Ntinga OR Tambo Development Agency SOC Ltd

Annual Report 2022/2023

Trade and Investor Friendly

Ntinga OR Tambo Development Agency

2022/23

Annual Report

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Chapter 01

Ntinga O.R Tambo Development Agency SOC Ltd (Ntinga/the entity)

1. Introduction

Ntinga O.R Tambo Development Agency SOC Ltd (Ntinga/the entity) is proud to present its unaudited annual report for the 2022/2023 financial year. Ntinga is committed to transparent and honest reporting and in line with the legislative prescripts pertaining to its status as a State-Owned Company (SOC) and municipal entity of its parent municipality, the O.R Tambo District Municipality (ORTDM).

The reporting suite comprises of the:

Annual Financial Statements, to provide a comprehensive report of the entity's financial performance for the year.

Annual Performance Report, to report on the performance of the entity against the service delivery and budget implementation plan for the financial year.

The reports are in compliance with the:

- Companies Act 71 of 2008 (Companies Act)
- Local Government: Municipal Finance Management Act 56 of 2003 (MFMA)
- Local Government: Municipal Systems Act 32 of 2000 (MSA)
- King IV Report on Corporate Governance for South Africa 2016 (King IV)
- Generally-Recognised Accounting Practice (GRAP)

The 2022/2023 annual report covers the reporting period from 1 July 2022 to 30 June 2023.

Ntinga Mandate

The entity be mandated to carry out the following activities:

i. Socio-economic development with special focus on agro-processing, manufacturing and oceans economy.
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)".

2. Chairperson's Foreword

Lindile L Ndabeni (PhD)*

Chairperson of the Board

The O. R. Tambo District Municipality remains one of the poorest district municipalities in South Africa. Against this backdrop, the developmental mandate of Ntinga O. R. Tambo Development Agency seeks to ensure that no one is left behind. This mandate is very significant especially where there exist second and sometimes third generations of unemployed people.

Ntinga's mandate is local economic development. To this end, one is to make markets work for the poor. Second, is to promote small, medium and micro enterprises. Third, is to promote the development of co-operatives. Fourth is the promotion and enhancing the productivity of the informal sector.

Ntinga utilises its procurement policy to empower local farmers and local suppliers. Second, the Kei Fresh Produce Market which is currently being turned around is strategically located to ensure better access to fruit and vegetables especially the hawkers whose livelihoods depend on the constant supply and affordable stock of fresh fruit and vegetables.

To address the challenge of access to affordable red meat and pork in the area, Ntinga has opened a meat market which further seeks to enhance access to sufficient supply of protein which is very essential for the proper growth and functioning of human body.

Ntinga owns Adam Kok Farms in the Province of KwaZulu-Natal. The location of farms in our neighbouring province was informed by availability of suitable farms which matched Ntinga's strategic objectives of becoming a significant actor in the beef production industry. Indeed, the Adam Kok Farms are located at the centre of a beef production region in KwaZulu-Natal. This participation of Ntinga in the beef value chain has enabled the entity to have a constant supply of cattle which are slaughtered at our own abattoir. This is the only abattoir owned by a district municipality in the Eastern Cape. We can indeed contend that we are managing what could be referred to as a provincial asset. Further, through this participation in the beef production value chain, we have been able to keep the costs of red meat a bit low thereby enabling red meat to be more affordable and a greater access to red meat in the district municipality. The meat market has improved access with what is increasingly becoming unaffordable and inaccessibility especially among those who remain economically marginalized.

Ntinga has rekindled its support to farmers in the district municipality. Through the support of the Provincial Department of Agriculture and the National Department of Agriculture, Ntinga now manages 25 tractors to support farmers. This support has enabled Ntinga to reduce the cost of maize production in the district municipality. As the demand for this support grows, Ntinga will be able to turn the O. R. Tambo District into a significant maize production node in South Africa.

Ntinga values its symbiotic relationships with all related stakeholders including the local municipalities of Ingquza Hill Local Municipality, Port St Johns Municipality, Nyandeni Municipality, King Sabata Dalindyebo Municipality, and Mhlontlo Local Municipality. Ntinga's partnership with Tsolo Agriculture and Rural Development Institute (TARDI) enables Ntinga to access expertise available at TARDI. The Board views this partnership as a significant element of socio-economic change. It contributes to our capacity to become more responsive to the challenges of agriculture and local economic development.

For the first time, we have the audit committee from the O. R. Tambo District Municipality playing the function of audit committee at Ntinga. They have been excellent in their function and insightful in their contributions.

I would like to congratulate the new members of the board who joined the board early this year and congratulate Dr. Ndudane for her reappointment. The Chief Executive Officer appointed a new director for corporate services. In her first few months, she has identified the need to ensure that we retain our top managers for a longer period. To this objective, she has generated an interesting paper on growing our own timber as Ntinga.

On behalf of the Board I am grateful to the shareholder, especially the Executive mayor, Councillor Melusi Ngqondwana for his commitment and support, Deputy Executive Mayor Ms. Thoko Sokhanyile who is the shareholder representative, the Member of Mayoral Committee for Rural Economic Development and Planning (REDP) and his Director, Ms. Dywili the chairperson of the Municipal Public Accounts Committee (MPAC) and her committee for their support and guidance. Their collective support and unwavering commitment enable us to fulfil Ntinga's mandate. With their support and guidance and the collective efforts of the board and management we will complete the entity's turn around and Ntinga will be more capacitated and capitalised to address the challenges of economic development in the district municipality. As a collective, the Board is grateful to the district municipality for affording us an opportunity to serve the people of the OR Tambo District Municipality. Equally, the Board is grateful to the management for their commitment and to Ntinga's dedicated workers for their good work.

Chairperson of the Board
Lindile L. Ndabeni (Ph.D)


IMATU

Chapter 02

In line with the corporate strategy

2. Service Delivery Performance

2.1 Performance Highlights

2.1.1 In line with the corporate strategy, the performance report is structured according to the Entity's four (4) strategic goals being:

a) **Goal One**: Enhanced and Enabled Full Value Chains (upstream and downstream) for Agricultural Produce, Markets, Abattoirs and Aquaculture.

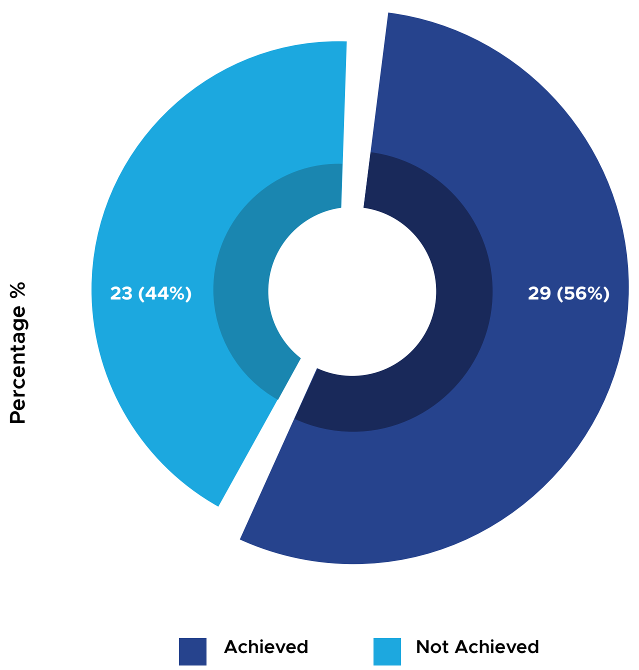
b) **Goal Two:** Diversified Partnerships that Promote Inclusive Socio-economic Development and Growth.

c) **Goal Three**: Promoted and Facilitated trade and investment opportunities in the district.

d) **Goal Four**: Dynamic, Capable and Sustainable State-Owned Company.

