reviews compliance with laws and the Board strives for a culture of compliance with all relevant laws and regulations pertaining to the Agency.

3.8.3. FRAUD AND ANTI-CORRUPTION

The Agency carefully monitors fraud and corruption through the use of the anti-fraud and anti-corruption policy and plan which serve as the anti-fraud and corruption framework in place, which is reviewed regularly. The policy includes the whistleblowing processes. Systems of internal controls are documented and subject to periodic reviews by internal audit. There is a functional Audit and Risk Committee in place which amongst other things is tasked with oversight over fraud and corruption management processes.

3.8. GOVERNANCE FOUNDATIONS Cont...

3.8.5. RISK MANAGEMENT

The Board, through the Audit and Risk Committee, ensures that there is an effective risk management process within the agency.

Risk management processes include policy development, facilitation of risk assessments, and development of mitigating controls for the risks identified.

The CEO is the ultimate Chief Risk Officer of the Agency. The Agency has experienced challenges with the support of the shared services provided for Risk Management, but management and the Board continue to provide oversight through the Audit and Risk Committee.

The Board-approved Risk Management policy was implemented throughout the financial year to ensure that risk management activities are institutionalised within the agency. Risk assessments were facilitated by the Internal Audit unit for all business units, and the risk registers were submitted to the Audit & Risk Committee for review and to provide input with regard to the effective implementation of the Risk Management policy within the agency.

The Audit and Risk Committee plays an independent oversight role which assists management with risk management processes and as such recommends suitable actions for mitigating any unacceptable levels of risks identified.

3.8.6. INTERNAL AUDIT AND AUDIT COMMITTEE

Ntinga's internal audit function is an independent, objective, assurance and consulting activity designed to add value and improve the organisation's operations. It assists the organisation in accomplishing its objectives by bringing a systematic, disciplined approach to the evaluation and effectiveness of risk management, control, and governance processes. Such assurance is based on objective information, in the form of audit opinions, arising from internal audits performed.

In the year under review, the IA conducted reviews according to the Internal Audit Plan. The corrective actions resulting from the Audits are monitored through the tracking of the Management Audit Action Plan to minimise repeat findings.

The Audit Committee oversees the work of Internal Audit through quarterly reports, which are provided to the committee in accordance with the requirements of the Municipal Finance Management Act.

3.8.7. COMPANY SECRETARIAL FUNCTION

The Company Secretary provides the Board of Directors with effective and efficient corporate governance and company secretarial support and reports directly to the Board with the responsibility for advising the Board, through the Chairperson, on all governance matters and any breach of legislation which may arise. The Company Secretary acts as the primary point of contact between the Board and the Agency.

The Board is satisfied that the Company Secretary has maintained an arms-length relationship with the Board and is qualified to perform her duties in accordance with the applicable legislation. She is considered by the Board to be fit and proper for the position. In accordance with the King IV Code and best practice, the Company Secretary is not a director of the Company and is deemed by the Board to be suitably independent.

3.8.8. BOARD REMUNERATION MATTERS

The remuneration of the Board members is stipulated by the Parent Municipality, upon appointment of the Director, and is reviewed annually by the Municipality. The Board members are remunerated per meeting, annually, a retainer percentage determined by the municipality in accordance with the board remuneration policy, and are also reimbursed for travel in terms of Ntinga's Subsistence and Travel policy. The Board members do not charge preparation fees.

The remuneration of the Board for the year under review is tabulated below.

<u>NO</u>	NAME	ANNUAL BOARD AND COMMITTEE FEES PAID	RETAINER FEES	TOTAL
1	Dr Ndudane	R154,214	R23,132	R177,346
2	Mr Yako	R149,785	R 22,468	R172,253
3	Mr Madikiza	R112,574	R 16,886	R129,460
4	Adv Mancotywa	R114,310	R 17,146	R131,456
5	Mr Xalisa	R72,265	R 10,840	R83,105
6	Mr Sikhosana	R129,851	R 19,478	R149,329
	TOTALS	R732,999	R109,950	R842,949

BOARD REMUNERATION MATTERS Cont...

The remuneration of the Audit and Risk Committee for the year under review is tabulated below.

NO	NAME	ANNUAL COMMITTEE FEES PAID
1	Mr. C.J. Sparg	R130,077
2	Ms. W. Dukuza	R78,834
3	Ms. T. Bacela	R39,417
4	Mr. G. Labane	R39,417
	TOTAL	R287,746

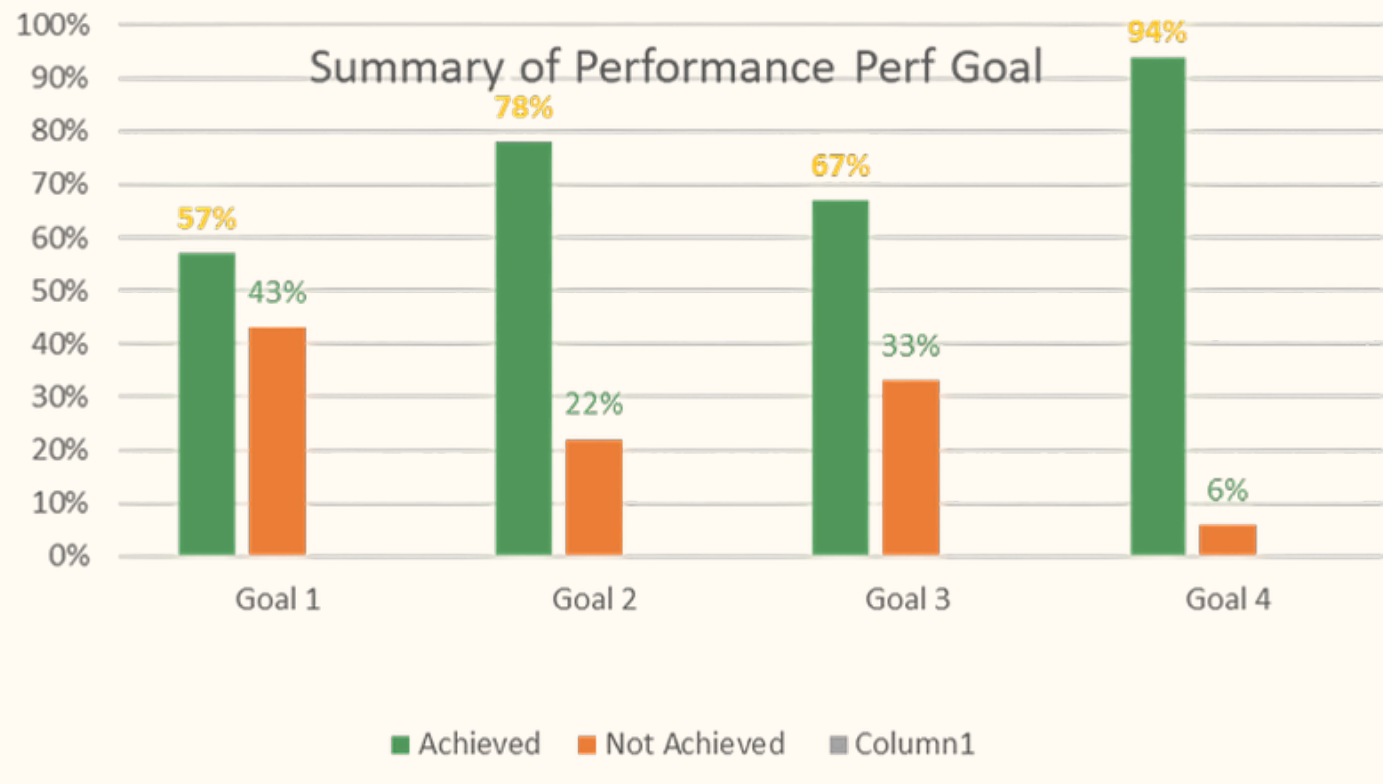


4. CHAPTER THREE

SERVICE DELIVERY PERFORMANCE

This is a presentation of performance of the Entity with the achievements of key performance indicators, development priorities and objectives as determined in the 2024/25 Corporate Service Delivery and Budget Implementation Plan (SDBIP).

2024/20 Overall Performance



2024/25 Performance Cont...

4.2. Overall Performance

- a) Planned Targets: 42
- b) Fully Achieved Targets: 32
- c) Not Achieved: 10
- d) Overall Achievement Rate: 76%
- e) Non-Achievement Rate: 24% – mostly in Goal 1 and Goal 2.

4.2.1 Goal 1 – Enhanced and Enabled Full Value Chains (Agricultural Produce, Markets and Abattoirs)

Targets Set: 14

Achieved: 8 (57%)

Not Achieved: 6 (43%)

Key Achievements:

- a) 581.83 livestock units slaughtered for communities, butcheries, and others.
- b) 1182.17 livestock units slaughtered for sale towards full capacity.
- c) 20 hectares utilized for maize production.
- d) Agreement signed with the service provider for the feedlot establishment at Adam Kok Farms.
- e) 36 heifers exchanged with community cattle.
- f) 375 farmers assisted with brand mark certificate applications.
- g) 5 animal identification campaigns organised.

375 farmers
assisted with brand
mark certificate
applications

581.83 livestock
units slaughtered
for communities,
butcheries &
others

Targets Not Achieved:

- a) R19,730,431 revenue from meat sales and slaughter fees.
- b) 449.17 tons of agricultural produce sold by Market Agent.
- c) R125,567 revenue from 5% commission on produce sales.
- d) 977 cattle produced, sourced, and supplied to Umzikantu Abattoir.

Performance Variances:

- a) Livestock shortages due to the foot and mouth disease outbreak, leading to reduced slaughter capacity (-311.83 units) and revenue (-R4,048,144).
- b) Market underperformance (-1858.12 tons and -R506,683 revenue) caused by reliance on only one market agent instead of three.
- c) Shift in priorities – focus redirected to cannabis incubation project instead of expanding crop production.
- d) Supply shortfall (-283 cattle) due to limited livestock availability.

Strategies Going Forward:

- a) Develop and implement a targeted marketing strategy for wholesale sales (2025/26).
- b) Implement a new operating model for the fresh produce market (shift from commission to wholesale) as per the Financial Recovery Plan.
- c) Pilot a district-wide supply base development Programme in 5 local municipalities.

4.2.2. Goal 2 – Diversified Partnerships that Promote Inclusive Socio-Economic Development and Growth

Targets Set: 9

Achieved: 7 (78%)

Not Achieved: 2 (22%)

Key Achievements:

- a) 4 meat off-take agreements signed and implemented.
- b) 5 fresh produce off-take agreements with local farmers signed.
- c) 3 partnership agreements signed.
- d) 5 project proposals developed (vegetables, poultry, grain silos, red meat value chain, maize).
- e) 6 resource-mobilisation and funding partnerships secured.
- f) 3 alternative energy projects initiated.
- g) 1 catalytic project developed and implemented.

6 resource-
mobilization and
funding
partnerships
secured

2024/25 Performance Cont...

Targets Not Achieved:

a) 1 fresh produce market partnership agreement not signed (linked to pending approval of new operating model).

b) 1 incubation Programme not established at Adam Kok Farms due to lack of interest.

Strategies Going Forward:

a) Partnership agreements linked to KFPM will be implemented in 2025/26 after the new model is approved.

4.2.3. Goal 3 – Promoted Trade and Investment Opportunities in the District.

Targets Set: 3

Achieved: 2 (67%)

Not Achieved: 1 (33%)

Key Achievements:

a) 12 investments attracted into the district through Expressions of Interest.

b) 161 enterprises supported.

Target Not Achieved:

Rand value of investment fell short by R5,798,853 due to limited project scale and economic performance.

Strategies Going Forward:

Shift focus to high-impact investment projects through larger-scale Expressions of Interest.

12 Investments attracted into the district through Expressions of Interest.

4.2.4 Goal 4 – Dynamic, Capable, and Sustainable State-Owned Company (SOC)

Targets Set: 16

Achieved: 15 (94%)

Not Achieved: 1 (6%)

Key Achievements:

a) Compliance requirements and financial reporting met.

b) Policies reviewed and approved.

c) 70% procurement value spent on local suppliers (Eastern Cape).

d) Unqualified audit opinion obtained with implemented action plans.

e) 100% alignment of organisational structure to strategy.

f) 4 corporate branding initiatives implemented.

g) 95% retention of critical skills.

h) 95% server availability maintained.

i) 80% implementation of projects in the master plan.

j) Corporate Strategy reviewed.

k) Effective oversight maintained by the Board of Directors.

Target Not Achieved:

Only 75% of suppliers paid within 30 days. 25% of expenditure not settled within 30 days due to liquidity constraints, though negotiations avoided interest penalties.

Strategies Going Forward:

Ongoing implementation of the Financial Recovery Plan, with expected improvements by Q3 of 2025/26.

70% procurement value spent on local suppliers (Eastern Cape).

Unqualified audit opinion obtained with implemented action plans.



5. ORGANIZATIONAL DEVELOPMENT PERFORMANCE

5.1. Introduction

Human Resources provides high quality integrated human capital solutions which enhance customer service excellence. It aims to ensure that the organization has the right caliber of people with the right competencies, in the right places at the right time, so that it delivers on its mandate.

5.2. Talent Management

As of 30th June 2025, the Entity's workforce was made up of 101 employees and the vacancy rate was 28.36%. Staff turnover rate for the reporting period was 6.9%. The following table shows staff profile from 01st July 2024 to 30th June 2025.

DESCRIPTION	ACTUAL
Employees at the start of the period	108
Add: Recruitment	0
Re-instatements	0
Less: Resignations	3
Deaths	1
Dismissals	0
• Vacant budgeted positions	8
• Total budgeted positions	109
VACANCY RATE BASED ON STAFF ESTABLISHMENT	28.36%
• Management (Grades E-F)	1
• Bargaining Unit (Grades A-D)	39

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TOTAL STAFF ESTABLISHMENT	141
• Actual positions filled	101
• Vacant positions	40
• Vacant budgeted positions	8
• Total budgeted positions	109
VACANCY RATE BASED ON STAFF ESTABLISHMENT	28.36%
• Management (Grades E-F)	1
• Bargaining Unit (Grades A-D)	39

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ORGANIZATIONAL DEVELOPMENT PERFORMANCE Cont...

5.3. Performance Management System (PMS)

All performance agreements for all senior managers were concluded and signed by both the supervisor and supervisee. Performance contracting for all middle managers was also done and finalized timeously. Performance assessments for all senior managers against the predetermined objectives, indicators and targets, were conducted by panels constituted in terms of the Entity's Performance Management Policy. Annual performance assessment for senior managers for the 2024/25 financial year will be conducted in the first quarter of 2025/2026 financial year.

5.4. Skills Development

- The Annual Training Plan (ATP) for 2024/25 was approved on time. However, it was partially implemented due to budgetary constraints. An application for a mandatory grant was made to LGSETA, and an amount of R72 570 was received.

5.4.1. Discretionary Grants

a) We were successful in our application to Services Seta for training programs and were approved for grants amounting to R7 384 640.