2.2 Overall performance is summarised as follows:

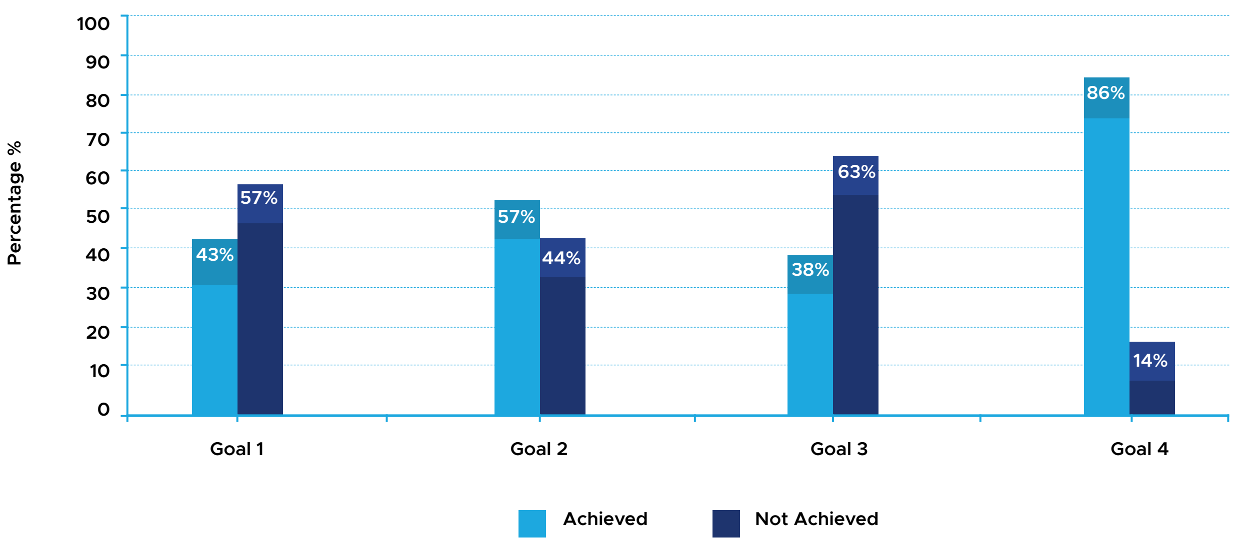
2022/23 Summary of Annual Performance



The entity had 52 targets planned for the year. Of these targets, 29 were fully achieved and this translates to overall performance of 56%. The targets that were not achieved are 23 in total (44%). The areas of non-achievement were mainly Goals 1 and 2 and 3.

2.3 Summary of performance per Goal is as follows.

Performance Summary Per Goal



2.2.1 Goal 1: Enhanced and enabled full value chains (upstream and downstream) for Agricultural Produce, Markets, Abattoirs and Aquaculture.

Twenty-one (21) targets were set for the period under review, Nine (9) (43%) targets were fully achieved. Twelve (12) (57%) targets were not achieved.

a) 440.08 (150cattle, 260sheep and 987pigs) Livestock units slaughtered for communities, butcheries, and others.
b) R11 008 461.03 Revenue generated from meat sales and slaughter fees.
c) 14 ha utilised for crop production (10Ha maize and 4ha cabbage.
d) 8 bulls loaned to communities.
e) 86 heifers exchanged.
f) 222 brand mark certificates processed and distributed to farmers.
g) 7 animal identification campaigns organised.
h) 3 existing custom feeding facilities identified and profiled.
i) Approved District Ocean's Economy strategy.

2.2.2 Goal 2: Diversified Partnerships that Promote inclusive Socio-Economic Development and Growth.

Nine (9) targets were set for the year. Five (5), (56%) targets were fully achieved, and Four (4) (44%) targets were not achieved.

a) Five (5) off-take agreements for sale of meat from Umzikantu Red Meat Abattoir were signed and implemented.
b) Four (4) off-take agreements were signed with local non-commercial farmers to supply the fresh produce market with agricultural produce. The last off take agreement was signed in April 2023.
c) At the end of April 2023, the market agent that was trading at the market stopped its operations.
d) Two (2) networks were established in the form of the District Agric Forum and Coffee Bay Tourism Development Forum.

2.2.3 Goal 3: Promoted Trade and Investment Opportunities in the District

Eight (8) targets were set for the year. Three (3) (38%) target was fully achieved and Five (5) (63%) were not achieved.

a) Three (3) investment opportunities were facilitated.
b) Thirty-eight (38) informal farming enterprises (maize projects) were supported to participate in the 2023 Mazie Cropping Project of the district, a project that directly supports localisation of food production and enhancement of the agricultural value chain.
c) A piggery clustering process for purposes of incubation and trading with the Abattoir has been facilitated and needs assessment for farmers carried out, this intervention is accumulative on another on-going incubation programme on animal identification and traceability already reported on last financial year. Both interventions will be consolidated as part of the local SMME Supplier Development Programme in the next financial year.

2.2.4 Goal 4: Dynamic, Capable and Sustainable State-Owned Company (SOC).

Fourteen (14) targets were set for the period under review. Twelve (12) (86%) targets were achieved, and Two (2) (14%) targets were not achieved.

a) Compliance requirements including financial reporting were met.

b) All Suppliers, except for one, were paid on time owing to cashflow constraints.
c) Entity obtained unqualified Audit Opinion for the 2021/22 financial year and Audit Action plans have been implemented.
d) There is 100% alignment of organization structure to the strategy
e) Fifteen (15) corporate branding initiatives implemented in order to improve the image of the Entity.
f) 95% of critical skills were retained.
g) There is effective oversight with the Board of Directors meeting according to its schedule.
h) Performance reports were prepared and submitted on time to the parent municipality.
i) Risk Management and Reporting are done.

2.4 The Annual Performance Report (01 July 2022 – 30 June 2023) is further summarised as follows:

Strategic Goals (SG)	2022/23 Annual Performance Summary					
	Fully or overachieved		Not Achieved		Total Ntinga Targets	
	No.	%	No	%	No.	%
1. Enhanced and Enabled Full Value Chains (upstream and downstream) for Agricultural Produce, Markets, Abattoirs and Aquaculture.	9	43%	12	57%	21	100%
2. Diversified Partnerships that Promote Inclusive Development and Growth.	5	56%	4	44%	9	100%
3. Promoted and Investment opportunities in the District	3	38%	5	63%	8	100%
4. Dynamic, Capable and Sustainable State-Owned Company (SOC).	12	86%	2	14%	14	100%
TOTAL TARGETS (Achieved, Partially Achieved & Not Achieved)	**29**	**56%**	**23**	**44%**	**52**	**100%**

Comparison of annual performance report for (2021/22 & 2022/23)

Overall Performance		Annual Performance (Summary of Performance)					
		Fully or Overachieved		Partially Achieved		Total Ntinga Targets	
		No.	%	No.	%	No	%
TOTAL TARGETS (Fully Achieved, Partially Achieved & Not Achieved)	**2021/22**	**45**	**70%**	**19**	**30%**	**64**	**100%**
	2022/23	**29**	**56%**	**23**	**44%**	**52**	**100%**

Ntinga O.R Tambo Development Agency performance highlights

GOAL 1 – Enhanced and enabled full value chains (upstream and downstream) for Agricultural Produce, Markets, Abattoirs and Aquaculture.
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Chapter 03

Corporate governance

3. Corporate Governance

"2022/2023 – This year the Board commenced with the first year of its 5-year tenure, setting the tone in respect of strategic governance over the Entity, introducing the concept of catalytic projects as a means of business unusual towards Ntinga's sustainability.

3.1 Introduction

The Board remains resolute to its high standards of governance, ethics and integrity. By setting an ethical tone at the top and leading effectively, the Board strives to ensure that good corporate governance is channelled into all levels of the organisation in order to enhance its reputation, build trust with the ultimately results of value creation for Ntinga business and its stakeholders.

As a State-Owned Company and Development Agency, we recognise our unique position to change the human condition of ORTDM communities, where we operate. We are encouraged by the leadership and support of the Shareholder and Parent Municipality, the O.R Tambo District Municipality.

2022/2023 was a year of continued building and entrenchment on the gains of governance from the previous financial year, we doubled our efforts on continuous review of governance structures and systems to ensure that they are in line with our strategic purpose of creating long-term value and delivery to our all our customers and stakeholders.

The following governance outcomes were achieved during the year under review:

- With the appointment of the new Board, we were able to set up Board Committees in accordance with the skills set of the members.
- We managed to fill one key executive role of the Head of Corporate Services.
- We reviewed and crystalised the strategy, to incorporate catalytic projects which will set Ntinga towards a sustainable path.
- We guided management towards implementation of the strategic goals by formulating achievable and measurable milestones in the SDBIP.

These key interventions formed part of the Board's continuous improvements efforts to ensure the achievement of basic governance principles and entrenched ethics in its leadership and oversight.