Below is the depiction of the training programs that were approved:

Program Name	No of learners	Compliant/ Active Learners	Duration	Amount	Status	Completion Date
LP13 Project Management	28	28	4 months	R504 000	Awaiting Commencement	N/A
LP12 Project Management:	12	8, with one waiting approval	4 months	R120 000	Conclusion stage	7th March 2025
Municipal Financial	5	5	Year	R125 000	In-progress	21st February 2027
Plant Production: Learnership for	30	29	Year	R1 725 000	In-progress	21st February 2027
Wool & Mohair Learnership for	34	32 compliant, 22 active.	Year	R1 955 000	In-progress	11th October 2026
Apprenticeship: Plumbing	16	16	3 years	R3 300 640	In-progress	11th December 2028

5.4.1. Discretionary Grants Cont...

a) Additionally, the entity was granted by LGSETA, Special Project Discretionary Grant amounting to R500,000 at an amount of R50,000 per program. Below is a list of ten(10) approved Programs:

- i) Master of Internal Audit
- ii) Master of Business Administration
- iii) Master's degree in public finance
- iv) Short Course in Advanced Accounting
- v) BCom in Financial Management
- vi) Bachelor of Accounting
- vii) Post Graduate Diploma in Internal Audit
- viii) Bachelor of Public Administration
- ix) Honors in Computer Science

x) Master's degree in governance and development sector (Monitoring & Evaluation)

C) The Entity received funding from SEDFA amounting to R4 978 545 for 75 beneficiaries to be enrolled for New Venture Creation. The program is to comment in the first quarter of 2025/26 financial year.

5.4.2. Learnerships

The Entity has a partnership with the South African Council for Graduates (SACGRA) and Tsolo Agriculture and Rural Development Institute (TARDI).

These institutions and other TVET Colleges send learners for workplace placement for purposes of experiential learning.

During the reporting period, thirty-three (33) learners benefited in the learnership program. Six (6) participants were funded internally and twenty-seven (27) were funded by their respective institutions of higher learning.

5.5. Employee health and wellness

5.5.1. Occupational Health and Safety (OHS)

The Entity prioritizes the health and safety of employees and is pleased to report that there were no reported Injury on Duty (IOD) cases during reporting period. On-going advocacy is conducted, and Heads of Departments are encouraged to make OHS to promote a culture of safety and awareness.

5.5.2 Employee Assistance Programme.

The Entity prioritizes employee well-being through its wellness program, which includes collaborations with external stakeholders and partnerships. During the period under review, one case was referred to as the Employee Assistance Programme (EAP) through a shared service arrangement with the parent municipality. The Entity continues to forge partnerships with external stakeholders to enhance its wellness program, providing employees with access to a range of wellness services and support, and fostering a healthy and productive work environment.

5.5.3. Sick Leave

The table below depicts information on employee sick leave during the 2024/25 financial year. There were no abnormalities noted. The highest rates of sick leave taken are in the salary bands of Lower-Skilled.

Number of days and cost of sick leave (excluding injuries on duty)

Salary band	Total Sick Leave Taken(Days)	Proportion of sick leave with medical certification	Employees using sick leave (number)	Total Employees in post (number)	Average sick leave per employee (Days)	Total estimated Cost (Rand value)
Lower skilled	162	159	10	48	16.20%	R 45,166
Semi – Skilled	45	40	8	21	5.60%	R 77,995
Skilled	41	33	11	20	3.72%	R 87,455
Middle manage	43	40	4	8	10.75%	R 210,266
Chief Executive Officer & Senior Management	8	8	1	4	8%	R43,507
Total	299	280	34	102	44.27%	R464,389

1.1 Labour Relations

Ntinga upholds the principle of freedom of association and the effective recognition of the right to collective bargaining as enshrined in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the Labour Relations Act.

During the period under review, two officials faced disciplinary actions. One official was charged with fraud and received a final written warning. The second official was charged with gross dishonesty. The two (2) disciplinary hearings were held and finalised within stipulated timeframes, in compliance with clause 7.4 of the SALGBC Disciplinary Procedure Collective Agreement.

(a) Collective Bargaining and Employment Relations.

The Entity has two recognized labour unions namely, SAMWU and IMATU. SAMWU has minority members and thus has no voting powers but is represented in structures. The said union does not have a shop steward. On the other hand, IMATU has majority members, they have three shop stewards.

Ntinga is party to the South African Local Government Bargaining Council (SALGBC) and is bound by all its Collective Agreements. The Entity implements SALGBC Collective Agreements as well as Circulars.

Workplace Forum is in the process of being reconstructed and the Employer is waiting for IMATU to review the Recognition Agreement.



6. ANNUAL PERFORMANCE REPORT

GOAL: 1 Enhanced and Enabled Full Value Chains (upstream and downstream) for Agricultural Produce, Markets and Abattoirs.

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24	2024/2025 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Actual Annual Performance (July 2024-June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
1.1 Improve productivity and profitability of Umzikantu Abattoir by 30 June 2027	1.1.1 Number of livestock units slaughtered for communities, butcheries, and other meat retailers.	Improved profitability and operational efficiency Recapitalisation of the abattoir - Production and marketing of red meat (cattle, sheep, goats & pigs) carcasses and offal, locally and beyond. Strategic positioning of Meat Market to KPMP Utilisation of abattoir for slaughtering incrementally	369 Livestock units slaughtered for communities, butcheries, and others.	378 Livestock units slaughtered for communities, butcheries, and others.	421 Livestock units slaughtered for communities, butcheries, and others.	Over-Achieved: 581.83 Livestock units slaughtered for communities, butcheries, and others.	There is a positive variance of 160.83 Livestock units slaughtered for communities, butcheries, and others. The reason is that Correctional Services are now slaughtering fully and the advertising through Social Media started to yield results.	Not applicable	HOD: Trading Enterprises	Batch Control Document
	1.1.2. Number of		1142 Livestock	1764 Livestock units	1494 Livestock units	Not Achieved:	There is a negative	The abattoir is working with		

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24	2024/2025 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Actual Annual Performance (July 2024-June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
	livestock units slaughtered for sale, towards abattoir full capacity.	towards full capacity.	units slaughtered for sale, towards abattoir full capacity.	slaughtered for sale, towards abattoir full capacity.	slaughtered for sale, towards abattoir full capacity.	1182.17 Livestock units slaughtered for sale towards full capacity	variance of 311.83 Livestock units slaughtered for sale, towards abattoir full capacity. This is due to the scarcity of livestock (Cattle) caused by the outbreak of foot and mouth disease in the country.	the office of the CEO to develop a marketing strategy that will be more focused on selling to wholesale during 2025-26 Financial Year.	HOD: Trading Enterprises	Batch Control Document
	1.1.3 Revenue generated from meat sales and slaughter fees for Abattoir and Meat Market		R19 985 298 Revenue generated from meat sales and slaughter fees.	R29 835 879 Revenue generated from meat sales and slaughter fees for abattoir & Meat Market	R23 778 575 Revenue generated from meat sales and slaughter fees for abattoir & Meat Market	Not Achieved: R19 730 431 Revenue generated from meat sales and slaughter fees for abattoir & Meat Market	There is a negative variance of R4 048 144 Revenue generated from meat sales and slaughter fees for abattoir & Meat Market. This was caused by the scarcity of livestock (Cattle) caused by the outbreak of foot and mouth disease in the country.	The abattoir is working with the office of the CEO to develop a marketing strategy that will be more focused on selling to wholesale during 2025-26 Financial Year.	HOD: Trading Enterprises	Financial Report

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24	2024/2025 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Actual Annual Performance (July 2024-June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
1.2 Improve functionality and viability of Kei Fresh Produce Market (KFPM) by initially focusing and targeting linkages of fruits, vegetables and meat industry supply chains by 30 June 2027.	1.2.1 Tonnage of agricultural produce sold by Market Agents	Mapping out local suppliers and ensuring Improved profitability and operational efficiency on all trading enterprises. Recapitalisation of the Market infrastructure and facilities. - Establishment and recruitment of market agents Encourage aggressive marketing and sale of fresh produce (fruit and vegetables) locally and beyond by Market Agents.	3341 Tons of Agricultural Produce sold by Market Agents.	3777 tons of Agricultural Produce sold by Market Agent	2307.29 tons of Agricultural Produce sold by Market Agent	Not Achieved: 449.17 tons of Agricultural Produce sold by Market Agent	There is a negative variance of 1858.12 Tons. This target was set hoping that in the second quarter there will be 3 market agents operating on the floor but that did not work out. The market is still operating with one agent that is struggling to bring in produce to the floor.	The entity is considering changing the operating model during the third quarter of 2025-26 Financial Year as per the Financial Recovery Plan. The plan has been submitted to the board for approval. The current agent is working with various stakeholders in the district trying to develop supply base. This will be piloted in 5 Local Municipalities. This will be done during 2025-26 Financial year planting season	HOD: Trading Enterprises	Freshmark System monthly reports.
	1.2.2 Revenue generated from 5% commission of agricultural produce sold		R1,210 000 Revenue generated from 5% commission of agricultural	R1 035 000 Revenue generated from 5% commission of agricultural produce sold.	R632 250 Revenue generated from 5% commission of agricultural produce sold.	Not Achieved: R125 567 Revenue generated from 5% commission of	There is a negative variance of R506 683.00. This target was set hoping that in	The entity is considering changing the operating model during the third quarter of	HOD: Trading Enterprises	Freshmark System monthly reports.

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24	2024/2025 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Actual Annual Performance (July 2024-June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
			produce sold.			agricultural produce sold.	the second quarter there will be 3 market agents operating on the floor but that did not work out. The market is still operating with one agent that is struggling to bring in produce to the floor.	2025-26 Financial Year as per the Financial Recovery Plan. The plan has been submitted to the board for approval. The current agent is working with various stakeholders in the district trying to develop supply base. This will be piloted in 5 Local Municipalities. This will be done during 2025-26 Financial year planting season		
	1.2.3 Full utilisation of KFPM floor space for revenue generation		Two additional competitive market agents secured.	Two Additional competitive Market Agent secured who can fill floor space.	Target revised not	Not Achieved: No additional agent secured to fill floor space	Despite all efforts from the agency to attract two market agents as per the target, no market agents were secured. The current commission operating model is a challenge as	This may be addressed by the change of the operating model during the third quarter of 2025-26 Financial Year and there is an interest expressed by	HOD: Trading Enterprises	Freshmark System monthly reports.

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24	2024/2025 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Actual Annual Performance (July 2024-June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
							most farmers are far from the market and there are no return loads from here and back.	one bidder in this regard.		
1.3 Utilise Adam Kok Farms as a primary production hub for agricultural produce by 30 June 2027.	1.3.1 Number of cattle produced, sourced, and supplied to Umzikantu Abattoir.	Availability and sustainability of feedstock and markets. Improved profitability and operational efficiency. Recapitalisation of AKF Purchase cattle ready for slaughter. Cull, and condition/fatten old cows. Exchanged heifers and condition/fatten cattle from exchange. Implement Standard breeding practices	914 Cattle produced, sourced, and supplied to Umzikantu Abattoir.	1260 Cattle produced, sourced, and supplied to Umzikantu Abattoir.	Target revised not	Not achieved: 977 cattle produced, sourced and supplied to Umzikantu Abattoir. The distribution is as follows: - 803 from auctions - 144 from Adam Kok Farms - 21 from the panel of service providers - 9 from the community members	There is a negative variance of 283 cattle. This is due to the scarcity of livestock (Cattle) caused by the outbreak of foot and mouth disease in the country	The abattoir is working with the office of the CEO to develop a marketing strategy that will be more focused on selling to wholesale during 2025-26 Financial Year.	HOD: Trading Enterprises	Transfer notes, Financial Reports
	1.3.3 Number of hectares utilised for animal feed	Availability of land and capital for inputs, infrastructure and equipment	46 ha utilised for crop production (40ha maize, 4ha cabbage and 2ha butternut	20 ha utilised for maize production	Target revised not	Achieved: 20ha utilised for maize production	None	Not applicable	HOD: Trading Enterprises	20Ha Maize production contract agreement.

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24	2024/2025 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Actual Annual Performance (July 2024-June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
	1.3.4 No of feasibility studies conducted for high value crops		New Target	1 feasibility study on high value crops conducted.	1 feasibility study proposal on high value crops facilitated	Achieved: During the course of the year when the expression of interest was issued, some potential partners expressed interest in establishing cannabis incubation on farm. Therefore, the entity shifted the focus to the agreement to be signed with the partner for the establishment of the high value crop (cannabis) incubation.	None	Not applicable	HOD: Trading Enterprises	Signed agreement with the service provider
	1.3.5. Number of Feedlots established as source of supply to Umzikantu Abattoir	Availability of funds and land	New Target	One feedlot establishment facilitated	Target revised not	Achieved: Agreement signed with service provider for establishment of the feedlot in Adam Kok Farms.	None	Not applicable	HOD: Trading Enterprises	Attendance registers
1.4. Coordinate livestock improvement interventions to enhance	1.4.1. No of bulls loaned to communities to improve quality stock	Availability of stock for genetic improvement. Increased number of	8 bulls loaned to communities	4 bulls loaned to communities	Target revised not	Achieved: 4 bulls loaned to communities	None	Not applicable	HOD: Trading Enterprises	Signed loan agreements

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24	2024/2025 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Actual Annual Performance (July 2024-June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
regional supply of quality stock to Umzikantu Abattoir	1.4.2. No of heifers exchanged with community cattle	branded animals from community supplied to the Abattoir.	50 heifers exchanged with community cattle	30 heifers exchanged with community cattle	Target revised not	Over-achieved: 36 heifers exchanged with community cattle	There is a positive variance of 6 heifers. This is due to extra heifers available for exchange.	Not applicable	HOD: Trading Enterprises	Signed registers
	1.4.3. No of farmers assisted with brand mark certificate applications		200 farmers assisted with brand mark certificate applications	200 farmers assisted with brand mark certificate applications	300 farmers assisted with brand mark certificate applications	Over-achieved: 375 farmers assisted with brand mark certificate applications	There is a positive variance of 75 farmers assisted. There is a growing understanding of the importance of animal identification by livestock owners	Not applicable	HOD: Trading Enterprises	List of farmers
	1.4.4. No of animal identification campaigns organised		8 animal identification campaigns organised	5 animal identification campaigns organised	Target revised not	Achieved: 5 animal identification campaigns organised	None	Not applicable	HOD: Trading Enterprises	Attendance registers

Diversified Partnerships that Promote Inclusive Socio-economic Development and Growth.

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24 Performance Target	2024/25 Performance Target	2024-25 Revised Annual Performance Target	2024/25 Annual Actual Performance (July 2024-June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
2.1 Optimize linkages of meat industry value chain that enhance functionality of Umzikantu Abattoir by 30 June 2027.	2.1.1 Number of signed and implemented off-take agreements for sale of meat from Umzikantu Abattoir.	5 Off-take agreement for sale of meat from Umzikantu Abattoir signed and implemented	5 Off-take agreement for sale of meat from Umzikantu Abattoir signed and implemented.	4 Off-take agreements for sale of meat from Umzikantu Abattoir signed and implemented.	Target revised not	Achieved: 4 Off-take agreements for sale of meat from Umzikantu Abattoir signed and implemented.	None	Not Applicable	HOD: Trading Enterprises	Signed Offtake agreements
2.2 Optimize linkages of fruit and vegetable industry value chain in support of Kei Fresh Produce Market by 30 June 2027	2.2.1 Number of signed and implemented partnership agreements that enhance functionality of Kei Fresh Produce Market.	1 Partnership agreement that enhance functionality of Kei Fresh Produce Market signed and implemented.	1 Partnership agreement that enhance functionality of Kei Fresh Produce Market signed and implemented.	1 Partnership agreement that enhances functionality of Kei Fresh Produce Market signed and implemented.	Target revised not	Not Achieved: No Partnership agreement that enhances functionality of Kei Fresh Produce Market signed and implemented.	1 Partnership not signed and implemented. There is a proposal submitted to the board emanating from the Financial Recovery plan that the operating model should be changed from the Commission to wholesale.	The Entity has put this one on hold until the change in model is approved next financial year.	HOD: Trading Enterprises	Attendance Register, Minutes of (Q1). Signed Partnership Agreement with KFPM. (Q3). Implementation progress report.(Q4)
	2.2.2 Number of signed and implemented off-take agreements with local farmers to supply KFPM with agricultural produce.	Three (3) Off-take agreements signed and implemented with local non-commercial farmers to supply KFPM with agricultural produce.	3 off-take agreements signed and implemented with local farmers to supply KFPM with agricultural produce.	5 off-take agreements signed and implemented with local farmers to supply KFPM with agricultural produce.	Target revised not	Achieved: 5 off-take agreements signed and implemented with local farmers to supply KFPM with agricultural produce.	None	Not Applicable	HOD: Trading Enterprises	Signed Off-take agreements

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24 Performance Target	2024/25 Performance Target	2024-25 Revised Annual Performance Target	2024/25 Annual Actual Performance (July 2024-June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
2.3 Optimize linkages of a rapid livestock production industry value chain that enhance functionality of Adam Kok Farm by 30 June 2027	2.3.1 Number of signed and implemented partnership agreements that enhance functionality of Adam Kok Farms.	1 Partnership agreement signed with potential partner to enhance functionality of Adam Kok farms Establishment of a centre of excellence at the farms. Rapid production programmes to enhance heifers and bull production. Establishment of farmers incubation programme.	2 partnerships agreements signed and implemented with potential partners to produce stock and supply Adam Kok with produce and market.	1 partnership agreement signed and implemented with potential partner for full utilisation of the farm.	Target revised not	Over-achieved: 3 partnership agreements signed	There is a positive variance of 2. There were outstanding agreements from the previous financial year that the delayed to sign and only signed during the first quarter of the financial year under review.	Not Applicable	HOD: Trading Enterprises	Attendance registers. Signed partnership agreements
			New Target	One Farmers' Incubation programme established at Adam Kok Farms.	Target revised not	Not Achieved: no Farmers' incubation programme was established.	One Incubation programme not established. The entity expected that there will be some interest expressed in this regard when the call was issued.	The entity has discontinued and will not be part of the SDBIP going forward.	HOD: Trading Enterprises	Register of participating farmers
2.4. Prioritised Sector development plans implemented by June 2025	2.4.1 Number of agricultural projects implemented.	*Concessions to bilateral negotiation meetings with targeted participants. *Collaboration with municipalities. *Segmentation of prioritised commodities	1 mechanisation Centre Established	5 project proposals developed.		Achieved: 5 project proposals developed, 1 on vegetable and fruit submitted to DRDAR, 1 on Poultry submitted to DRDAR, 1 on Grain Silos	None	Not Applicable	Manager: PMO	Multi-stakeholder partnership agreement, Horticulture Production Land Map, Contract with farmers, submitted funding/finance applications.

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24 Performance Target	2024/25 Performance Target	2024-25 Revised Annual Performance Target	2024/25 Annual Actual Performance (July 2024-June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
		per local municipality based on their natural endowments. * Facilitate grading and upscaling of locally produced products. *Collaborate with knowledge institutions such as University of Pretoria and Technology Innovation Agency (TIA)				submitted to SEDFA, 1 on red meat value chain submitted to ECDC and Department of Agriculture and 1 proposal submitted jointly with UFD to the Maize Industry Trust.				
2.5 Resource and funding provisioning partnerships in support of prioritised programmes and projects are established by 30 June 2025	2.5.1 Number of resource and funding partnerships in support of prioritised sectors established.	* Appropriate and relevant networks * Fundraising and resource mobilisation resources. * Signed partnership agreements *Relevant budget with targeted Strategic partner.	3 resource and funding partnerships with government and parastatals established.	3 resource mobilisation and funding partnerships established		Over-Achieved: 6 resource mobilisation and funding partnerships established under the period under review.	3 more partnerships were established, the reason being management putting more effort to mobilise resources and funding against the context of discontinued project funding by the district.	Not Applicable	Manager: PMO	Correspondence, attendance registers and partnership agreements

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24 Performance Target	2024/25 Performance Target	2024-25 Revised Annual Performance Target	2024/25 Annual Actual Performance (July 2024-June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
2.6 Catalytic projects geared towards stimulating local economic development implemented by June 2027.	2.6.1 Number of catalytic projects fully implemented	* Concepts and plans approved by the parent municipality. * Collaborations and partnerships	New Target	1 catalytic project on renewable energy implemented.		Over-Achieved: 3 projects that use different alternative energy technologies were implemented during the period under review.	2 more projects on renewable energy were implemented	Not Applicable	Manager: PMO	Renewable energy project proposal
			New Target	1 catalytic project on digital infrastructure implemented.		Achieved: 1 catalytic project implemented through a researched and developed proposal.	None	Not Applicable	Manager: PMO	Digital infrastructure project proposal



Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/34 Performance Target	2024/25 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Annual Actual Performance (June 2024-July 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
3.1 Investment promoted by 30 June 2027.	3.1.1 Number of investments into the district attracted.	- Sector Planning capacity, Co-operation of stakeholders. *National and provincial investment and trade promotion agencies, e.g. InvestSa and ECDC's One Stop Shop *Collaboration with local municipalities *Implementation of catalytic projects.	2 Number of infrastructure investments attracted into district tourism sites.	2 investments attracted into the district.		Over-achieved: 12 investments attracted into the district through Expression of Interest 5	10 more investments attracted, the reason being that management adopted a conservative approach at the planning stage and underestimated responsiveness of investors to district opportunities.	Not Applicable	Manager: OCEO	Trade and Investment Promotion Report
3.2. Trade development by 30 June 2027.	3.2.1 Total rand value of goods and services facilitated by Ntinga in trade promotion.	* Database of producers and suppliers. * Identification of targeted commodities. * Multi-stakeholder collaboration.	R50 million value of traded goods and services facilitated	R50 million value of goods and services facilitated by Ntinga in trade promotion.		Not Achieved: Value of goods and services facilitated by Ntinga remained at R44 201 146.41	The set target of rand value of goods and services facilitated by Ntinga fell short by R5 798 853 the reason being limited number of projects facilitated by Ntinga and their limited economic performance in respect of rand value.	Ntinga has implemented a strategy of attracting high impact private sector investment projects through Expressions of Interest whereby various projected investment is much bigger than the one set in this plan.	Manager: PMO	Trade and Investment Promotion Report

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/34 Performance Target	2024/25 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Annual Actual Performance (June 2024-July 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
3.3. A five-year Supplier Development programme is developed and implemented by 30 June 2027.	3.3.1 Number of enterprises supported	* Active suppliers * Strategic partnerships	New Target	90 Enterprises Supported.		Over-Achieved: 161 enterprises supported.	71 more enterprises supported than was planned, the reason being more opportunities arising within projects facilitated by Ntinga.	Not Applicable	Manager: PMO	Quarterly Enterprise Development Report

GOAL 4 Dynamic, Capable and Sustainable State-Owned Company

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24 Performance Target	2024/25 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Annual Actual Performance (July 2024- June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
4.1 Ensure Business Processes, Tools and Systems that support implementation of the Strategy and continued viability of the organisation by 30 June 2027.	4.1.1 Comply with municipality reporting regulation	Accurate and complete financial records and PoE. Integrated system	100% adherence with municipality reporting - Monthly and Quarterly report	Compliance Reports: Finance Reports (S87 & S89); SCM Report Paragraph 6 submitted to the Parent Municipality.		Achieved: 2024-25 (Compliance Quarterly Finance Reports (S87, S89), SCM Report Paragraph 6 report were submitted to the Parent Municipality	None	Not Applicable	CFO	*BTO Monthly Reports *Quarterly Performance Reports (Section 87, 89, * Paragraph 6 and 36 of SCM). * Proof of submission to the Parent Municipality

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24 Performance Target	2024/25 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Annual Actual Performance (July 2024- June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
				Facilitate reviewal and approval of policies	Annual Target not revised	Achieved: Entity's policies were reviewed and approved by the Board by 30 June 2025.	None	Not Applicable	HOD: Corporate Services	*Policy Review Workshop *reviewed and Approved Policies by the Board * 2024/25 updated policy register.
	4.1.2 Value of procurement done with local suppliers (Eastern Cape).	Supplier data base registration and support	60% value of procurement done with local Suppliers (Eastern Cape)	60% value of procurement done with Local Supplier (Eastern Cape).	Annual Target not revised	Over-achieved: 70% of procurement was done with suppliers within the borders of the Eastern Cape	10% positive variance due to 46% of our suppliers being in the 2000 to 30,000 range.	Not Applicable	CFO	Finance Supplier Report
	4.1.3 % of suppliers paid within 30 days	· Collection of due revenue. Proper Cashflow Management.	100% of suppliers paid within 30 days from date of invoice.	100% of suppliers paid within 30 days from date of invoice.	Annual Target not revised	Not Achieved: 25% of suppliers were not paid within 30 days.	Due to cashflow challenges, only 75% of supplier invoices were paid within 30 days from the date of invoice. The Agency negotiates with suppliers to manage supplier relations and to avoid paying interest.	The Entity has embarked on a financial recovery plan which is expected to yield positive results within the next 3rd quarter of financial year 2025/2026 going forward.	CFO	Accounts Payables Age Analysis Report and Accrual Listing

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24 Performance Target	2024/25 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Annual Actual Performance (July 2024- June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
	4.1.4 Clean administration and Improve Audit outcome	Accurate financial record and PoE Timely scheduled governance meeting.	Unqualified audit outcome	Clean audit opinion	Annual Target not revised	Achieved: The entity obtained an unqualified audit opinion for 2023-24 financial year.	None	Not Applicable	CFO	Audit Report
4.2 Create unit of skills and competences that deliver Ntinga strategic objectives.	4.2.1 % alignment of organisational structure to strategy.	Organisational structure review	100% alignment of organisational structure to strategy.	100% alignment of organisational structure to strategy by 30 June 2025	Annual Target not revised	Achieved: organogram and the strategy aligned 100% by 30 June 2025	None	Not Applicable	HOD: Corporate Services	Signed JDs, appointment letters for evaluation committee, attendance registers and proof of submission to board committees.
	4.2.2 % Improvement on retention of critical skills.	Improved retention of critical skills.	Improve retention of critical skills to 95%.	Improve retention of critical skills to 95% by 30 June 2025	Annual Target not revised	Achieved: Critical skills retained by 95% on 30 June 2025	None	Not Applicable	HOD: Corporate Services	* Quarterly: Training Report * Approved Annual Training Plan,
	4.2.3 Percentage implementation of the ICT Master Systems Plan.	Funding of projects identified in the ICT Master Systems Plan	80% Implementation of the ICT Master Systems Plan.	80% Implementation of the ICT Master Systems Plan by 30 June 2025	Annual Target not revised	Achieved: 80% of the project in the approved master plan has been implemented by 30 June 2025	None	Not Applicable	HOD: Corporate Services	Renewal payment invoices and memo Project Completion certificate Implementation Report

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24 Performance Target	2024/25 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Annual Actual Performance (July 2024- June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
4.3 Continuously improve internal and external reputation and image of the institution by 30 Jun 2027	4.3.1 Number of corporate branding initiatives implemented.	Well known corporate brand.	4 Corporate branding initiatives implemented.	4 Corporate branding initiatives implemented.	Annual Target not revised	Achieved: 4 Corporate branding initiatives implemented	None	Not Applicable	Manager: OCEO	Signed report on corporate branding initiatives
4.4 Operational resilience: ensure that your business processes are documented, business process must be aligned to your business by 30 June 2027 "Improve business continuity to 95% reliability.	4.4.1 Business processes and systems documented.	Revised and reviewed business processes for the entity	Revised and reviewed business processes for the entity	Develop, Revise and review business processes for the entity 1- Finance & SCM - revise & review 7- Trading Enterprises- revise & review 2- Corporate Services- Review	Annual Target not revised	Achieved: Leave and Recruitment and Selection SOPs were reviewed and approved by 30 June 2025	None	Not Applicable	CFO HOD: Corporate Services HOD: Trading Enterprises	Q1- 1 SOP Developed. Q2- Revised and reviewed business processes for the entity.
	4.4.2 % of server availability based on operating hours	Entity business processes aligned	95% server availability based on operating hours.	95% server availability based on operating hours by 30 June 2025	Annual Target not revised	Achieved: 95% server availability has been realised by 30 June 2025	None	Not Applicable	HOD: Corporate Services	Backup Reports
4.5 Full compliance to governance,	4.5.1 100% Compliance to all governance,	Annual review of strategic plan by 31 May	Annual review of strategic plan by 31 May.	Annual review of strategic plan by 31 May 2025	Annual Target not revised	Achieved: Annual Strategy Plan was reviewed in May 2025	None	Not Applicable	Manager: OCEO	Reviewed and signed Strategic Plan

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24 Performance Target	2024/25 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Annual Actual Performance (July 2024- June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
legislative and regulatory framework	legislative and regulatory framework.	Periodic Performance Reporting	100% performance reporting	100% performance reporting	Annual Target not revised	Achieved: 2023/24 4th Quarter; 2024/25 1st, 2nd, 3rd Quarter Performance Reports and 2024/25 Midterm Performance Reports were submitted to the Board and Parent Municipality	None	Not Applicable	Manager: OCEO	• Proof of Submission to the Board and Parent Municipality. • Performance Reports: Q1- 4th Quarter Performance Report Q2- 1st Quarter Report Q3- 2nd Quarter Report - Midterm Report Q4- 3rd Quarter report • Board Minutes
						Achieved: Annual Report and Annual Performance Report were submitted to the Board to the Parent Municipality	None	Not Applicable	Manager: OCEO/CS	• Proof of Submission to the Board, Parent Municipality and to AGSA- (Only Annual Performance Report) • Board Minutes

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2023/24 Performance Target	2024/25 Performance Target	2024-25 Revised Annual Performance Target	2024-25 Annual Actual Performance (July 2024- June 2025)	Performance Variance & Reasons	Corrective Measure	Responsible Person	Means of Verification / POE
		Governance, legislation and regulatory compliance checklists	100% planning and execution of planned Board and Committee meetings, for the year	100% planning and execution of planned Board and Committee meetings for the year	Annual Target not revised	Achieved: 6 Board Committee Meetings, 6 ARC Meetings, 4 SDIC Meetings, 2 SEC Meetings, 4 HRRC Meetings, 3 UIF & W Ad Hoc Committee Meetings held for the period under review. 1 AGM was held though not completed due to connectivity issues of Shareholder.	None	Not Applicable	Company Secretary	Agenda and Minutes of Meetings.
			100% compliance to all governance, legislative and regulatory framework in line with the compliance Universe.	100% compliance to all governance, legislative and regulatory framework in line with the compliance Universe	Annual Target not revised	Achieved: Compliance to all governance legislative and regulatory framework in line with the compliance Universe was conducted	None	Not Applicable	Company Secretary	Compliance Report Compliance Audit
		Up to the date Risk Register Risk Management oversight	2024/25 Risk assessment and reporting conducted.	2024/25 Risk assessment and reporting conducted.	Annual Target not revised	Achieved: 2024/25 Risk Assessment and reporting was conducted for the period under review	None	Not Applicable	Manager: OCEO	2024/ 25 Updated Risk Register
						Achieved: 4 Quarterly Risk Management Reports were submitted and presented to Audit and Risk Committee	None	Not Applicable	Manager: OCEO	Risk Management Reports submitted to the Audit & Risk Committee

7. REPORT OF AUDIT & RISK COMMITTEE (ARC)

AUDIT AND RISK COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2025

1. INTRODUCTION

The Audit and Risk Committee (ARC) is pleased to present its report for the financial year ended 30 June 2025.