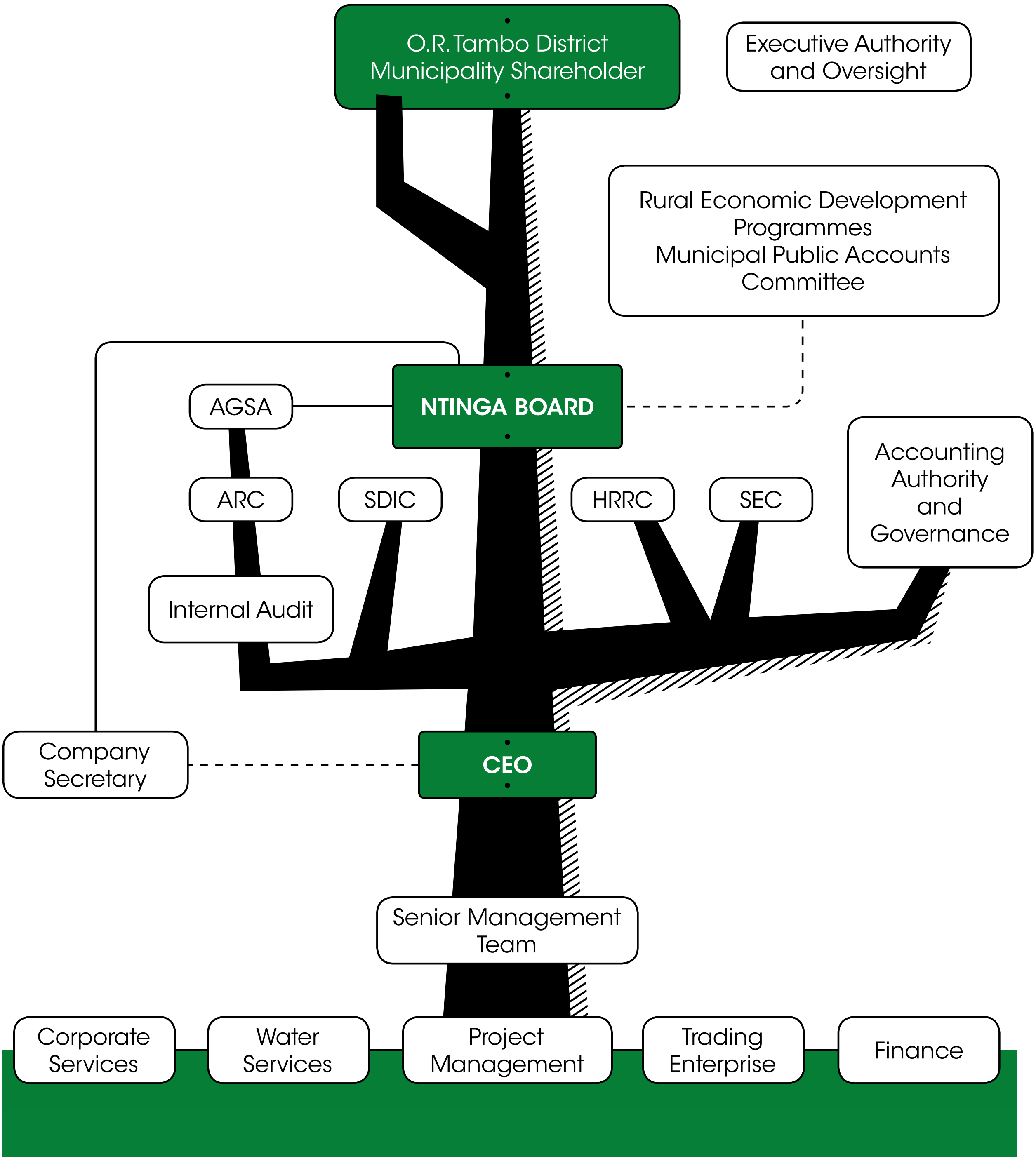
To further strengthen and enable the Board's governance and oversight role we have a number of direct governance practices to implement for achievement of best governance outcomes:

- Provide role clarity through the assignment of specific areas of accountability to Board committees, the Chief Executive and senior management.
- Enable more 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).
- Specify the information, and frequency of its provision, that the board and its committees require from senior management to enable the Board and committees to prioritise their activities and provide effective leadership.

These practices all collectively contribute to value creation.

Ntinga is committed to good corporate citizenship and organisational integrity in the running of its affairs and applies strict adherence to the Local Government: Municipal Finance Management Act in its business. This commitment provides the parent municipality/shareholder, customers and stakeholders with the assurance that Ntinga's affairs are being managed in an ethical, transparent, efficient and disciplined manner.

3.2. Corporate Governance Framework



** The water services mandate was withdrawn from Ntinga through a Council resolution of the 29 April 2022

As a State-Owned Company and development agency, Ntinga recognises its unique position and the opportunity it has to effect material change to the human condition of the O.R Tambo District Municipality communities in which it operates.

The agency is encouraged by the leadership and support of the Shareholder and parent municipality, the O.R Tambo District Municipality. Our strategic purpose remains that of creating long-term value through good governance and to ensure that we deliver to all our customers and stakeholders.

Ntinga is committed to good corporate citizenship and organisational integrity in the running of its affairs and applies strict adherence to the Local Government: Municipal Finance Management Act in its business. This commitment provides the parent municipality/shareholder, customers and with the assurance that Ntinga's affairs are being managed in an ethical, efficient and disciplined manner.

3.3 Governance Framework

The Board adopted a governance framework is 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 Shareholder and its various political and administrative structures.

The agency is wholly owned by 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 Programmes (REDP) Unit 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 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 Commit - tee (MPAC). At Board level, the governance framework provides for the Board of Ntinga, as an independent SOC, 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 Directors bring a wealth of expertise, skills and a 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 L.L Ndabeni who is further supported by the Deputy Chairperson, Dr N.T Ndudane to ensure adequate and streamlined oversight over the affairs of the Board.

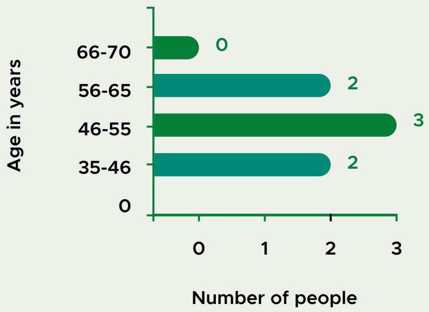
Board Composition (Non-Executive Directors)

No	Board member	Qualifications	Area of expertise	Active Directorships/ Positions
1.	**Dr Lindile Linduxolo Ndabeni** **54** ▪ Board Chairperson	▪ Doctor of Philosophy degree, ▪ Master of Science in Development Planning ▪ Bachelor of Arts in Education	Economic Research Rural Development and agricultural systems	None
2.	**Dr Nandipha Toyota Ndudane** **52** ▪ Deputy Board Chairperson ▪ SDIC member ▪ HRRC Chairperson	▪ Bachelor of Agricultural Science ▪ Bachelor of Veterinary Medicine and Surgery ▪ Master's degree in Veterinary Animal Pathology	Agricultural systems Agricultural business management	Cape Wools SA South African Veterinary Council
3.	**Mr Tembile Yako** **42** ▪ SEC Chairperson ▪ HRRC member	▪ MPhil Corporate Strategy, Gordon Institute of Business Science (GIBS) ▪ MPhil, Futures Studies, Stellenbosch University ▪ Certificate in Public Policy, TMALI-UNISA ▪ Post Graduate Diploma, Futures Studies, Stellenbosch University ▪ Certificate in African Political Economy, TMALI-UNISA ▪ BA (Hons) Business Management, Lincoln University ▪ Senior Management Development Programme, USB ▪ Management Development Programme (MDP), USB	▪ 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.	Director – Kuteno Consulting
4.	**Mr Madoda. Pumelele Madikiza - HRRC member** **61** ▪ SDIC member ▪ SEC member	▪ Bachelor of Commerce (B. Comm) ▪ Honours degree in accounting ▪ Diploma in Marketing	▪ Local economic development and Trade & Investment promotion Local government legislation	Chairperson of Nafcoc
5.	**Mr Sonwabile Mancotywa** **57** ▪ SDIC Chairperson ▪ HRRC member	▪ Doctor of Philosophy (candidate) Current ▪ Management Advanced Programme ▪ Post graduate qualification in Management Practice ▪ LLB ▪ B. Juris	▪ 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	Chairperson at The Cross Boarder Road Transport Agency
6.	**Mr Zamikhaya Wauthas Xalisa** **49** ▪ SDIC member ▪ SEC member	▪ Masters in Sustainable Agriculture (MSA) ▪ Masters in Business Administration (MBA) ▪ Management Advancement Programme (MAP) ▪ Bachelor of Technology in Agricultural Management ▪ National Diploma, Farm Business Management	▪ Strategy	▪ Chairman- Johannesburg Fresh Produce Market Board (March 2023 to date) ▪ Chairman- Audit, Finance and Risk Committee, Helen Joseph Hospital (2023 to date) ▪ Chairman- Social Ethics and Transformation Committee, JHB Fresh Produce Market (2021 to date)
7.	**Mr Mxolisi Joe Sikhosana** **37** ▪ HRRC member ▪ SEC member	▪ MPhil (Accounting ▪ Sciences) ▪ University of South Africa 2022 ▪ Chartered Accountant (SA) SAICA 2013 ▪ Post Graduate Diploma in ▪ Accounting ▪ Fort Hare University 2010 ▪ B Com Accounting Fort Hare University 2008 ▪ Matric Senior Certificate ▪ (Distinction)		▪ Elundini Local Municipality - Audit Committee Member ▪ Giyani Local Municipality - Audit Committee Member ▪ Eastcape Midlands College - Council Member, Audit Committee Member ▪ Isimangaliso Wetland Park ▪ Authority - Audit Committee Member ▪ Eastern Cape Socio Economic Consultative Council (ECSECC) - Audit, Risk And ICT Committee

Gender - Race: 100% Black

Non-Executive Directors Age – this can be on a linear scale or in some other summarised format

Ages:



3.4 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. 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.