In accordance with Section 166 of the Municipal Finance Management Act 56 of 2003 (the MFMA), the ARC has been established as an Independent Committee of the Board of Directors. Furthermore, in terms of the Companies Act, 71 of 2008 (the Companies Act); the Development Agency (the Agency) is a state-owned company. It is, therefore, subject to the prescriptions of the Companies Act as well as to the recommendations of the King Report on Corporate Governance. The Agency's governance framework therefore is a function of both legislations.

2. AUDIT AND RISK COMMITTEE MEMBERSHIP, QUALIFICATIONS AND ATTENDANCE

During the 2024/25 financial year the details of membership, qualifications and attendance are as follows:

Name	Qualifications	Meetings attended	Notes
Mr C. Sparg - Chairperson	B. Com, CTA, CA(SA), Cert.Dir	6	
Ms T. Bacela	National Dip CMA, Practical Project Management, Postgraduate Dip in Management, MBA	6	i
Ms W. Dukuza	B. Proc, Admission as Attorney, MBA	6	
Mr G. Labane	B. Com (Hons), Advanced Certificate in auditing, National Dip CMA, CTA, CA(SA)	5	i

- Mr Labane resigned as a member of the ARC with effect from 5 May 2025 and Ms Bacela resigned as a member of the ARC with effect from 11 August 2025.

Following the resignations detailed in 'i' above, the following additional members were appointed to the ARC after the end of the 2024/25 financial year and were involved in Committee matters during the period of the 2024/25 audit process.

Name	Qualifications	Meetings attended	Notes
Mr M. Phesa	PGD, Management, M. Eng Civil	-	ii
Mr Mbeko Mbebe	B. Com, CTA, Masters in Accounting, CA(SA), RGA	-	iii
Ms Tembela Mngqeta	B. Com (Acc), Cert in Risk Management, Diploma HR	-	iii

- Following the resignation of Ms Bacela (see 'i' above), Mr Phesa was appointed as an interim member of the ARC with effect from 11 August 2025 until the

recruitment process of the additional members of the ARC included in the table above was complete.

- Two additional members (Mr Mbebe and Ms Mngqeta) were appointed to the ARC with effect from 1 September 2025.

3. AUDIT AND RISK COMMITTEE RESPONSIBILITY

The responsibility of the ARC is governed by its Charter informed by a combination of the MFMA, the Companies Act and King Report on Corporate Governance, with the MFMA being the overriding legal authority.

The overall responsibility of the ARC is to perform an oversight function on the state of corporate governance at the institution. The MFMA goes further and details specific responsibilities that the Committee must fulfil. This report is fulfilling the responsibility of this Committee in accounting to the Board on its legislated mandate. The adopted formal terms of reference of the committee are reviewed annually and the Committee reports that it has regulated its affairs in compliance with these terms of reference and has discharged its responsibilities as contained therein. In the execution of its duties during the 2024/25 financial year, the activities of the Committee have included the matters listed below.

4. EFFECTIVENESS OF INTERNAL CONTROL

In line with the MFMA and the King Reports on Corporate Governance requirements, Internal Audit provides the ARC and management with reports that provide details in regard to the status of internal controls, and whether the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested improvements to the control environment. From the various reports of the Internal Auditors and External Auditors, it was noted that matters were reported indicating deficiencies in the system of internal control or deviations therefrom. Accordingly, it is reported that the system of internal control was partially effective for the year under review.

5. ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

The activities of the Committee included the following:

- i. Reviewed and discussed the unaudited and audited Annual Financial Statements (AFS) for the 2024/25 financial year.
- ii. Obtained explanations for significant variances compared to the budget and / or previous financial year.
- iii. Reviewed the accounting policies.
- iv. Reviewed and discussed the draft Annual Report (including the unaudited Annual Performance Report) for the 2024/25 financial year.
- v. Provided recommendations.

Following the Committee's review, the AFS and draft Annual Report (including the APR) were recommended for submission to the AGSA within the required timeframes for statutory audit. The Audited AFS and APR were reviewed by the ARC and the Committee accepts the Auditor General's opinion in respect of the documents.

6. INTERNAL AUDIT

It should be noted that the Agency is serviced by the O.R. Tambo District Municipality's Internal Audit Function (IAF). In respect of Internal Audit, the activities of the Committee included the following:

- i. Reviewed the effectiveness and adequacy of the IAF and adequacy of its annual work plan.
- ii. Considered whether the independence, objectives, organisation, staffing plans, financial budget, audit plans and standing of the IAF provide adequate support to enable the Committee to meet its objectives.
- iii. Reviewed the results of the work performed by the IAF in relation to financial reporting, corporate governance, risk areas, internal control and any reports / significant investigations and management response.

The Committee is satisfied with the competency of the IAF and commends IA for completion of the Operational Risk-based Audit Plan for the year.

7. RISK MANAGEMENT AND OTHER MATTERS

In respect of risk management and other matters, the activities of the Committee have included the following:

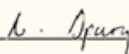
- i. Review of the procedures for identifying business risks and managing their impact on the Agency including the risk management function.
- ii. Reviewed the adequacy and effectiveness of risk management.
- iii. Reviewed the Agency's policies and procedures for detecting and preventing fraud
- iv. Reviewed the Agency's compliance with significant regulatory provisions.
- v. Reviewed such significant transactions as the Committee deemed appropriate.
- vi. Reviewed the controls over significant financial and operational risks.
- vii. Reviewed the adequacy, reliability and accuracy of financial and performance information provided by management and other users of such information.

8. EXTERNAL AUDIT

The Committee met with the Auditor General of South Africa (AGSA) to discuss the Audit Strategy and have further met with the AGSA during the completion phase of the audit process, to ensure that all matters relating to the audit were resolved. The ARC has an open-door policy with the auditors and was always available to meet with the external auditors if necessary. We concur with and accept the opinion of the AGSA on the financial statements of the Agency for the year ended 30 June 2025.

9. APPRECIATION

Sincere appreciation is expressed to the ORTDM Council, the Board, Members of the Audit Committee, the Chief Executive Officer, Management, Internal Audit and the AGSA for their support and co-operation in enabling the Committee to execute and fulfil its responsibilities.


Mr C. Sparg CA(SA)

Audit and Risk Committee Chairperson

December 2025

8. AUDITOR'S REPORT

Report of the auditor-general to the Eastern Cape Provincial Legislature and Council on Ntinga OR Tambo Development Agency SOC Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Ntinga OR Tambo Development Agency SOC Ltd set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025 statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ntinga OR Tambo Development Agency SOC Ltd as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of General Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act (MFMA) 56 of 2003 and the Companies Act 71 of 2008.

Basis for opinion

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

Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. In terms of section 125(2) (e) of the MFMA, the municipal entity is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act (MFMA) 56 of 2003; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the municipal entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected development priority presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following development priority presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a development priority that measures the municipal entity's performance on its primary mandated functions and that is of significant national, community or public interest.
 - Enhanced and enabled full value chains for agricultural produce, markets and abattoirs
14. I evaluated the reported performance information for the selected development priority against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning

15. I performed procedures to test whether:

the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives

- all the indicators relevant for measuring the municipal entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for measures taken to improve performance.

16. I performed the procedures to report material findings only, and not to express an assurance opinion or conclusion

17. I did not identify any material findings on the reported performance information for the selected indicators.

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

20. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets / measures taken to improve performance are included in the annual performance report on pages xx to xx.

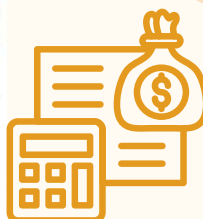


Enhanced and enabled full value chains for agricultural produce, markets and abattoirs

Targets achieved: 57%

Budget spent :100%

Key indicators not achieved	Planned target	Reported achievement
Number of livestock units slaughtered for sale, towards abattoir full capacity.	1 494	1 182
Revenue generated from meat sales and slaughter fees for Abattoir and Meat Market	R23 778 575	R19 730 431
Tonnage of agricultural produce sold by Market Agents	2 307,29	449,17
Revenue generated from 5% commission of agricultural produce sold	R632 250	R125 567
Full utilisation of KFPM floor space for revenue generation	Two Additional competitive Market Agent secured who can fill floor space.	No additional agent secured to fill floor space
Number of cattle produced, sourced, and supplied to Umzikantu Abattoir.	1260	977



Material misstatements

21. There are no material misstatements identified in the annual performance report submitted for auditing.

Report on compliance with legislation

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



26. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R694 703, as disclosed in note 32 to the annual financial statements, in contravention of section 95(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred due to late payments suppliers.
27. Reasonable steps were not taken to ensure that money owed by the municipal entity was always paid within 30 days, as required by section 99(2)(b) of the MFMA.

Other information in the annual report

28. The accounting authority is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008. The other information referred to does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
29. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
30. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicator scoped-in presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in objective presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
32. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

33. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

34. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
35. Monitoring activities established by the municipal entity were not fully effective in the current year, as material non-compliance with legislation was identified in the current year.

Auditor-General

East London

30 November 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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



Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made

- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipal entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 62(1)(f)(i), 62(1)(f)(ii), 62(1)(f)(iii), 87(5)(b), 87(5)(d), 87(5)(d)(i), 87(5)(d)(iii), 87(6)(c), 87(8), 88(1)(a), 90(1), 90(2)(a), Sections: 90(2)(b), 95(d), 96(2)(a), 96(2)(b), 97(e), 97(f), 97(h), 97(i), 99(2)(a), 99(2)(b), 99(2)(c), 99(2)(g), 102(1), 102(2)(a), Sections: 112(1)(j), 116(2)(b), 116(2)(c)(ii), 122(1), 126(2)(b), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 172(3)(a), 172(3)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations: 73(1)(a), 73(1)(b), 73(2)(b), 73(2)(d), 75(1), 75(2)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(2), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2005	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations: 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), 29(5)(a)(iii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), Regulations: 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Companies Act 71 of 2008	Sections: 45(2), 45(3)(a)(ii), 45(3)(b)(i), 45(3)(b)(ii), 45(4), 46(1)(a), 46(1)(b), 46(1)(c), 112(2)(a)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Municipal Systems Act 32 of 2000	Sections: 93B(a), 93C(a)(iv), 93J(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations: 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)



9. ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

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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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 FOR THE YEAR ENDED 30 JUNE 2025

GENERAL INFORMATION

NATURE OF BUSINESS

The entity be mandated to carry out the following activities:

- i) Socio-economic development with special focus on agro-processing, manufacturing, oceans economy and tourism.
- ii) Fresh produce markets and abattoirs
- iii) and any other activity agreed upon with the parent municipality, provincial and national government and the private sector (any other related function, in partnership with either Public or Private Sector)".

LEGAL FORM

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

CHIEF EXECUTIVE OFFICER

Mr. L. MBIKO

CHIEF FINANCIAL OFFICER

Mr. S. SENTWA

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)

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 FOR THE YEAR ENDED 30 JUNE 2025

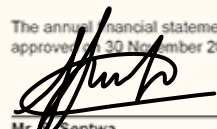
ACCOUNTING OFFICER'S STATEMENT

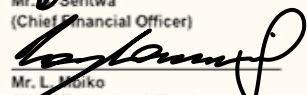
The accounting officer is required by the Municipal Finance Management Act, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the 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 46, which have been prepared on the going concern basis, were approved on 30 November 2025.


Mr. L. Moko
(Chief Financial Officer)


Mr. L. Moko
(Chief Executive Officer)

30 Nov 2025

Date

30 Nov 2025

Date

NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD

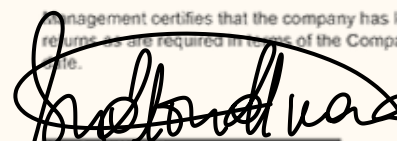
(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY : REGISTRATION NUMBER:
2016/272582/30)

ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

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.

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.


Ms. S. Ndlondwana
(Company Secretary)

30/11/25
Date



NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD

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

DIRECTORS REPORT

Directors submit their report for the year ended 30 June 2025.

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. In terms of the Income Tax Act, a State Owned 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	Resignation date
(Chairperson: Appointed on 22/05/2024)			
Dr. N.T. Ndudane	RSA	01/09/2022	
Adv. S. Mancotywa	RSA	09/01/2023	
Mr. M. P. Madikiza	RSA	09/01/2023	
Mr. M. J. Sikhosana	RSA	09/01/2023	
Mr. Z. W. Xalisa	RSA	09/01/2023	01/04/2025
Mr. T. Yakr	RSA	01/09/2022	

4 Entity Company Secretary

The Company Secretary of the Entity is Ms. S. Ndlondwana.

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



NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD

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

DIRECTORS REPORT

8 Members of the Audit and Risk Committee (ARC)

The members of the ARC were as follows:-

Name	Appointment date	Resignation date
Mr. C.J. Sparg (Chairperson)	2022/08/30	
Ms. T. Bacela	2023/11/01	
Ms. W. Dukuza	2023/11/29	
Mr. G. Labane	2022/08/30	02/05/2025

9 Members of the Human Resource and Remuneration Committee

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

Name	(Chairperson)
Mr. T. Yako	
Dr. N.T. Ndudane	
Adv. S. Mancotywa	
Mr. M. J. Sikhosana	

10 Members of the Strategy Development and Investment Committee

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

Name	(Chairperson)
Adv. S. Mancotywa	
Mr. M. P. Madikiza	
Dr. N. T. Ndudane	
Mr. Z. W. Xalisa	01/04/2025

11 Members of the Social and Ethics Committee

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

Name	(Chairperson)
Mr. M. J. Sikhosana	
Mr. M. P. Madikiza	
Mr. T. Yako	
Mr. Z. W. Xalisa	

NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD

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

DIRECTORS REPORT

12 The Entity's Mandate

The entity be mandated to carry out the following activities:

- Socio-economic development with special focus on agro-processing, manufacturing, oceans economy and tourism.
- Fresh produce markets and abattoirs.
- and any other activity agreed upon with the parent municipality, provincial and national government and the private sector (any other related function, in partnership with either Public or Private Sector)

13 Financial results

The Entity realised a deficit of R 5,757,733 (2025/24) financial year (2023/24 - deficit R 5,680,542)

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 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 increased own revenue particularly from its trading enterprises.

16 Events after the reporting date

Ms. T. Bacela resigned from the Audit Committee on the 11 August 2025.

On the 13th October 2025, the entity appointed a service provider for R 6,2 million for the development and commissioning of the packhouse at Kei Fresh Produce Market.

17 Holding Entity

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

18 External Auditors

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

19 E-mail info@ntinga.org.za

20 Website www.ntinga.org.za

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 FINANCIAL POSITION AS AT 30 JUNE 2025

	Notes	2025 R (Actual)	2024 R (Actual)
ASSETS			
Current Assets		13 322 507	9 125 573
Cash and Cash Equivalents	2	6 857 147	7 158 895
Receivables from exchange transactions	3	4 650 223	522 709
Inventory	4	765 370	870 536
Receivables from non-exchange transactions	5	286 031	310 432
Taxes	6	763 736	263 000
Non-Current Assets		53 888 562	59 639 240
Property, Plant and Equipment	7	41 777 442	43 952 231
Intangible Assets	8	4 917	33 549
Biological Assets	9	12 106 203	15 653 460
Total Assets		67 211 069	68 764 813
Current Liabilities			
Current Liabilities		39 800 219	35 370 283
Payables from exchange transactions	10	25 561 411	18 260 363
Payables from non-exchange transactions	11	446 974	446 974
Unspent Conditional Government Grants and Receipts	12	6 068 396	6 160 392
Current Employee benefits	13	5 536 245	5 609 649
Current portion of long - term liabilities	15	300 755	232 132
Taxes	6	1 886 437	4 660 773
Non - Current Liabilities		148 692	374 639
Long - term liabilities	15	148 692	374 639
TOTAL LIABILITIES		39 948 911	35 744 922
NET ASSETS		27 262 158	33 019 891
Accumulated Surplus		27 262 158	33 019 891
TOTAL NET ASSETS		67 211 069	68 764 813

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 FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 (Actual) R	2024 (Restated) R	Correction of error R	2024 Previously reported R
REVENUE					
Non-exchange Revenue		59 695 748	55 173 573	-	55 173 573
Transfers and Subsidies	16	59 695 748	55 173 573	-	55 173 573
Exchange Revenue		24 729 238	21 371 710	(131 861)	21 503 571
Interest Earned - external investments		276 031	597 553	3 003	594 550
Sale of Goods and Rendering of Services	17	24 453 207	20 774 157	(134 864)	20 909 021
Gains		95 400	7 438 738		7 438 738
Adjustments to Biological Assets	18.1	95 400	4 313 746	-	4 313 746
Gains on disposal of Property, Plant and Equipment		-	6 313	-	6 313
Gains on disposal of Biological Assets			3 118 679	-	3 118 679
Total Revenue		84 520 386	83 984 021	(131 861)	84 115 882
EXPENDITURE					
Employee related costs	19	41 409 862	43 413 498	-	43 413 498
Board of directors related costs	20	1 154 961	1 351 021	-	1 351 021
Depreciation and Amortisation	21	2 384 026	3 809 474	(113 853)	3 923 327
Loss on disposal of Biological Assets		307 260	-	-	-
Impairments - Property, Plant and Equipment	22	253 870	1 328 737	-	1 328 737
Finance Charges	23	678 728	707 128	-	707 128
Operational costs	24	30 526 128	31 380 706	582 742	30 797 964
Contracted services	26	12 748 427	7 023 799	-	7 023 799
Losses - Biological Assets	18.2	814 857	650 200	-	650 200
Total Expenditure		90 278 119	89 664 563	468 889	89 195 673
Loss for the year		(5 757 733)	(5 680 542)	(600 750)	(5 079 792)

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 CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 1 JULY 2023	40 070 669	40 070 669
Correction of error: note 25	(1 370 236)	(1 370 236)
Restated balance 1 JULY 2023	38 700 433	38 700 433
Correction of error: note 25	(600 750)	(600 750)
Net Deficit for the year	(5 079 792)	(5 079 792)
Restated balance 30 June 2024	33 019 891	33 019 891
Net Deficit for the year	(5 757 733)	(5 757 733)
Balance at 30 JUNE 2025	27 262 158	27 262 158



NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 R	2024 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Grants and public contributions		60 632 255	58 844 164
Sales of goods and services		19 849 358	21 713 295
Interest Earned - external investments		276 031	594 550
Payments			
Suppliers		(37 648 453)	(36 438 686)
Employees and directors		(42 250 851)	(42 983 327)
Finance charges		(678 728)	(707 128)
Cash generated/(utilised) by operations	28	179 611	1 022 869
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	31	(308 954)	(1 088 118)
Proceeds on Disposal of Fixed Assets		-	27 826
Purchase of Intangible Assets		-	-
Purchase of Biological assets		(111 100)	(91 000)
Proceeds on Disposal of Biological assets		221 540	3 420 479
Net Cash Generated by Investing Activities		(198 515)	2 269 187
CASH FLOW FROM FINANCING ACTIVITIES			
Finance lease repaid		(282 843)	169 592
Net Cash from Financing Activities		(282 843)	169 592
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(301 747)	3 461 649
Cash and Cash Equivalents at the beginning of the year		7 158 894	3 694 242
Cash and Cash Equivalents at the end of the year	29	6 857 147	7 158 894
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(301 747)	3 461 649

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 PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	Notes	Original Budget	Adjustments Budget	Final Adjusted Budget	Actual Outcome	Variance Amount	Variance %
REVENUE							
Non-exchange Revenue		49 553 215	1 799 999	51 353 214	51 943 883	(590 669)	
Transfers and Subsidies	2a	49 553 215	1 799 999	51 353 214	51 943 883	(590 669)	-1%
Exchange Revenue		33 091 029	(6 028 265)	29 458 748	32 481 103	(3 022 355)	
Interest Earned - external investments	2b	525 000	-136 472	388 528	276 031	112 497	29%
Sale of Goods and Rendering of Services	2c	32 361 279	-5 891 793	26 469 487	24 453 207	2 016 280	8%
Other revenue	2m	204 750	2 395 984	2 600 734	7 751 865	(5 151 132)	-198%
Gains		3 685 334	1 240 416	4 925 750	95 400	4 830 350	
Adjustments to Biological Assets	2d	3 685 334	1 240 416	4 925 750	95 400	4 830 350	98%
Total Revenue		86 329 579	(2 987 850)	85 737 712	84 520 386	1 217 326	
EXPENDITURE							
Employee related costs	2g	44 670 265	1 098 961	45 769 226	41 409 862	4 359 364	10%
Board of directors related costs	2e	1 344 689	0	1 344 689	1 154 961	189 728	14%
Depreciation and Amortisation	2f	4 007 370	-2 422 631	1 584 739	2 384 026	(799 287)	-50%
Finance Charges	2h	574 369	-168 194	406 175	678 728	(272 553)	-67%
Operational costs and contracted services	2i	33 378 927	1 826 936	35 205 863	43 274 555	(8 068 692)	-23%
Impairments - Property, Plant and Equipment	2f	-	-	-	253 870	(253 870)	100%
Loss on disposal of Property, Plant and Equipment & biological assets		-	0	0	307 260	(307 260)	0%
Losses - Biological Assets	2j	105 000	-105 000	-	814 857	(814 857)	100%
Total Expenditure		84 080 621	230 072	84 310 692	90 278 119	(5 967 427)	
(Loss)/Profit before tax for the year		2 248 958	(3 217 922)	1 427 020	(5 757 733)	7 184 753	
Income tax		-	-	-	-	-	0%
(Loss)/Profit after tax for the year		2 248 958	(3 217 922)	1 427 020	(5 757 733)	7 184 753	
Loss for the year		2 248 958	(3 217 922)	1 427 020	(5 757 733)	7 184 753	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE AT 30 JUNE 2025

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

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

2a	Increase in Grants received is caused by conditions met on conditional grants and a additional R1.8m that was received during the year
2b	Less investments were made than anticipated. This is as a result of cash flow problems experienced in the current year.
2c	The revenue for Kei Fresh Produce Market, Abattoir and Adam Kok Farms, were not collected as planned.
2d	The decrease is mainly due to decrease in the market value prices of animals and higher than the previous year transfers to abattoir.
2e	Some planned meetings did not sit during the year and few board member resigned during the year.
2f	Depreciation was under-budgeted for, during the year. The entity impaired some assets during the financial year.
2g	The variance on employee costs is caused by vacant position that were mainly filled by acting incumbants during the year.
2h	The variance on finance charges is attributed to interest on over-due account of Auditor General and SARS late payments due to entity's cash flow problems.
2i	The variance on operational expenditure is caused by expenditure on external projects provided to the entity and expenditure on conditional grants.
2j	Included in the variance are livestock deaths and loss on livestock valuation.
2m	Increase in other revenue is due to Conditions met on other grants, SA Cultiva & Technology Agency NPC of Sm.



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, COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Notes	Original Budget	Adjustments Budget	Final Adjusted Budget	Actual Outcome	Variance Amount	Variance %
ASSETS							
Current Assets		4 925 598	1 929 540	6 855 138	12 558 771	(5 703 633)	
Cash and Cash Equivalents	1a	2 514 300	1 929 540	4 443 840	6 857 147	(2 413 307)	-54%
Receivables from exchange transactions	1b	1 657 878	-	1 657 878	4 650 223	(2 992 345)	-180%
Inventory	1c	462 902	-	462 902	765 370	(302 468)	-65%
Receivables from non-exchange transactions	1d	290 518	-	290 518	286 031	4 487	2%
Non-Current Assets		59 641 949	1 137 995	60 779 945	53 888 562	6 891 383	
Property, Plant and Equipment		42 621 601	2 422 631	45 044 232	41 777 442	3 266 790	7%
Intangible Assets	1f	200 000	-	200 000	4 917	195 083	98%
Biological Assets	1g	16 820 349	-1 284 636	15 535 712	12 106 203	3 429 509	22%
TOTAL ASSETS		64 567 548	3 067 535	67 635 083	66 447 333	1 187 750	
NET ASSETS AND LIABILITIES							
Current Liabilities		25 397 630	3 880 901	29 278 531	39 800 219	(10 521 687)	
Payables from exchange transactions	1h	7 754 653	3 889 473	11 644 126	25 561 411	(13 917 285)	-120%
Payables from non-exchange transactions		446 973	-	446 973	446 974	(1)	0%
Unspent Conditional Government Grants and Receipts	1i	1 476 554	-	1 476 554	6 068 396	(4 591 842)	-311%
Current Employee benefits	1j	5 211 510	-	5 211 510	5 536 245	(324 735)	-6%
Current portion of long-term liabilities	1k	8 572	-8 572	0	300 755	(300 755)	-100%
VAT	1l	10 499 368	-	10 499 368	1 886 437	8 612 930	82%
Non - Current Liabilities		205 047	-	205 047	148 692	56 355	
Long-term liabilities	1m	205 047	-	205 047	148 692	56 355	27%
TOTAL LIABILITIES		25 602 677	3 880 901	29 483 578	39 948 911		
NET ASSETS		38 964 871	(813 366)	38 151 504	26 498 422		
Accumulated Surplus		38 973 443	-821 938	38 151 504	27 262 158		
TOTAL NET ASSETS		64 567 548	3 067 535	67 635 083	66 447 333		

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS. COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

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

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

1a	Note 2 AFS	The variance is mainly caused by accruals that were not paid at year end as planned e.g. VAT etc.
1b	Note 3 AFS	The variance is caused by invoice issued to Department Agriculture and Land Reform, Trade receivables that were written off etc.
1c	Note 4 AFS	Lower inventory levels of feed were anticipated at year end.
1d	Note 5 AFS	These are pre-payments for municipal services, e.g. electricity. The variance is insignificant.
1f	Note 8 AFS	Intangible assets were impaired in the current year, hence the variance.
1g	Note 9 AFS	The Entity forecasted gain of livestock fair values and a loss on fair valuation was made.
1h	Note 11 AFS	The variance on payables is caused by compensation fund owed and other accruals not paid at year end.
1i	Note 13 AFS	The conditional grants have not yet been spent as expected e.g. ECDC conditional grant.
1j	Note 14 AFS	The Entity estimated a drop in leave provision but the leave was not taken as anticipated.
1k	Note 16 AFS	The increase in lease liability is due to additions for the computers made during the year.
1l	Note 6 AFS	Vat decreases due to VAT repayments made on old VAT liability.
1m	Note 15 AFS	The decrease in lease liability is due to increased lease payments made in the current financial year.

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	Notes	Original Budget	Adjustments Budget	Final Adjusted Budget	Actual Outcome	Variance Amount	Variance %
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts		82 644 244	(1 832 282)	80 811 962	80 757 644	54 318	
Grants and public contributions	3a	49 553 215	1 799 999	51 353 214	60 632 255	(9 279 041)	-18%
Sales of goods and services		32 566 029	-3 495 809	29 070 220	19 849 358	9 220 862	32%
Interest Earned - external investments		525 000	-136 472	388 528	276 031	112 497	29%
Payments		(85 960 798)	3 603 263	(82 357 535)	(80 578 033)	(1 779 503)	
Suppliers and employees	3b	(85 386 429)	3 435 069	(81 951 360)	(79 899 305)	(2 052 055)	3%
Finance charges	3c	(574 369)	168 194	(406 175)	(678 728)	272 553	-67%
Cash utilised by operations		(3 316 554)	1 770 981	(1 545 573)	179 611	(1 725 185)	
CASH FLOW FROM INVESTING ACTIVITIES							
Purchase of Property, Plant and Equipment	3d	-982 268	-	-982 268	(308 954)	(673 314)	69%
Proceeds on Disposal of Fixed Assets	3e	-	-	-	-	-	100%
Purchase of Intangible Assets	3f	-	-	-	-	-	0%
Purchase of Biological assets	3g	-	-	-	(111 100)	111 100	100%
Proceeds on Disposal of Biological assets	3h	-	-	-	221 540	(221 540)	100%
Net Cash from investing Activities		(982 268)	-	(982 268)	(198 515)		
CASH FLOW FROM FINANCING ACTIVITIES							
Loans repaid	3j	(184 209)	-	(184 209)	(282 843)	98 634	100%
Net Cash from Financing Activities		(184 209)	-	(184 209)	(282 843)		
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4 483 031)	1 770 981	(2 712 050)	(301 746)		
Cash and Cash Equivalents at the beginning of the year		6 997 332	158 559	7 155 891	7 158 894		
Cash and Cash Equivalents at the end of the year		2 514 301	1 929 540	4 443 841	6 857 147		
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(4 483 031)	1 770 981	(2 712 050)	(301 747)	(2 476 343)	

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

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

3a	The variance on grant funding is caused by conditions met on conditional grants.
3b	Delays in payment to suppliers were due to cash flow constraints
3c	The variance on finance charges is attributed to interest on over-due account of Auditor General and SARS late payments due to entities' cash flow problems.
3d	These are savings on capital acquisitions, mainly on construction of the Meat Market.
3e	This relates to proceeds received from mainly biological assets sold.
3f	The purchase of intangible assets was shifted to the next financial year due to budget constraints.
3g	The budget relates to the acquisition of bulls for the Farm.
3h	Due to favourable meat prices sales of biological assets were more than the forecast.
3j	This is a re-payment of the finance leases.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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 2024 to 30 June 2025. 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 the Statement of Comparison of Budget and Actual Amounts.

1.9 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standard Description Summary of changes Issued Applicability

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the entity.

GRAP -	Presentation of Financial Statement	Amendments made regarding the assessment of going concern and required disclosure	22-Nov	Applicable
GRAP 103	Heritage Assets	Changes were made to the definition of heritage assets to include cultural significance. Heritage assets must be presented in a single line on the statement of financial position with disclosure of alternative uses. Heritage assets are not depreciated. Further guidance has been provided for determining fair value and disclosures.	22-Jun	Not applicable to the entity
GRAP 105	Transfer of Functions Between Entities Under Common Control	The standard has been updated to include new disclosures that provide additional information to users. The acquirer or combined entity must explain the primary reason for the transfer of functions or merger and disclose any transfers or mergers that occurred after the reporting period but before the financial statements were authorised for issue	24-Feb	Not applicable to the entity
GRAP 106	Transfer of Functions Between Entities not Under Common Control	The standard has been updated to include new disclosures that provide additional information to users. The acquirer or combined entity must explain the primary reason for the transfer of functions or merger and disclose any transfers or mergers that occurred after the reporting period but before the financial statements were authorised for issue	24-Feb	Not applicable to the entity
GRAP 107	Mergers	The standard has been updated to include new disclosures that provide additional information to users. The acquirer or combined entity must explain the primary reason for the transfer of functions or merger and disclose any transfers or mergers that occurred after the reporting period but before the financial statements were authorised for issue	24-Feb	Not applicable to the entity
IGRAP 22	Foreign Currency Translation and Advance Consideration	This Interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency	23-Oct	Not applicable to the entity

1.10 LEASES

1.10.1 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.