The Board Committees

a. Audit and Risk Committee;
b. Human Resources and Remuneration Committee;
c. Social and Ethics Committee;
d. Strategy, Development and Investment Committee

2022/2023 Board and committee meetings attendance

	Board: 4 meetings	HR & REMCO: 3 meetings	Strategy, Development & Investment: 4 meetings	Social & Ethics: 2 meetings
Dr LL Ndabeni	4	3	3	2
Dr Ndudane	4	3	4	2
Mr Yako	4	3	3	2
Mr Madikiza	2	1	2	1
Adv Mancotywa	2	1	2	1
Mr Xalisa	2	1	2	1
Mr Sikhosana	2	1	2	1

***1st quarter meetings were not convened due to vacancies in the Board**

3.5 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 engagement to the Parent Municipality where it specifically requests guidance to understanding the Agency's evolving needs in terms of non-executive director succession.

3.6 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 Senior Management Team are appointed on five-year contracts, per the requirements of the MFMA.

Senior Management Composition

No	Name	Position	Qualifications and experience	Date of appointment
1.	**Mr. Loyiso Mbiko**	Chief Executive Officer	▪ B Com ▪ Honours B Compt /CTA ▪ Completed Articles ▪ CPMD	01-Dec-2021
2.	**Mr Sandile Sentwa**	Chief Financial Officer	▪ B Com ▪ B com Honours ▪ Certificate in Theory of Accounting	01-April-22
3.	**Ms. S. Ndlondlwana**	Company Secretary, Legal & Compliance Advisor	▪ 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	15 -Feb-22
4.	**Ms. Dunyiswa Mrwetyana – Zembe**	Head: Corporate Services	▪ B. Com Honours in HRM ▪ National Diploma in Human Resources Management ▪ Certificate: Local Government Law ▪ CPMD	15-May-2023
5.	**Mr. Mlungiseleli Zilimbola**	Head: Trading Enterprises	▪ B.Com General ▪ Higher diploma in Project Management ▪ B.Com Honours (Business Management) ▪ Masters of Business Administration	01-Jul-2019

Gender:

3.7 Governance Foundations

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 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 trading enterprise 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.

3.9 Fraud and anti-corruption

The Agency carefully monitors fraud and corruption. There is an anti-fraud and anti-corruption policy in place which is reviewed regularly. The policy includes the whistle blowing 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.

3.10 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.

3.11 Risk management

The Board, through its 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 its 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 regards 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.

3.12 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 is a shared service with the O.R Tambo District Municipality, the following meetings were held by the Committee as follows, a comprehensive report on the activities of the Committee is provided.

No	Name	Position	Date of appointment	Meetings attended
1.	**Mr Craig Sparg**	Audit Committee Chairperson	30 August 2022	5
2	**Mr Gideon Labane**	Audit Committee Member	30 August 2022	5
3	**Mr Mzimkulu Msiwa**	Audit Committee Member	30 August 2022	5
4	**Mr Sibongile Ngqele**	Audit Committee Member	30 August 2022	5
5	**Ms Bongie Ngxishe**	Audit Committee Member	30 August 2022	5

3.13 Company secretarial function

In the year under review, a permanent Company Secretary has been appointed to provide the Board of Directors with effective and efficient corporate governance and company secretarial support.

The Company Secretary 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.

a.14 Board remuneration matters

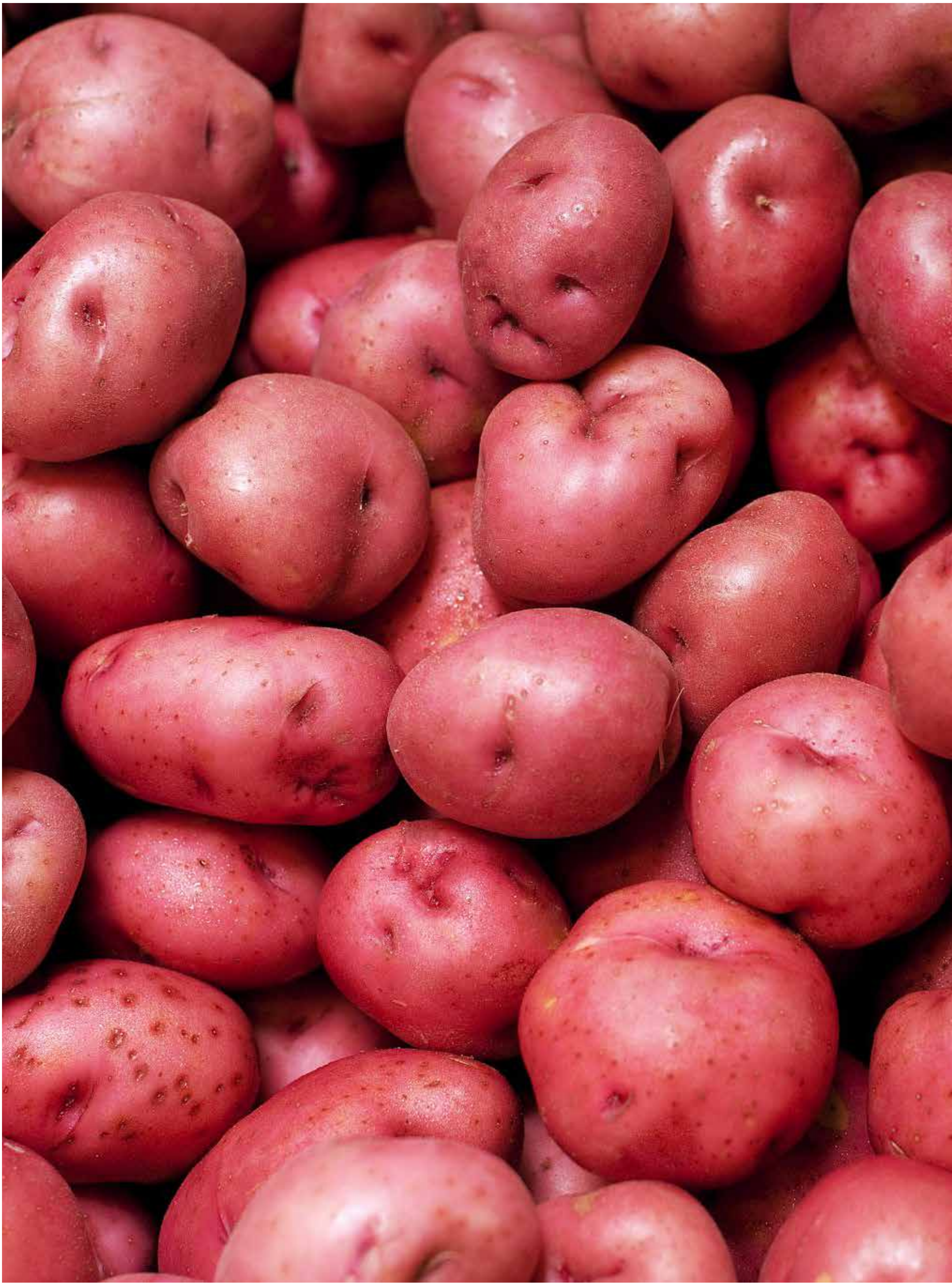
The remuneration of the Board members is stipulated by the Parent Municipality, upon appointment of the Director and is reviewed annually by the Municipality. The Board members are remunerated per meeting, annually a retainer percentage determined by the municipality in accordance with the board remuneration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

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

No	Name	Annual Board and Committee Fees Paid	Retainer Fees	TOTAL
1.	Dr LL Ndabeni	R145 361,15	R17 737.00	R163,098.15
2.	Dr Ndudane	R119 499.77	R21 364.00	R140,863.77
3.	Mr Yako	R95,570.30	-	R95,570.30
4.	Mr Madikiza	R51,025.52	-	R51,025.52
5.	Adv Mancotywa	R49,047.33	-	R49,047.33
6.	Mr Xalisa	R57,628.69	-	R57,628.69
7.	Mr Sikhosana	R62,120.57	-	R62,120.57
	TOTALS	**R580,253.33**	**39,101.00**	**R619,354.33**

The table below shows retainer fees paid to members of the previous Board of Directors. The retainer is payable at the end of the financial year and is based on an amount which is determined by the Parent Municipality.