1.11 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.

1.12 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.

1.13 EMPLOYEE BENEFITS

1.13.1 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.

1.13.2 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.

1.13.3 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.

1.14 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.

1.14.1 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
Buildings	
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
Fencing	5
Finance lease assets	
Computer hardware	5

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:

Intangible Assets Years

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.

1.20.3 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 Municipality. 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) 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 settle 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. 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.

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: 2016/271562/00)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2 CASH AND CASH EQUIVALENTS

	2025 R	2024 R
Call Investments Deposits	6 422 576	6 278 137
Bank Accounts	423 279	859 805
Petty Cash Balances	11 292	17 950
Previously stated	6 857 147	7 155 892
Correction of error		3 003
Total Cash and Cash Equivalents	6 857 147	7 158 894
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)	250 702	555 271
FNB - Account Number 62183296890 (Salaries Account)	95 158	73 531
FNB Call Account 62766535622	52 518	128 310
FNB Call Account 62771259671	24 900	102 693
	423 278	859 805
FNB - Account Number 6216680472 (Primary Bank Account)		
Cash book balance at beginning of year	555 271	767 203
Cash book balance at end of year	250 702	555 271
Bank statement balance at beginning of year	540 533	708 997
Bank statement balance at end of year	206 932	540 533
FNB - Account Number 62183296890 (Salaries Account)		
Cash book balance at beginning of year	73 531	125 264
Cash book balance at end of year	95 158	73 531
Bank statement balance at beginning of year	73 531	125 264
Bank statement balance at end of year	95 158	73 531
FNB Call Account 62771259671		
Cash book balance at beginning of year	102 693	110 686
Cash book balance at end of year	24 900	102 693
Bank statement balance at beginning of year	102 693	110 686
Bank statement balance at end of year	24 900	102 693
FNB Call Account 62766535622		
Cash book balance at beginning of year	128 310	20 779
Cash book balance at end of year	52 518	128 310
Bank statement balance at beginning of year	123 324	20 779
Bank statement balance at end of year	52 518	123 324
FNB Call Account 62773058849		
Cash book balance at beginning of year	7 126	6 595
Cash book balance at end of year	99 826	7 126
Bank statement balance at beginning of year	7 126	6 595
Bank statement balance at end of year	99 826	7 126
Call Investment Deposits		
Call investment deposits consist out of the following accounts:		
FNB Account number 62181670540 (Nlingxi)	10 930	93 280
FNB Account number 62185096122 (Umzimkantu Read Meat Abattoir)	460 201	749 269
FNB - Account Number 62887633153	5 830 355	5 144 937
FNB Call 62506942407	7 260	45 724
FNB Call 62578074149	5 721	226 780
FNB Call Account 62785410293	3 249	3 039
FNB Call Account 62773058849	99 826	7 126
FNB - Account Number 62875150600	5 034	7 962
	6 422 576	6 278 137

3

RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2025 R	2024 R
3.1 Credit sales of goods and rentals	4 817 411	1 035 055
Less: Allowance for Doubtful Debts	(167 388)	(377 482)
Correction of error	-	(134 864)
Total Net Receivables from Exchange Transactions	4 650 023	522 709

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.

Included in the receivables above, is an amount of R3.9m owed by Department of Rural Development and Agrarian Reform.

This amount was received in full in August 2025.

Ageing of Receivables from Exchange Transactions:

Ageing		
Current (0 - 30 days)	4 206 351	152 511
31 - 60 Days	173 435	-
61 - 90 Days	288 363	-
+ 90 Days	149 462	882 544
Total	4 817 611	1 035 055

3.2 Reconciliation of Provision for Bad Debts

Balance at beginning of year	377 482	377 482
Bad debts written off (Reversals)/Contribution to provision	(269 500) 59 406	-
Revised balance	167 388	377 482

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

Trading enterprises / Projects	167 388	377 482
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The fair value of trade receivables approximates their carrying amounts.

	167 388	377 482
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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	870 438	2 333 483
Consumable stores	542 664	710 539
Livestock	-	1 239 570
Crops	145 225	301 281
Merchandise (Meat)	182 849	82 294
Additions	17 849 144	18 796 349
Consumable stores	2 099 309	2 512 385
Crops	-	1 129 618
Merchandise (Meat)	15 749 835	15 155 346
Issued / Expensed	(17 954 312)	(20 299 495)
Consumable stores	(2 031 348)	(2 550 450)
Livestock issued for slaughter (Meat) - animal losses - deaths	-	(76 206 00)
Livestock - transfers to biological assets	-	(1 164 370)
Crops	(145 225)	(1 284 673)
Merchandise (Meat)	(15 777 741)	(15 054 763)
Closing Balance	610 427	542 464
Consumable stores	-	-
Livestock	154 943	182 847
Merchandise (Meat)	-	145 225
Crops	-	-
Total Inventory	765 370	870 536

No inventory assets were pledged as security for liabilities.

5

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other Receivables		
Advance payments and sundry debtors	1 228 406	7 892 884
Prepayments - Deposits	259 408	259 408
Sub-total	1 487 814	8 152 292
Correction of prior year error	-	2 503 014
Car	-	10 655 306
		(9 143 091)
		1 512 215
Less: Allowance for Doubtful Debts	(1 201 783)	(1 201 783)
Correction of prior year error	-	-
Net - Other Receivables	286 031	310 432
Total Net Receivables from Non-Exchange Transactions	286 031	310 432

Advance payments and sundry debtors: This balance represent amount owed by O.R. Tambo D.M. RS, Im relates to VAT. The amount has been outstanding since 2021 financial year hence it is provided for under doubtful debts.

Prepayments - Deposits comprises security deposits to entities like Ekoon, King Sata Dalindyebo Municipality etc.

Reconciliation of Provision for Bad Debts

Balance at beginning of year	1 201 783	7 841 860
Contribution to provision	-	2 503 014
Correction of error	-	(9 143 091)
Balance at end of year	1 201 783	1 201 783

6

TAXES

6.1 VAT PAYABLE	(1 886 437)	(11 937 280)
CORRECTION OF ERROR	-	7 276 507
	(1 886 437)	(4 660 773)

6.2 VAT RECEIVABLE

Vat input Accruals

NET VAT PAYABLE

VAT is receivable/payable on the payment basis.

7

PROPERTY, PLANT AND EQUIPMENT

Carrying amounts	41 777 442	43 952 231
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See appendix A

There are no assets pledged as security.

8

INTANGIBLE ASSETS**Computer Software**

Net Carrying amount at the beginning of the year: 01 July 2024

Cost	1 542 298	1 542 298
Accumulated Amortisation	(1 508 749)	(1 424 063)
Accumulated Amortisation	(1 488 801)	(1 404 115)
Accumulated Impairment	(19 948)	(19 948)
Additions	-	-
Amortisation	(17 188)	(84 686)
Impairments	(11 444)	-
Net Carrying amount at the end of the year	4 917	33 549

Cost**Accumulated Amortisation****Accumulated Impairment****Description****Computer software**

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.

9

BIOLOGICAL ASSETS

(See appendix B)

Carrying amounts	12 106 203	15 663 480
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The decrease is mainly due to decrease in the market value prices of animals and higher than the previous year transfers to abator.

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. The primary activities revolving around biological assets are livestock breeding and livestock genetic improvement programme.

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 2025. 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 1962. At both Biological assets are recorded at a value of R200. The fair value adjustment is done at year end based on the valuation report of registered independent veterinarian.

	2025 R	2024 R
10 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	4 326 955	1 751 012
Other accruals	19 874 927	15 526 240
Annual bonus	1 355 823	1 395 765
Sundry Creditors - restated	18 519 104	14 180 475
Previously stated	-	4 950 990
Correction of error	-	9 229 485
Salary deductions	1 360 429	803 111
	25 561 411	18 260 363

Payables have increase due to a Compensation Fund Accrual and other accruals raised in the current financial year. 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.

11 PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Sustainable Villages	Sustainable Rural Development in the Eastern (SURUDEEC) - Bazzya 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.

Sustainable Rural Development in the Eastern

12 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	6 068 396	6 160 393
District Municipality	0 00	1 619 172
Other Grant Providers	6 068 396	4 541 221
Total Conditional Grants and Receipts	6 068 396	6 160 393

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.

	2025 R	2024 R
13 CURRENT EMPLOYEE BENEFITS		
Provision for Staff Leave	5 536 245	5 609 649
Total Current Employee Benefits	5 536 245	5 609 649

The movement in current employee benefits are reconciled as follows:

14.1 Provision for Staff Leave		
Balance at beginning of year	5 609 649	4 996 323
Current year contribution / (reversal)	230 464	854 669
Expenditure incurred	(303 868)	(241 343)
Balance at end of year	5 536 245	5 609 649

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 24 days for senior managers and 48 leave days for the rest of the staff. This provision will be realised as employees take leave, when employment is terminated or any circumstance approved by the board of directors.

14 OPERATING LEASE ARRANGEMENTS		
Future minimum lease payments of the operating lease		
Up to 1 year	-	73 500
2 to 5 Years	-	-
Total Operating Lease Payments	-	73 500

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 expired on 29 January 2025. The initial rental amount in the contract was R 10 000 00 (including VAT) per month.

The entity has not engaged in any sub-lease arrangements.

The entity did not pay any contingent rent during the year.

	2025 R	2024 R
15 LONG-TERM LIABILITIES		
Capitalised Lease Liability - At amortised cost	449 447	606 771
Computer hardware lease no. one	118 844	204 310
Computer hardware lease no. two	330 603	402 461
Current Portion transferred to current liabilities		
Capitalised lease liability - At amortised cost	(300 754)	(232 132)
Total long term liabilities - at amortised cost using the effective interest rate method	148 692	374 639
Future minimum lease payments of the finance lease		
Up to 1 year	300 755	240 947
2 to 3 years	148 692	251 753
More than 3 years	-	114 971
	449 447	606 771

Lease no. one - The minimum lease periods is 36 months with the final lease payments made on 30 June 2026.
Lease no. two - The minimum lease periods is 36 months with the final lease payments made on 31 March 2028.

The capitalised lease liability consists of the following contracts:

Description of the leased item	Effective	Annual Escalation
PC's	11.7%	0%
16 TRANSFERS AND SUBSIDIES		
O.R. Tambo District Municipality	51 353 214	49 553 214
O.R. Tambo District Municipality - Conditions met	590 669	5 346 260
Other grants - Conditions met	7 751 865	274 099
Total income	59 695 748	55 173 573
Total Grants		
Opening balance	6 160 393	2 489 802
Grants received - O.R. Tambo District Municipality	53 219 556	49 553 215
Grants received - Other	7 089 130	8 993 515
Unconditional Grants utilised	(53 219 556)	(49 553 215)
Conditions met - Grants	(6 113 253)	(5 091 706)
Unconditional - Other grants	-	(274 099)
Interest received	323 566	297 434
Commission	(362 937)	(254 554)
Transferred to payables	(1 029 502)	-
Conditions still to be met (Grant expenditure to be recovered)	6 068 397	6 160 393
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	6 068 396	6 160 393
	6 068 396	6 160 393

17 SALE OF GOODS AND RENDERING OF SERVICES		
Other income - from consulting services and other	4 050 623	188 124
Fresh Farm Products - Meat	19 109 551	19 449 216
Slaughter Services	618 933	344 175
Commission	124 821	78 183
Office rentals, storage fees, parking fees etc	292 674	253 219
Sales of Fresh Farm Products - Crops	6 450	595 811
Farm lease rentals	250 000	-
Discount received	155	293
Previously reported	24 453 207	20 909 021
Correction of error		(134 864)
Restated	24 453 207	20 774 157

18 Adjustments to Biological Assets		
18.1 Gains		
Fair Value adjustments - Changes in fair values	-	4 207 946
Fair Value adjustments - Livestock births	95 400	105 800
	95 400	4 313 746

18.2 Losses

Fair Value adjustments - Price changes	684 657	-
Physical changes - Livestock deaths	330 200	650 200

2025 R	2024 R
684 657	-
330 200	650 200
814 857	650 200

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

19 EMPLOYEE RELATED COSTS

Basic salary	30 117 056	31 689 681
Bonus - 13th Cheque	2 423 276	2 340 778
Provident fund	3 770 053	3 939 728
Allowances	3 617 463	3 230 108
Staff leave	251 781	854 670
Unemployment Insurance and Skills Development contributions	551 313	566 467
Overtime	678 920	792 066

2025 R	2024 R
30 117 056	31 689 681
2 423 276	2 340 778
3 770 053	3 939 728
3 617 463	3 230 108
251 781	854 670
551 313	566 467
678 920	792 066
41 409 862	43 413 498

Total Employee Related Costs

The balance on the workmens compensation fund includes the prior year figures and will be split accordingly.

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

3 770 053	3 939 728
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REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Chief Executive Officer

Basic Salary	1 476 649	1 511 958
Travel Allowance	244 025	220 464
Annual Bonus - 13th Cheque	121 399	98 189
Pension	189 383	193 115

1 476 649	1 511 958
244 025	220 464
121 399	98 189
189 383	193 115

Total

2 031 456	2 023 726
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Remuneration of the Chief Financial Officer

Basic Salary	1 265 801	1 297 667
Travel Allowance	209 114	180 444
Annual Bonus - 13th Cheque	104 040	98 189
Pension	162 302	165 540

1 265 801	1 297 667
209 114	180 444
104 040	98 189
162 302	165 540

Total

1 741 257	1 741 840
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Remuneration of the Corporate Service Manager

Basic Salary	1 069 859	1 041 710
Travel Allowance	176 689	198 321
Annual Bonus - 13th Cheque	87 908	46 734
Leave gratuity	-	-
Pension	137 136	134 471

1 069 859	1 041 710
176 689	198 321
87 908	46 734
137 136	134 471

Total

1 471 593	1 421 235
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Remuneration of the Senior Manager Trading Enterprises

Basic Salary	1 078 569	1 267 347
Travel Allowance	127 236	196 819
Annual Bonus - 13th Cheque	45 643	-
Leave gratuity	80 002	-
Pension	100 231	161 604

2025 R	2024 R
1 078 569	1 267 347
127 236	196 819
45 643	-
80 002	-
100 231	161 604

Total

1 431 731	1 625 771
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The Senior Manager Trading Enterprises resigned on August 2024 and an acting incumbent filled the position for the remainder of the financial year.