No.	Name	Retainer Fees
1.	Mr. M.M. Pupuma	R21,570.73
2.	Rev. N.D.A. Ngewu	R32,836.25
3.	Ms. U.N. Mkize	R11,807.03
4.	Ms. N.S.N. Bam	R23,614.38
	TOTAL	**R89,282.39**



Chapter 04

Financial information

Audit and risk committee report for the year ended 30 June 2023

1. Introduction

The Audit and Risk Committee (ARC) is pleased to present its report for the financial year ended 30 June 2023.

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, 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.

The Committee performed its duties in terms of its Board approved Charter and the MFMA.

2. Audit and risk committee membership and attendance

During the 2022/23 financial year the details of membership and attendance are as follows:

Name	Qualifications	Meetings attended
Mr C. Sparg – Chairperson	B. Com, CTA, CA(SA), Cert.Dir.	5
Mr G. Labane	B. Com (Hons), Advanced Certificate in auditing, National Dip CMA, CTA, CA(SA)	5
Mr S. Ngqele	B. Juris, LLB, CPMD, Advocate.	5
Mr M. Msiwa	B. Sc (Civil Eng), MBL	5
Ms N. Ngxishe	National Dip CMA, Practical Project Management, Postgraduate Dip in Management, MBA	5

The term of the previous ARC came to an end on 30 June 2022. The term of the previous Board of Directors for the Agency also ended on 30 June 2022 and delays were experienced in appointing the ARC. For this reason, a decision was taken by the Council of OR Tambo District Municipality (ORTDM) that the ORTDM Audit Committee would serve the Agency as a temporary ARC for the period to 30 November 2022 or until such time as an ARC for the Agency had been appointed, whichever occurs first.

At the date of writing this report, this arrangement is still in place. The term of the ARC listed in the table above expired at the end of October 2023 and a new ARC was appointed. The names of the new ARC, that has been in place from 1 November 2023, during the period when the audit for the 2022/23 financial year was finalised, are listed below:

i. Mr C. Sparg – Chairperson
ii. Mr G. Labane
iii. Ms T. Bacela
iv. Ms W. Dukuza
v. Mr M. Phesa

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 2022/23 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, 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 performance report

The activities of the Committee included the following:

i. Reviewed and discussed the unaudited and audited Annual Financial Statements (AFS) for the 2022/23 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 unaudited and audited Annual Performance Report (APR) for the 2022/23 financial year.
iv. Provided recommendations

Following the Committee's review, the AFS and APR were recommended for submission to the AGSA within the required timeframes for statutory audit. The timing of completing the AFS and APR and the fact that internal controls and processes were not fully effective during the year under review, resulted in the Committee not being able to provide assurance that the AFS were free from material misstatements. 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 Activity (IAA). In respect of Internal Audit, the activities of the Committee included the following:

i. Reviewed the effectiveness and adequacy of the IAA and adequacy of its annual work plan.
ii. Considered whether the independence, objectives, organisation, staffing plans, financial budget, audit plans and standing of the IAA provide adequate support to enable the Committee to meet its objectives.
iii. Reviewed the results of the work performed by the IAA in relation to financial reporting, corporate governance, risk areas, internal control and any reports / significant investigations and management response.
iv. Reviewed the coordination between the IAA and the external auditors.
v. Monitored the implementation of actions to deal with control weaknesses identified in Internal Audit reports.

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 functions.
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 at the commencement of the audit 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 2023.

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 2023

Auditor-General 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 to ..., which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and 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 2023 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practise (GRAP) and the requirements of the Municipal Finance Management Act (MFMA) 56 of 2003 and the Companies Act 71 of 2008 (Companies Act).

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.

Emphasis of matters

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

Fruitless and wasteful expenditure

7. As disclosed in note 33.1 to the financial statements, the municipal entity incurred fruitless and wasteful expenditure of Rl ,4 million , which resulted from interest and penalties from not settling accounts within the legislated timeframes.

Irregular expenditure

8. As disclosed in note 33.2 to the financial statement, the municipal entity incurred irregular expenditure of Rl ,3 million , which resulted from not following proper SCM processes and operating policies of the municipal entity.

Other matter

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

Unaudited disclosure notes (MFMA125)

10. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed 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.

Responsibilities of the accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and Companies Act; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the financial statements, the accounting officer 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

13. 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.

14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

15. 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 officer is responsible for the preparation of the annual performance report.

16. I selected the following development priority presented in the annual performance report for the year ended 30 June 2023 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.

Development priority	Page numbers	Purpose
Enhanced and enabled full value chains for agricultural produce, markets and abattoirs		To improve productivity, viability, and profitability of enterprises through linkages of fruits, vegetables, and meat industry supply chains and improve participation on Ocean's Economy

17. 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 and delivery on its mandate and objectives.

18. 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
- 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 the measures taken to improve performance.

19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

20. I did not identify any material findings on the reported performance information for the selected development priority.

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

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

Report on compliance with legislation

23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipal entity's compliance with legislation.

24. 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.

25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipal entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

26. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance and annual reports

27. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of expenditure, revenue, segment information, cash flow statement and irregular expenditure identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided, resulting in the financial statements receiving an unqualified opinion.

Procurement and contract management

28. Some of the contracts were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act and its regulations.

Other information in the annual report

29. The accounting officer is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008. The other information referred to does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.

30. 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.

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 development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Internal control deficiencies

32. 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.

33. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation.

34. Monitoring activities were established by the municipal entity. These were however not fully effective in the current year, as material misstatements on the submitted financial statements and non-compliance with legislation were identified in the current year.

Auditor General

East London

30 November 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priority 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 the municipal entity to cease operating as a going concern
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure Sections 87(5)(b), 87(5)(d), 87(5)(d)(i), 87(5)(d)(iii), 87(6)(c), Sections 87(8), 88(1)(a), 90(1), 90(2)(a), 90(2)(b), 95(d), Sections 96(2)(a), 96(2)(b), 97(e), 97(f), 97(h), 97(i), 99(2)(a), Sections 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), Sections 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 172(3)(a), Section **172(3)(b)**
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 73(1), 73(2), 75(1), 75(2)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(2), 3(3), 5(4), 6, 6(8)(b), 7, 10(1), 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), 13(c)(i), 16(a), Regulations 17(1)(a), 17(1)(b), 17(1)(c), 19(a), Regulations 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations 28(1)(a)(ii), 29(1)(a), 29(1)(b), 29(5)(a)(ii), Regulations 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), Regulations 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Section 93B(a), 93C(a)(iv)
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), Regulations 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), Regulations 9(1), 10(1), 10(2), 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)
Companies Act 71 of 2008	Sections 45(2), 45(3)(a)(ii), 45(3)(b)(i), 45(3)(b)(ii), 45(4), Sections 46(1)(a), 46(1)(b), 46(1)(c), 112(2)(a)

5. Financial Information

5.1 Financial position

As at the end of the financial year, the entity was in a net asset position amounting to R 40.8 million. This implies that Ntinga had enough assets to cover its liabilities. However, when comparing short- term (current) assets with short-term liabilities, the picture in not very good. Current assets amounted R8,6 million whereas current liabilities amounted to R28,6 million. Included in current liabilities is R4,9 million being a provision for staff leave. This balance has decreased by 12% when compared with the previous financial year. Ntinga strictly manages the staff leave in order to bring the leave provision balance into a reasonable amount. Ntinga has maintained positive cashflows. Ntinga will continue to operate as a going concern for the foreseeable future. Non-current assets decreased from R66m million in the previous financial year to R61 million in the current year. Land and buildings as well as plant and equipment make up 96% of non-current assets with carrying values of R39 million and R6,6 million respectively. Included in these assets balance in the AFS are Adam Kok Farms, Mzikantu Abattoir, Kei Fresh Produce Market properties as well as agricultural equipment.

Description	2023	2022
ASSETS		
Current Assets	8,605,234	6,510,531
Non-current Assets	61,180,840	66,034,418
TOTAL ASSETS	**69,786,074**	**75,544,950**
LIABILITIES		
Current Liabilities	28,693,098	28,782,358
Non-current Liabilities	245,047	0
TOTAL LIABILITIES	**28,898,145**	**28,782,357**
NET ASSETS	**40,887,529**	**46,762,593**

5.2 Financial performance

The 2022/23 financial performance shows an improvement when compared with the previous financial year with reported losses before tax decreasing from R14,9 million to R5,8 million. The current year's total revenue amounted to R69,6 million and in the previous year, it was R68,6 million.

Excluding revenue from non-monetary transactions in the form of asset gains as well as value appreciation of biological assets, 2022/23 revenue amounted to R67,9 million compared to the previous year's R61,7 million.

There was improvement in grant financial support received from the parent municipality for operations. This figure increased from R45,9 million in the previous year to R49,5 million in the year under review. The continued support from the parent municipality assists in ensuring that the entity delivers on its mandate. Ntinga's strategy entails building and operating a sustainable state-owned company. In pursuit of this goal, Ntinga is turning the trading enterprises into viable trading centres that can generate revenue and be self-sustainable.

	Description	2023	2022
a)	Abattoir meat sales and slaughter services	11,008,388	12,963,761
b)	Fresh Produce Market commission and rentals	318,298	545,683
c)	Crop sales	381,813	243,380

Total expenditure incurred amounted to R75,5 million compared to the R83,5 million of the previous year. The highest expenditure item is employee related costs amounting to R41,1 million which constitutes 60,5% of total expenditure and 59% of total revenue. It is for this reason that, new staff appointments are for critical positions and those that are revenue generating in nature.

Chapter 05

Organisational development performance

Introduction

The purpose of Human Capital is to provide high quality integrated human capital solutions which enhance the customer service excellence. It aims at ensuring that the organisation has the right Caliber of people with the right competencies, at the right places and at the right time so that it delivers on its mandate.

6.1 Talent management

At the beginning of the financial year 2022/23, the total number of employees is 108. The Entity's workforce is made up of 109 at 30 June 2023 and the vacancy rate is 17.7%. The Annual staff turnover rate is 3.7%. The following table shows staff profile as at 30 June 2023.

The following table shows Staff profile as at 30th June 2023

Description	Actual
Employees at the start of the period	**108**
Add: Recruitment **Re-instatements**	5 0
Less: Resignations	3
Deaths	0
Dismissals	0
Retirements	0
Expiry of contracts	1
Total employees at the end of period	**109**
Staff turnover rate	**3.7%**
▪ Management (Grades E-F)	**0%**
▪ Bargaining Unit (Grades A-D)	**3.7%**
TOTAL STAFF ESTABLISHMENT	**141**
▪ Actual positions filled	**109**
▪ Vacant positions	32
▪ Vacant budgeted positions	7
▪ Total budgeted positions	**116**
Vacancy rate (based on budgeted posts)	**17.7%**
BUDGETED VACANT POSITIONS	
▪ Management (Grades E-F)	0
▪ Bargaining Unit (Grades A-D)	7

The turnover rate mentioned above is attributed to three (3) resignations and one (1) contract expiry.

6.2 Performance Management System (PMS)

All the performance agreements for all senior managers were concluded and signed by both supervisor and supervisee. The mid-term assessments for all senior managers were duly conducted by constituted panels as prescribed in the Entity's Performance Management Policy. The HR Team was also present for exposure and administration.

The evaluation panel assessed all senior managers against the predetermined objectives, indicators and targets for 2022/2023 financial year in line with the Performance Management Policy, as set out in the Performance Plans and linked to the Entity's Strategic Plan. The indicators and targets are categorized according to four perspectives of the Balanced Scorecard listed hereunder. Fourth quarter performance assessments for senior managers will be conducted in the first quarter of 2023/24 financial year.

Performance contracting for all the middle managers will be conducted and monitored in the new financial year (2023/24). Reviews Assessment reports will be conducted accordingly.

6.3 Skills development

The Workplace Skills Plan has been conducted for this current financial year within available/allocated financial resources. The Workplace Skills Plan (2023/24) was submitted timeously in April 2023 to LGSETA before the deadline of 30 April 2023 in compliance with Section 10 of the Skills Development Act 97 of 1998.

Two training opportunities have been addressed and completed for the quarter in question (Budget Processes in the Public Sector and MFMP) for five (5) officials. One training was sponsored by the external stakeholder while the other one financed by the Entity.

The Company has received Mandatory Grant of R101 785.92 from LGSETA for the whole financial year (2022/23). Discretionary Grant applications were submitted to Agri SETA and MICT SETA, but no response received. In November 2022 LGSETA informed the Entity during their visit to conduct due diligence on the Discretionary Grant Applications that were submitted. It was later brought to the attention of the Entity in February 2023 that those application were unsuccessful, this was reported in the Skills Development Facilitators Forum Meeting despite numerous follow ups that were made. As a result, employees had to deregister as they were promised that the bursaries will be approved and the Entity had no funds to assist them.

(a) Internship

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 from time to time send learners for workplace placement, be it experiential learning or internship and these learners are funded by various SETAs and funders.

The Entity has a total number of fifteen (15) Interns placed in different units.

Progress reports from Mentors are provided on a quarterly basis and their performance is satisfactory, while on the other hand monthly reports are compiled from the interviews conducted on one-on-one sessions. Furthermore, monthly reports pertaining to the Trainees are forwarded to their respective Institutions of higher learning.

(b) Training Interventions

Few trainings conducted in the financial year 2022/23 due to budget constraints. Thus, resulted to five (5) training interventions addressed. Other seven (7) trainings were offered and funded by external stakeholders. In a nutshell, twelve (12) training interventions were conducted in 2022/23 and there were seventeen beneficiaries who participated on those training programmes.

Below table depicts the summary of training beneficiaries as per their employ levels and types of training programmes attended.

Management Level	Gender	Learnerships	Skills programmes and Short Courses	Other Forms of Training Programmes	Totals
		22/23	22/23	22/23	22/23
CEO and Senior Managers	Female	0	2	2	4
	Male	0	2	2	4
Middle Management	Female	0	0	2	2
	Male	0	0	1	1
Professionals	Female	0	1	0	1
	Male	0	0	1	1
Other	Female	0	1	2	3
	Male	0	0	1	1
TOTAL		**0**	**6**	**11**	**17**

6.4 Employee health and wellness

(a) Occupational Health and Safety (OHS)

Since the previous reporting period there are no new reported Injury on Duty cases.

OHS Risk Identification has been conducted and draft OHS Risk Register is in progress for combination and will be presented in the next MANCO meeting.

Advocacy on OHS is done through staff meetings and HODs are always encouraged to make it a standing item in their departmental meetings.

(b) Employee Assistance Programme

The Entity has an informal shared service with ORTDM Wellness Unit wherein EAP cases are referred to and the draft for the formal agreement is currently underway. There is only one(1) case referred for EAP in the period under review.

Wellness events for employees are supposed to be held quarterly but due to financial constraints have not been held for the period under review.

6.5 Leave management

6.5.1 Sick Leave

Number of days and cost of sick leave (excluding injuries on duty)						
Salary band	**Total Sick Leave (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	76	62	14	47	5.4%	R36 314.42
Semi – Skilled	40	28	7	22	5.7%	R31 778.18
Skilled	52	38	13	21	4%	R98 009.56
Middle management	42	32	7	10	6%	R152 569.30
Chief Executive Officer and Senior Management	2	0	1	5	2%	R10 876.83
Total	**218**	**160**	**41**	**105**	**23.1%**	**329 548.29**

6.5.2 Narrative on injury and sick leave

The highest rates of sick leave taken are in the salary bands of Lower-skills and Skilled levels.

6.6 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 Labour Relations Act.

(a) Collective Bargaining and Employment Relations

The Entity has two recognized Unions namely, SAMWU and IMATU. SAMWU has minority members and thus have no voting powers but can be represented in structures. Furthermore, SAMWU does not have a Shop steward. On the other hand, IMATU has majority members and three Shop stewards have been elected representing the three constituencies, i.e. Head Office, Trading Enterprises & Water, and Adam Kok Farms. Shop stewards are entitled to one General meeting monthly for two hours.