Remuneration of the Company Secretary

Basic Salary	901 743	941 884
Travel Allowance	148 873	99 545
Annual Bonus - 13th Cheque	71 543	62 315
Pension	115 547	117 319

901 743	941 884
148 873	99 545
71 543	62 315
115 547	117 319

Total

1 237 706	1 221 063
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20 BOARD OF DIRECTORS RELATED COSTS

Sitting allowances and re-imbursement travel costs	1 130 694	1 210 707
Accommodation and travel costs	24 267	140 314

1 130 694	1 210 707
24 267	140 314

Total Board of Directors related costs

1 154 961	1 351 021
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REMUNERATION PER BOARD MEMBER

30 June 2025

Board Member	Sitting Allowance	Retainer fees	Re-imbursement travel expenses	TOTAL
Mr. G. Libane	39 417	-	-	39 417
Mr. C.J. Spang	130 077	-	-	130 077
Ms. W. Dukusa	78 834	-	-	78 834
Ms. T. Bacula	39 417	-	-	39 417
Mr. T. Yako	149 785	22 468	-	172 253
Mr. S. Mancotywa	114 310	17 147	-	131 456
Mr. Z.W. Kalisa	72 265	10 840	-	83 105
Mr. M. P. Madikiza	112 574	16 886	-	129 460
Mr. M. J. Sikhosana	129 851	19 478	-	149 329
Dr. N.T. Ndudane	154 214	23 132	-	177 346
	1 020 745	109 950	-	1 130 694

The retainer fees are paid at 15% of the annual board fees paid to each member. The current year retainer fees have been accrued.

REMUNERATION PER BOARD MEMBER

30 JUNE 2024

Board Member	Sitting Allowance	Retainer fees	Re-imbursement travel expenses	TOTAL
Ms. N.G. Ngqishe	19 517	-	-	19 517
Mr. G. Libane	45 795	-	-	45 795
Mr. O.S. Ngqishe	19 517	-	-	19 517
Mr. C.J. Spang	122 429	-	-	122 429
Ms. W. Dukusa	19 709	-	-	19 709
Ms. T. Bacula	19 709	-	-	19 709
Mr. M. Phiso	6 570	-	-	6 570
Mr. Mavva	12 948	-	-	12 948
Mr. T. Yako	87 701	13 155	-	100 856
Mr. S. Mancotywa	139 815	20 972	-	160 788
Mr. Z.W. Kalisa	96 036	14 705	-	110 741
M.P. Madikiza	142 829	21 424	-	164 254
Dr. L.L. Ndabeni	135 671	20 351	630	156 652
Mr. M. J. Sikhosana	80 900	12 138	-	93 038
Dr. N.T. Ndudane	135 796	20 369	-	156 165
	1 086 962	123 115	630	1 210 707

	2025 R	2024 R
21 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	2 366 838	3 838 641
Intangible Assets	17 188	84 686
Previously stated	2 384 026	3 923 327
Correction of error	-	(113 853)
Restated balance	2 384 026	3 809 474
Some assets were fully depreciated in the current year, hence the decrease in the current financial year.		
22 IMPAIRMENTS		
Property Plant and Equipment	253 870	1 328 737
	253 870	1 328 737
In the previous year a high value of impairment primarily recognised on buildings the were in bad condition.		
23 FINANCE CHARGES		
Interest expenses	678 728	707 128
Total finance charges	678 728	707 128
The finance charges includes interests on overdue payables resulted on shortage of resources to pay timeously.		
24 Operational costs		
Accommodation and travel	315 128	305 013
Advertising and promotion	77 440	124 073
Audit fees	2 160 649	2 199 231
Bar codes	-	2 730
Cleaning	15 405	3 136
Courier and postage	130	1 993
Consulting and professional fees	72 300	64 268
Consumables	18 780	170 679
Co-ordination fees	30 510	64 781
Donation	10 000	17 200
Commission paid	14 948	115 764
Employee wellness	10 000	23 882
Fuel and oil	1 021 552	1 363 826
Feed	-	1 203 601
Hiring expenses	15 700	-
Legal fees	-	47 960
Livestock purchases	15 687 941	15 372 265
Motor vehicle expenses	86 252	98 769
Penalties and interest on taxes	65 375	-
Municipal services	1 103 947	2 064 517
Occupational health and safety	5 925	17 023
Packaging	212 987	195 545
Printing and stationery	55 132	182 262
Provision for doubtful debts contribution	59 406	-
Protective clothing	19 468	41 060
Repairs and Maintenance	749 897	1 124 752
Staff training	80 633	273 612
Strategic planning session	53 012	28 148
Subscriptions	39 873	44 636
Telephone and fax	-	286 807
Veterinary services	18 559	-
Workmens compensation	606 966	-
Agricultural development	7 467 233	5 091 706
Personnel and labour	405 851	116 478
Internal audit expenses	45 110	152 247
Total operational costs	30 526 129	30 797 964

	30 JUNE 2025 R
25 CORRECTION OF ERROR IN TERMS OF GRAP 3	
The error relates to the following:- Vat was erroneously treated for the grants received from ORTDM during 2021 financial year Provision for doubtful debts were erroneously omitted with the ORTDM vat debt Payment by a debtor erroneously processed as revenue The effect of this error on the results of 2024 is as follows:	
25.1 Accumulated surplus	
Balance previously reported	34 990 877
Reversal of provision for vat erroneously raised	9 143 091
Provision for bad debts erroneously omitted	(2 503 014)
Payment by a debtor erroneously processed as revenue	(44 975)
Reversal of duplicate invoice	(44 944)
Debt payment processed against revenue	(44 944)
Depreciation over charged	113 853
Interest received not recognised	3 003
Workmens compensation	(9 229 485)
Vat erroneously raised in the previous years	636 430
Restated balance	33 019 891
25.2 Receivables from exchange transactions	
Balance previously reported	457 573
Payment by a debtor erroneously processed as revenue	(44 975)
Reversal of duplicate invoice	(44 944)
Debt payment processed against revenue	(44 944)
Restated balance	522 709
25.3 Taxes	
Balance previously reported	(11 674 280)
Reversal of vat erroneously raised	9 143 091
Vat raised owed by ORTDM on grant received	(2 503 014)
Vat erroneously raised in the previous years	636 430
Restated balance	(4 387 775)
25.4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	
Balance previously reported	310 432
Vat raised owed by ORTDM on grant received	2 503 014
Less: Allowance for Doubtful Debts	(2 503 014)
Restated balance	310 432
25.5 Property, Plant and Equipment	
Balance previously reported	43 838 379
Depreciation over charged	113 853
Restated balance	43 952 232
25.6 Payables from Exchange Transactions	
Balance previously reported	9 030 520
Compensation Fund erroneously not raised in the previous years	9 229 485
Restated balance	18 260 005
25.5 Bank and Cash	
Balance previously reported	7 155 891
Interest received not recognised	3 003
Restated balance	7 158 893

Contracted Services

	2025 R	2024 R
Accommodation and travel	207 211	449 514
Agricultural development	1 711 569	-
Bank charges	464 225	387 717
Consumables	329 957	-
Cleaning	108 437	170 171
Consulting and professional fees	548 657	-
Municipal services	902 922	-
Feed	882 142	652 821
Insurance - assets	774 133	754 873
Leasing Hire Fac	35 437	28 855
Livestock purchases	61 894	-
Printing and stationery	94 980	107 347
Staff training	1 726 272	-
Software licensing	316 842	300 933
Telephone and fax	1 689 965	1 413 244
Website maintenance and server hosting	100 162	83 165
Cash collection services	139 731	134 467
Meat inspection	202 419	208 854
Medication - livestock & veterinary services	142 510	257 531
Rental expenses	73 500	126 000
Security services	1 673 796	1 381 074
Co-ordination fees	-	-
Licensing - software	546 066	527 233
	12 748 427	7 023 799

Segment information

- a) The Entity is organised into four strategic goals and under these goals there are four main segments with main activities and geographical location described 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, commission on sales. Space and equipment are also rented out at a fee.
- 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

	2025					
	Ntinga Head office	Umkizantu Red Meat Abattoir	Adam kok Farms	Kai Fresh Produce Market	Water Services	Total
Revenue						
Transfers and Subsidies	59 100 227	-	-	535 521	-	59 695 748
Other income	4 326 809	-	95 400	-	-	4 422 209
Agency Services	-	-	-	-	-	-
Fresh Farm Products - Meat	-	19 109 551	-	-	-	19 109 551
Slaughter Services	-	618 933	-	-	-	618 933
Commission	-	-	-	124 821	-	124 821
Office rentals, storage fees, parking fees etc	-	-	-	292 674	-	292 674
Farm lease rentals	-	-	250 000	-	-	250 000
Sales of Fresh Farm Products - Animals	-	-	-	-	-	-
Sales of Fresh Farm Products - Crops	-	-	6 450	-	-	6 450
Total revenue	63 487 036	19 728 484	351 850	953 016	-	84 520 386
Employee costs	27 007 144	5 383 308	6 383 446 26	2 545 963	-	41 409 862
Biological Asset loss	-	-	814 857 00	-	-	814 857
Impairment of assets	160 712	24 910	31 129 44	37 118	-	253 870
Depreciation	1 683 872	146 570	-	553 584	-	2 384 026
Other costs	21 884 005	17 968 747	2 541 410 00	3 021 342	-	45 415 504
Total expenditure	50 825 734	23 523 535	9 770 843	6 158 008	0	90 278 119
Surplus/(Deficit) for the period	12 661 302	-3 795 051	-9 418 993	-5 204 991	0	-5 757 733
ASSETS						
Property, plant and equipment	26 215 386	1 533 913	5 560 189	8 462 954	0	41 777 442
Other assets	4 917	0	0	0	0	4 917
Deferred tax	-	0	0	0	0	0
Receivables	4 851 138	251 210	514 773	82 869	0	5 699 990
Inventory	610 427	154 943	0	0	0	765 370
Cash and cash equivalents	6 213 961	480 201	9 721	177 244	0	6 881 147
Non-current assets held for sale	-	0	0	0	0	0
Biological assets	-	0	12 106 203	0	0	12 106 203
Total Assets	37 895 849	2 400 267	18 191 886	8 723 067	-	67 211 069
LIABILITIES						
Trade payables	25 561 411	0	0	0	0	25 561 411
Other creditors	11 152 402	176 326	686 096	2 372 674	0	14 387 500
Total Liabilities	36 713 813	176 326	686 096	2 372 674	-	39 948 911

Revenue

	Ntinga Head office	Umkizantu Red Meat Abattoir	Adam kok Farms	Kai Fresh Produce Market	Water Services	Total
Transfers and Subsidies	55 173 534	-	-	-	-	55 173 534
Other income	799 292	-	7 435 428	-	-	8 234 720
Previously stated	-	-	7 432 425	-	-	-
Correction of error	-	-	3 003	-	-	-
Agency Services	-	-	-	-	-	-
Fresh Farm Products - Meat	-	19 314 353	-	-	-	19 314 353
Previously stated	-	19 449 216	-	-	-	-
Correction of error	-	(134 864)	-	-	-	-
Slaughter Services	-	344 175	-	-	-	344 175
Commission	-	-	-	78 183	-	78 183
Office rentals, storage fees, parking fees etc	-	-	-	253 219	-	253 219
Sales of Fresh Farm Products - Animals	-	-	0	-	-	-
Sales of Fresh Farm Products - Crops	-	-	595 811	-	-	595 811
Total revenue	55 942 855	19 668 827	8 031 239	331 402	-	83 964 023
Employee costs	28 944 106	4 794 408	6 409 056	2 572 460	703 468	43 413 488
Depreciation	2 396 741	176 370	557 740	678 623	-	3 809 474
Previously stated	-	-	-	792 476	-	-
Correction of error	-	-	-	(113 853)	-	-
Biological assets loss	-	-	650 000	-	-	650 000
Impairment of assets	-	-	1 328 737	-	-	1 328 737
Other costs	15 156 851	17 953 313	4 077 218	2 915 471	-	40 482 853
Previously stated	14 934 109	-	-	-	-	-
Correction of error	582 742	-	-	-	-	-
Total expenditure	46 857 698	22 914 091	11 044 014	6 586 554	703 468	89 064 961
Surplus/(Deficit) for the period	9 105 157	-3 255 864	-3 012 775	-6 255 152	-703 468	-6 680 538

ASSETS

Property, plant and equipment	8 692 509	1 633 351	28 881 331	4 744 992	0	43 952 232
Previously stated	-	-	-	4 631 130	-	4 631 130
Correction of error	-	-	-	(113 853)	-	(113 853)
Other assets	33 549	0	0	0	0	33 549
Deferred tax	-	0	0	0	0	0
Receivables	573 432	522 709	0	0	0	1 096 141
Previously stated	370 432	687 573	-	-	-	-
Correction of error	263 000	(134 864)	-	-	-	-
Inventory	542 464	182 489	145 225	0	0	870 177
Cash and cash equivalents	6 077 149	752 272	206 780	102 680	0	7 158 884
Previously stated	-	749 269	-	-	-	749 269
Correction of error	-	(3 083)	-	-	-	(3 083)
Non-current assets held for sale	0	0	0	0	0	0
Biological assets	0	0	15 653 460	0	0	15 653 460
Total Assets	16 492 584	4 365 802	44 906 796	9 592 676	-	68 764 453
LIABILITIES						
Trade payables	9 030 515	-	-	-	-	9 030 515
Other creditors	35 857 136	-	-	-	-	35 857 136
Previously stated	24 761 067	-	-	-	-	24 761 067
Correction of error	11 096 069	-	-	-	-	11 096 069
Total Liabilities	44 887 651	-	-	-	-	44 887 651

RECONCILIATION BETWEEN DEFICIT FOR THE YEAR AND CASH GENERATED UTILISED BY OPERATIONS

	2025 R	2024 R
Deficit for the year	(5 757 733)	(5 079 789)
Adjustments for:		
Depreciation	2 368 838	3 836 641
Amortisation of Intangible Assets	17 188	84 686
Impairments - Property, Plant and Equipment	253 870	1 328 737
Donations received	-	-
Adjustments to Biological Assets	719 457	(3 663 546)
(Gain)/loss on disposal of Property, Plant and Equipment	307 261	(8 315)
Loss on disposal of Property, Plant and Equipment	-	-
Gains on disposal of Biological Assets	-	(3 118 679)
Contribution from/to employee benefits	-	854 669
Correction of prior year error - note 28	-	-
Increase in provision for doubtful debts	-	-
Operating Loss before changes in working capital	(2 093 119)	(5 761 596)
Changes in working capital	2 272 730	6 794 465
(Decrease) / Increase in Payables from Exchange Transactions	7 301 049	2 451 161
Increase in Provision for Current Employee Benefits	(73 404)	(241 344)
(Decrease) / Increase in Unspent Conditional Government Grants and Receipts	(91 996)	3 470 562
Increase in Taxes	(2 074 336)	(3 108 173)
Increase in Inventory	2 515 266	2 994 950
(Increase) / Decrease in Accounts Receivables	(4 603 845)	1 067 274
Cash utilised/(generated) by + variation	179 611	1 622 889

29

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 2
Cash Floats - Note 2
Bank - Note 2
Correction of error

Total cash and cash equivalents

2025 R	2024 R
6 422 576	6 278 137
11 292	17 950
423 279	859 804
	3 003
6 857 147	7 158 894

30

RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 2

Less:

Unspent Committed Conditional Grants - Note 12
Correction of error

Resources (required) / available for working capital requirements - restated

6 857 147	7 158 894
6 068 396	6 160 392
6 068 396	5 360 392
	800 000
(6 068 396)	(6 160 392)

31

PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**31.1 Additions to Property, Plant and Equipment**

Purchase of property, plant and equipment - Note 7

Financed by way of finance lease

Cash movement

434 474	1 088 118
(125 520)	(433 030)
308 954	655 088

32

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**32.1 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance
Fruitless and wasteful expenditure paid
Less: Written off during the year
Less: Recovered during the year

Outstanding balance

Fruitless and wasteful expenditure awaiting further action

2 046 514	1 442 231
45 420	604 283
(1 442 231)	-
649 703	2 046 514
649 703	604 283

2025

Incident	Amount	Disciplinary steps/proceedings
Interest and penalties were incurred in relation to over due amounts for South African Revenue Services - VAT	430 086	Processes to have amnesty in relation to these amounts are being followed with these affected institutions.
O.R. Tambo District Municipality - Water provisioning	114 788	
Office of Auditor General	59 409	
Interest on Overdue account (PAYE)	45 420	
	649 703	

2024

Incident	Disciplinary steps/proceedings
Interest and penalties were incurred in relation to over due amounts for South African Revenue Services - VAT (R430 086) and O.R. Tambo District Municipality - Water provisioning (R 114,784) and Office of Auditor General (R 59,409)	Processes to have amnesty in relation to these amounts are being followed with these institutions.