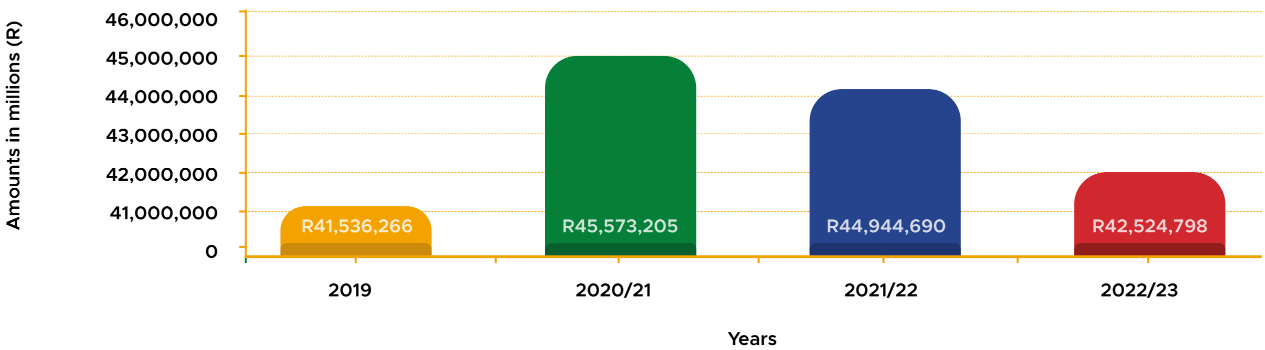
Ntinga is party to the South African Local Government Bargaining Council (SALGBC) and is bound by all its Collective Agreements. The Entity implement the Collective Agreements and Circulars from the Bargaining Council.

The Entity has a Disciplinary Policy in place and a Grievance Procedure which serve as a guide in handling disciplinary actions and grievances. As the Entity is now party to the SALGBC, it is bound by the Disciplinary Code Collective Agreement and the Entity's policy on Disciplinary Procedure has been aligned to this agreement.

The Committee adheres to the provisions of the aforementioned documents and Labour Relations Act when dealing with disciplinary matters and upholds the principle of fairness to all parties.

The Entity has a Workplace Forum that is functional and sits on a quarterly basis and when necessary to discuss pressing issues. Thus, striving to promote sound labour relations within the Entity.

Workforce expenditure trends



7. Detailed Annual Performance Report

2022/23 Annual Performance Report (July 22 - June 23)

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 2021/2022	2022/2023 Performance Target
1.1 Improve productivity and profitability of Umzikantu Abattoir by 30 June 2023.	1.1.1 Number of livestock units slaughtered for communities, butcheries, and other meat retailers.	Improved profitability and operational efficiency	500 Livestock units slaughtered for communities, butcheries, and others.	564 Livestock units slaughtered for communities, butcheries, and others.
	1.1.2. Number of livestock units slaughtered for sale, towards abattoir full capacity.	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 KFPM	976 Livestock units slaughtered for sale, towards abattoir full capacity.	1307 Livestock units slaughtered for sale, towards abattoir full capacity.
	1.1.3 Revenue generated from meat sales and slaughter fees.	- Utilisation of abattoir for slaughtering incrementally towards full capacity.	R11,853,244 Revenue generated from Abattoir meat sales.	R9,786,548 Revenue generated from meat sales and slaughter fees.
	1.1.4 Revenue generated from meat market sales		New Target	R13,926,897 Revenue generated from meat market sales

	2022/2023 Revised Annual Performance Target	2022-23 Actual Performance (July 22- June 23)	Performance Variance & Reasons	Corrective Measure	Means of Verification / POE
	364 Livestock units slaughtered for communities, butcheries, and others.	**Over Achieved:** 440.08 (150 units of cattle, 43.33 units of sheep made up of 260 sheep and 246,75 units of pigs made up of 987 pigs) Livestock units slaughtered for communities, butcheries, and others.	There is a positive variance of 76,08 livestock units. Reason for this is that there have been more communities than anticipated bringing their cattle in for slaughter	None	Batch Control Document
	970 Livestock units slaughtered for sale, towards abattoir full capacity.	**Not Achieved:** 706 (606 cattle, 97.5 units of pigs made up of 390 pigs and 2,5 units of sheep made up of 15 sheep) Livestock units slaughtered for sale, towards abattoir full capacity.	There is a negative variance of 264 livestock units. This under performance is due to the meat market that has not started yet.	Facilitate the opening of the meat market at KFPM in Quarter 1 of 2023 /2024	Batch Control Document
	R10 477 361 Revenue generated from meat sales and slaughter fees.	**Over Achieved:** R11 008 461.03 Revenue generated from meat sales and slaughter fees.	There is a positive variance of R531 100.03 The reason for this is the marketing that happened during the financial year. Part of the sales belong to the meat market.	Facilitate the opening of the meat market at KFPM so that there is a clear distinction between the Bulk sales and Small Quantity Buyers.	Financial Report
	R7,659,794 Revenue generated from meat market sales	**Not Achieved:** No revenue generated from Meat Market	R7,659,794 Revenue not generated from meat market sales. The meat market is not yet functional because while we were still attending to snags, the electricity supply was cut off by KSD Municipality	Facilitate the opening of the meat market at KFPM in Quarter 1 of 2023 /2024	Financial Report

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2021/2022	2022/2023 Performance Target
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 2023.	1.2.1 Tonnage of agricultural produce sold by Market Agents	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.	2093 Tons of agricultural fresh produce sold by Market Agents	4050 Tons of agricultural produce sold by Market Agents.
	1.2.2 Revenue generated from 5% commission of agricultural produce sold	- Encourage aggressive marketing and sale of fresh produce (fruit and vegetables) locally and beyond by Market Agents.	R744, 957.51 Revenue generated from 5% commission of agricultural product sold	R1,500,000 Revenue generated from 5% commission of agricultural produce sold.
	1.2.3 Full utilisation of KFPM floor space for revenue generation	- Establishment and recruitment of market agents	1 Additional competitive Market Agent secured who can feel floor space	1 Additional competitive Market Agent secured who can feel floor space

	2022/2023 Revised Annual Performance Target	2022-23 Actual Performance (July 22- June 23)	Performance Variance & Reasons	Corrective Measure	Means of Verification / POE
	2892.50 Tons of agricultural fresh produce sold by market agent	**Not Achieved:** 518.01 tons of agricultural fresh produce sold by Market Agent.	A negative variance of 2374.49 tons of agricultural fresh produce was experienced during this period. The Market Agent managed to sell potato seeds in April 2023 instead of potatoes, cabbages, tomatoes. In May and June 2023, the Agent did not operate at all.	Market management is discussing with a big Market Agent based in Joburg to operate at KFPM. Management is anticipating that the MA will start operating at KFPM in quarter 1 of 2023/24 Local Market Agent, funding applications have been submitted to various funders and awaiting responses.	Freshmark System monthly reports.
	R835 485 Revenue generated from 5% commission	**Not achieved:** R75,055.20 (5% Commission generated from agricultural produce sold).	A negative variance of R760, 429.80 revenue was experienced during this period. The Market Agent managed to sell only potato seeds from July 2023 to April 2023 instead of high value products. In May and June 2023, the market agent stopped its oper+H18ations at KFPM.	Market management is discussing with a big Market Agent based in Joburg to operate at KFPM. Management is anticipating that the MA will start operating at KFPM in quarter 1 of 2023/24 Local Market Agent, funding applications have been submitted to various funders and awaiting responses.	Freshmark System monthly reports.
	Target not revised	**Not achieved:** No additional market agent was secured for the period under review.	Due to delays in submission of applications by Eyoluntu Project and as well as long period of assessment and verification by various funders.	Management is anticipating to have a new Market Agent by the 1st quarter of 2023/24. In discussion with potential Market Agent, one of the MA promised to do site visit I August 2023	Freshmark System monthly reports.