32.2 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance
Irregular expenditure paid during the year

Written off during the year

Irregular expenditure awaiting further action

2 830 830	2 830 830
-	-
2 830 830	2 830 830
(2 830 830)	
-	2 830 830

33 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**33.1 Audit fees - (MFMA 125 (1)(b))**

Opening balance
Current year audit fee
Amount paid - current year
Correction of error
Closing balance

33.2 VAT - (MFMA 125 (1)(b))

Opening balance
VAT payments made to SARS - previous year
VAT due to SARS - current year
VAT payments made to SARS - current year
Correction of error

Closing balance - Payable

VAT is accounted for on a payment basis.

33.3 PAYE, SDL and UIF - (MFMA 125 (1)(b))

Opening balance
Current year payroll deductions and contributions
Amount paid - current year

Closing balance**33.4 Pension and Medical Aid Deductions - (MFMA 125 (1)(b))**

Opening balance
Current year payroll deductions and contributions
Amount paid - current year

Closing balance**33.5 Supply Chain Management Deviations**

Procurement transactions where it was impractical to follow normal SCM procedures

Total

These are deviations approved by the Accounting Officer and ratified by the Board of Directors. 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 at least three quotations.

34

CAPITAL COMMITMENTS**Commitments in respect of capital expenditure:**

Approved and contracted for:
Correction of error:

Total commitments consist of the following:

- Sanitation projects
- Kei Fresh Produce Market - Pack house

- Sanitation projects - discontinued
- Realised

Total

This expenditure will be financed from:

Government Grants

The sanitation project was discontinued as the funding was not made available by the Parent municipality.
Pack - house project at Kei Fresh Produce Market supported by ECDC. The funding is in conditional grants.
These are Sanitation projects contracts that were awarded and the work was not done by the appointed consultants.

2025
R

2024
R

2 299 522	1 551 736
-	2 325 933
(721 166)	(1 551 736)
	(76 411)
1 578 356	2 299 522

(4 397 774)	(14 832 455)
-	-
(7 902 341)	(8 862 456)
11 177 413	12 050 630
	7 276 507

(1 122 701)	(4 397 774)
--------------------	--------------------

995 792	125 803
8 245 203	8 307 663
(8 216 721)	(7 437 674)

1 024 274	995 792
------------------	----------------

114 077	114 077
4 410 090	4 549 880
(4 042 414)	(4 549 880)

481 753	114 077
----------------	----------------

13 703 200	12 985 842
------------	------------

13 703 200	12 985 842
-------------------	-------------------

752 848	61 295
	1 088 806
752 848	1 150 101

61 295	61 295
691 553	1 088 806

752 848	1 150 101
----------------	------------------

(61 295)	
(615 849)	(397 253)

75 704	752 848
---------------	----------------

75 704	752 848
--------	---------

75 704	752 848
---------------	----------------

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.

34.1 Foreign Exchange Currency Risk

The entity does not engage in foreign currency transactions.

34.2 Price risk

The entity is not exposed to price risk.

34.3 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.

34.4 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 immutual 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.

Financial assets exposed to credit risk at year end are as follows:

	2025 R	2024 R
Receivables from exchange transactions	4 650 223	522 709
Receivables from non-exchange transactions	286 031	310 432
Cash and Cash Equivalents	6 857 147	7 158 895
	11 793 401	7 992 037

34.5 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.

	2025	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		26 008 385	26 008 385	-	-
Unspent conditional government grants and receipts		6 068 396	6 068 396	-	-
		32 076 781	32 076 781	-	-
				Between 5 and 10 years R	Over 10 Years R
	2024	Less than 1 year R	Between 1 and 5 years R		
Trade and Other Payables		18 707 337	18 707 337	-	-
Unspent conditional government grants and receipts		6 160 392	6 160 392	-	-
		24 867 729	24 867 729	-	-

36 FINANCIAL INSTRUMENTS

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

36.1 Financial Assets	Classification		
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	4 650 223	522 709
Receivables from non-exchange transactions	Financial instruments at amortised cost	286 031	310 432
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	6 422 576	6 278 137
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	423 279	859 805
Cash Floats and Advances	Financial instruments at amortised cost	11 292	17 950
		11 793 401	7 989 033
SUMMARY OF FINANCIAL ASSETS			
Financial instruments at amortised cost		11 793 401	7 989 033
At amortised cost		11 793 401	7 989 033
36.2 Financial Liability	Classification		
Payables from exchange transactions			
Trade creditors	Financial instruments at amortised cost	4 326 055	1 751 012
Salary deductions	Financial instruments at amortised cost	1 360 429	953 111
Accruals		19 874 927	15 576 240
Payables from non-exchange transactions		446 974	446 974
Government Subsidies and Grants	Financial instruments at amortised cost	6 068 396	6 160 392
		32 076 781	24 867 729
SUMMARY OF FINANCIAL LIABILITY			
Financial instruments at amortised cost		32 076 781	24 867 729

These financial instruments are contracted to mature in one year or less after the balance sheet date.

37 EVENTS AFTER THE REPORTING DATE

Ms. T. Bacela resigned from the Audit Committee on the 11 August 2025.

On the 13th October 2025, the entity appointed a service provider for R 6.2million for the development and commissioning of the packhouse at Koi Fresh Produce Market.

38 IN-KIND DONATIONS AND ASSISTANCE

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

There was a donation of a cow to ORTOM to the value of R10 000 00 that was taken to the local king.

CONTINGENT LIABILITIES

2023
R

2024
R

Ayanda Mpedon V. Ntinga OR Tambo Development Agency Soc Ltd. The plaintiff is suing Ntinga for malicious arrest and prosecution stemming from a charge of theft layed with the police. At the time of the charges the plaintiff was an employee with the position of Dairy Manager and Administrative Bookkeeper at Ikwezi Dairy Farm. The former employee is accused of stealing milk to the amount of R127272.60 between 01 - 30 October 2012 and 01 January 2013 to 31 March 2013.

3 055 000 3 055 000

3 055 000 3 055 000

40 RELATED PARTIES

40.1 Related Party Loans

No loans to or from related parties

40.2 Compensation of key management personnel

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

40.3 Other related party transactions

Grant Amount from ORTDM

O.R. Tambo District Municipality Receipts (Unconditional)

51 353 214 49 563 215

O.R. Tambo District Municipality Receipts (Conditional)

- 4 130 191

51 353 214 53 693 406

In-kind donations and assistance

There was a donation of a cow to ORTDM to the value of R10 000 00 that was taken to the local king.

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.

Expenditure incurred to ORTDM

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

- Value of services provided 243 612 396 972

- Debt in relation of water supply 2 342 124 2 292 237

- Interest charged on overdue accounts 140 468 114 784

Donation of Assets and Transfer of liabilities

Donation and transfer of assets.

19 000 -

40.4 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.

41 FINANCIAL SUSTAINABILITY

The indicators or condions 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.

42 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 increased revenue / profits from its trading enterprise. Current liabilities exceeded current assets in the current financial year. A financial recovery plan has been developed to resolve the financial challenges.

APPENDIX A - Unaudited
NTINGA O. R. TAMBO DEVELOPMENT AGENCY SOC LTD
(A MUNICIPAL ENTITY OF THE O. R. TAMBO DISTRICT MUNICIPALITY - REGISTRATION NUMBER: 2016/27256230)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

F. PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2025

Reconciliation of Carrying Value

	Opening Balance	Additions	Cost Transferred to Non-Current Assets held for sale	Disposals	Closing Balance	Opening Balance	Depreciation	Accumulated Depreciation and Impairment Losses	Charge	Correction of error	Impairment	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	45 547 188	-	-	-	45 547 188	9 584 727	770 438	-	22 631	-	-	-	9 587 786	36 059 402
Land	23 981 877	-	-	-	23 981 877	9 584 727	770 438	-	22 631	-	-	-	9 587 786	23 981 877
Buildings	22 565 311	-	-	-	22 565 311	-	-	-	-	-	-	-	-	13 571 545
Lease Assets	770 180	129 520	-	-	900 700	84 903	80 371	-	-	-	-	-	165 274	685 426
Computer Equipment/Lease	770 180	129 520	-	-	900 700	84 903	80 371	-	-	-	-	-	165 274	685 426
Other Assets	33 162 716	368 954	-	-	33 471 670	27 213 234	1 918 898	-	218 765	-	-	-	35 649 288	6 522 382
Furniture & Fittings	2 843 534	-	-	-	2 843 534	2 127 976	53 868	-	22 348	-	-	-	2 919 750	426 716
Motor vehicles	3 944 339	168 902	-	-	4 113 241	3 344 263	28 255	-	458	-	-	-	4 181 956	442 281
Plant and equipment	34 288 261	1 718 886	-	-	36 007 147	19 475 450	6 168 853	-	164 724	-	-	-	35 649 288	9 524 283
Computer Equipment	2 289 761	24 387	-	-	2 314 148	1 738 888	232 158	-	10 878	-	-	-	2 457 014	732 847
Network Hardware	48 567	-	-	-	48 567	23 751	-	-	2 824	-	-	-	51 391	23 173
Fencing	479 594	-	-	-	479 594	507 969	-	-	-	-	-	-	987 563	-39 455
	79 640 864	424 474	-	-	80 075 338	30 862 864	2 588 636	-	342 426	-	-	-	35 649 288	41 777 442

Land and Buildings description: Land and buildings represent the Farm (Aberkane), the Abattoir and the Kei Fresh Market

30 JUNE 2024

Reconciliation of Carrying Value

	Opening Balance	Additions	Cost Transferred to Non-Current Assets held for sale	Disposals	Closing Balance	Opening Balance	Depreciation	Accumulated Depreciation and Impairment Losses	Charge	Non-Current Assets held for Sale	Impairment	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	45 548 576	79 912	-	-	45 628 488	9 488 923	849 271	-	1 278 432	-	-	-	9 566 727	37 352 482
Land	23 981 877	-	-	-	23 981 877	-	-	-	-	-	-	-	-	23 981 877
Buildings	22 566 699	79 912	-	-	22 646 611	9 488 923	849 271	-	1 278 432	-	-	-	9 566 727	14 360 585
Lease Assets	392 180	433 936	-	-	826 116	4 532	80 371	-	-	-	-	-	84 903	460 287
Computer Equipment/Lease	392 180	433 936	-	-	826 116	4 532	80 371	-	-	-	-	-	84 903	460 287
Other Assets	32 648 589	576 473	-	-	33 225 062	24 404 619	2 868 869	-	113 893	52 304	38 636	-	27 213 234	5 948 482
Furniture & Fittings	2 814 534	129 530	-	-	2 944 064	2 088 676	160 139	-	100 812	-	-	-	3 144 515	516 548
Motor vehicles	3 944 339	-	-	-	3 944 339	3 288 149	58 144	-	-	-	-	-	3 344 263	599 548
Plant and equipment	23 714 453	342 499	-	-	24 056 952	17 085 857	2 369 852	-	-	-	-	-	19 475 450	4 581 502
Computer Equipment	2 289 822	158 447	-	-	2 448 269	1 732 343	257 885	-	13 341	-	-	-	2 461 610	986 544
Network Hardware	48 567	-	-	-	48 567	23 751	-	-	-	-	-	-	71 302	28 806
Fencing	479 594	-	-	-	479 594	475 184	45 500	-	-	-	-	-	937 274	-39 455
	79 817 326	1 088 918	-	-	80 906 244	30 876 175	3 838 641	-	113 893	1 328 737	38 636	-	35 649 288	43 952 231

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025

10 BIOLOGICAL ASSETS

30 JUNE 2025

Reconciliation of Carrying Value - Livestock

	Fair Value		Quantities	
	Cattle R	Total R	Cattle	Total
Opening balance	15 653 460	15 653 460	1 027	1 027
Total movements	(3 547 257)	(3 547 257)	226	226
Acquisitions	111 100	111 100	2	2
Births	95 400	95 400	477	477
Deaths	(330 200)	(330 200)	(28)	(28)
Donations	(10 000)	(10 000)	(1)	(1)
Losses from change in fair value	(484 657)	(484 657)	-	-
Transfers to/from inventory	(2 410 100)	(2 410 100)	(144)	(144)
Disposals	(518 800)	(518 800)	(80)	(80)
Closing balance	12 106 203	12 106 203	1 253	1 253

30 JUNE 2024

Reconciliation of Carrying Value

	Fair Value		Quantities	
	Cattle R	Total R	Cattle	Total
Opening balance	13 732 164	13 732 164	1 202	1 202
Correction of error	-	-	-	-
Restated balance	-	-	-	-
Total movements	1 921 296	1 921 296	(175)	(175)
Acquisitions	91 000	91 000	2	2
Births - restated	105 800	105 800	462	462
Previously stated	-	-	530	530
Correction of error	-	-	(68)	(68)
Deaths	(575 000)	(575 000)	(34)	(34)
Donations	(17 200)	(17 200)	(1)	(1)
Losses from change in fair value	4 207 946	4 207 946	-	-
Transfers from ORTDM	-	-	-	-
Transfers to inventory	(1 606 650)	(1 606 650)	(118)	(118)
Disposals	(284 600)	(284 600)	(486)	(486)
Closing balance	15 653 460	15 653 460	1 027	1 027

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 54 OF 2003

Grant Description	Balance 31 July 2024 R	Allocation for the year R	Receipts for the year R	Interest Received R	Commission R	Transfers to / from R	Grants received R	Conditions met R	Balance 30 June 2025 R
Unconditional Grants									
O/R Tambo District Municipality - Operations funding			51 353 214					(51 353 214)	
SEITA grants			1 866 344					(1 866 344)	
Total Grants	-	-	53 219 558	-	-	-	-	(53 219 558)	-
Conditional Grants									
E/CDC	4 541 221		1 739 130	323 566	-	-	-	(535 521)	6 068 396
RAFI Implementation	310 588		-	-	(12 937)	(82 038)	-	(215 613)	0
Mazda Project	874 363	-	-	-	-	(811 363)	-	(83 000)	0
Trade and Investment Promotion	37 809	-	-	-	-	(33 853)	-	(4 256)	0
Total District Municipality Grants	5 864 082	-	1 739 130	323 566	(12 937)	(1 627 252)	-	(818 392)	6 068 397
Other Grant and Subsidy Providers									
Hydronics Project	296 311		-	-	-	(1 430)	-	(254 861)	-
SA Culture & Technology Agency NPC	-		5 750 000	-	(350 000)	-	-	(5 000 000)	-
Restated balance	-	-	-	-	-	-	-	-	-
Total Other Grant Providers	-	-	5 750 000	-	(350 000)	(1 430)	-	(5 294 861)	-
Total	6 160 293	-	60 308 688	323 566	(362 937)	(1 628 682)	-	(58 322 811)	6 068 397

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