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2021/2022	2022/2023 Performance Target	
1.3 Utilise Adam Kok Farms as a primary production hub for agricultural produce by 30 June 2023.	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.	750 Cattle produced, sourced and supplied to Umzikantu Abattoir	1222 Cattle produced, sourced and supplied to Umzikantu Abattoir	
	1.3.2 Value of cattle produced, sourced and supplied to Umzikantu Abattoir	Recapitalisation of AKF Purchase cattle ready for slaughter. Cull, and condition/fatten old cows.	New indicator	R14,457,959	
	1.3.3 Revenue generated from cattle produced and sold to other markets	Exchanged heifers and condition/fatten cattle from exchange. Implement Standard breeding practices	R3 161 056.08 generated from cattle produced and sold to other markets.	R3,122,284 generated from cattle produced and sold to other markets	
	1.3.4 Number of hectares utilised for animal feed	Utilise available arable land for crop production.	20 Ha utilised for winter pastures	20 Ha utilised for animal feed (10Ha maize and 10Ha winter pasture	
	1.3.5 Number of hectares utilised for crop production		None	12 ha utilised for crop production (10Ha maize and 2ha cabbage	
	1.3.6 Revenue generated from sale of crops		R243 379.69 generated from sale of crops	Generate R726,000 from crop sales	
	1.3.7. No of orchard hectares revived		New indicator	Conduct feasibility study	
	1.3.8 Revenue generated from fruit sales		New indicator	None	

2022/2023 Revised Annual Performance Target	2022-23 Actual Performance (July 22- June 23)	Performance Variance & Reasons	Corrective Measure	Means of Verification / POE
766 Cattle produced, sourced and supplied to Umzikantu Abattoir	**Not Achieved**: 594 Cattle produced, sourced and supplied to Umzikantu Abattoir	172 cattle less. During the planning stage, we were hoping, the Meat Market would have been operational	Facilitate the opening of the meat market at KFPM	Transfer notes, Financial Reports
R11 951 898.00 spent towards the supply of cattle to Umzikantu Abattoir	**Not Achieved:** R8 426 047.30 spent towards the supply of cattle to Umzikantu Abattoir	R3 525 850.70 less spent. This is because less cattle were supplied to Umzikantu Abattoir, however there are still savings considering the budgeted amount of R15 603.00/animal.	Facilitate the opening of the meat market at KFPM and extensive marketing of the Abattoir.	Transfer notes, Financial Reports
Target not revised	**Not Achieved**: R2 754 837.06 generated	R 367 446.94 less generated. There has been a huge decline in beef prices. During the same period (June) in 2022, the average price/kg of weaners was R36.60 whilst we sold at an average of R29.50/kg this June. We have seen about 21% drop in beef prices	The corrective measure depends on the market trends, since the prices are determined by the market trends.	Financial reports
Target not revised	**Not Achieved**: 10 Ha utilised for animal feed (maize)	10ha for winter pasture was not planted because we realised at a later stage that during midwinter, there will very few calves to graze on winter planted pastures. Should we have planted it would be a waste.	There was financial savings since number of calves were reduced as most calves were sold. In future when target is set selling of calves will be managed.	production plans, procurement vouchers, tractor log sheets, Coordinates
14 ha utilised for crop production (10Ha maize and 4ha cabbage	**Achieved:** 14 ha utilised for crop production (10Ha maize and 4ha cabbage	None	Not applicable	Harvest records
Target not revised	**Not Achieved:** R 381 812.68 generated from crop sales	R344 187.32. Although the harvesting is still in progress, the target will not be fully achieved, however we have deflected production costs.	There is need to acquire proper equipment for crop production. We will engage DRDAR to assist with the available equipment at TARDI. Discussion will start in first quarter of 2023/24 in preparation for 2023/34 ploughing session	Financial reports
Target not revised	**Not Achieved:** No feasibility study conducted	We were hoping to get support from ARC as they are the experts in the field, only to be advised that we will be charged.	A decision has been taken to forge partnership through Expression of Interest. Agreement on expression of interest will be conclude in 1st quarter of 2023/24 and never partners will start working in 2023/24	Attendance register
None	None	None	None	None

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2021/2022	2022/2023 Performance Target	
1.4. Coordinate livestock improvement interventions to enhance regional supply of quality stock to Umzikantu Abattoir.	1.4.1. No of bulls loaned to communities to improve cattle genetics	Availability of stock for genetic improvement	New indicator	5 bulls loaned to communities	
	1.4.2. No of heifers exchanged with community cattle	Increased number of branded animals from community supplied to the abattoir	New indicator	80 heifers exchanged with community cattle	
	1.4.3. No of farmers assisted with brand mark certificate applications	Increased number of locally produced pigs supplied to the abattoir	New indicator	40 farmers assisted with brand mark certificate applications	
	1.4.4. No of animal identification campaigns organised		New indicator	5 animal identification campaigns organised	
	1.4.5. No of piggeries supported in the district		New indicator	Profiling 90 existing piggeries in the district	
	1.4.6 No of custom feeding facilities established and supported		New indicator	Identify and profile 3 existing custom feeding facilities	

	2022/2023 Revised Annual Performance Target	2022-23 Actual Performance (July 22- June 23)	Performance Variance & Reasons	Corrective Measure	Means of Verification / POE
	Target not revised	**Overachieved**:8 bulls loaned to communities	3 bulls more. There were extra bulls that passed the fertility test.	Not Applicable	Signed loan agreements
	Target not revised	**Overachieved:** 86 heifers exchanged	6 more heifers exchanged because we happened to have an extra 6 from our stock.	The overachievement is not significant and it should be noted that target in the farming environment are estimates closer what one wants to achieve.	Signed registers
	80 farmers assisted with brand mark certificate applications	**Overachieved: 45** farmers have collected their brand mark certificates already from DRDAR, and the **107** copies still have to be collected.	**72** more farmers have been assisted with the brand mark certificate applications.	Not Applicable	List of farmers
	Target not revised	**Overachieved:** 7 animal identification campaigns organised	2 more achieved This is because farmers are starting to take upon themselves to request the services.	Not Applicable	Attendance registers
	Profiling 40 existing piggeries in the district	**Not Achieved:** 5 existing piggeries profiled	There is a negative variance of 35 which is as a result of non-attendance by the targeted farmers.	The plan is to select 35 piggeries to be included in the Supplier Development programme facilitated through Project Management Office. PMO and abattoir personnel has been asked to assist. PMO resolved to call all piggery farmers to present and work with those that are participating. Abattoir pig buyers is also assisting in collecting information and a final report and action will be concluded in quarter 1 of 2023/24	Profile of existing piggeries, Attendance registers
					Needs Analysis Report
	Target not revised	**Achieved:** 3 existing custom feeding facilities identified and profiled.	None	Not applicable	Profile of existing custom feeding facilities, Attendance registers

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2021/2022	2022/2023 Performance Target
1.5 Improve participation on Ocean's Economy	1.5.1 Number of approved District Oceans Economy Development Strategies.	Awareness campaigns to promote oceans economy	New Indicator	District Ocean's Economy Strategy approved

2022/2023 Revised Annual Performance Target	2022-23 Actual Performance (July 22- June 23)	Performance Variance & Reasons	Corrective Measure	Means of Verification / POE
Target not revised	**Not Achieved:** there is an approved District Ocean's Economy strategy.	District Municipality has already a developed Strategy	Ntinga will use the District's Strategy	Attendance registers Copy of approved Oceans Economy Strategy

GOAL 2 - Diversified partnerships that promote inclusive socio-economic development and growth.

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2021/2022	2022/2023 Performance Target	
2.1 Optimize linkages of meat industry value chain that enhance functionality of Umzikantu Abattoir by 30 June 2023.	2.1.1 Number of signed and implemented partnership agreements that enhance functionality of Umzikantu Abattoir	1 Partnership agreement that enhance the functionality of Umzikantu Abattoir signed and implemented	1 Partnership agreements that enhance functionality of Umzikantu Abattoir signed and implemented.	1 Partnership agreements that enhance functionality of Umzikantu Abattoir signed and implemented.	
	2.2.2 Number of signed and implemented off-take agreements for sale of meat from Umzikantu Abattoir.	3 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.	5 Off-take agreement for sale of meat from Umzikantu Abattoir signed and implemented.	
2.2 Optimize linkages of fruit and vegetable industry value chain in support of Kei Fresh Produce Market by 30 June 2023.	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 enhance functionality of Kei Fresh Produce Market signed and implemented.	
	2.2.2 Number of signed and implemented off-take agreements with local non-commercial 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 of off-take agreements signed and implemented with local non-commercial farmers to supply KFPM with agricultural produce.	3 of off-take agreements signed and implemented with local non-commercial farmers to supply KFPM with agricultural produce.	
2.3 Optimize linkages of a rapid livestock production industry value chain that enhance functionality of Adam Kok Farm by 30 June 2023.	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	New target	1 partnerships set for this financial year	

	2022/2023 Revised Annual Performance Target	2022-23 Actual Performance (July 23- June 23)	Performance Variance & reasons	Corrective Measure	Means of Verification / POE
	1 Partnership agreements that enhance functionality of Umzikantu Abattoir signed and implemented.	**Not Achieved:** No partnership agreement signed.	This was dependent on the call for expression of interests and there has not been any awarding yet.	Expression of interest will be conducted and concluded in quarter 1 of 2023/24	* Minutes and Attendance Register (Q1+ Q2). * Signed Partnership Agreement.(Q3). * Implementation progress report.(Q4)
	5 Off-take agreement for sale of meat from Umzikantu Abattoir signed and implemented.	**Achieved**: 5 offtake agreement for sale of meat from Umzikantu Red Meat Abattoir Signed and implemented.	None	Not Applicable	5 signed Offtake agreements
	Target not revised	**Not achieved:** No partnership agreement signed.	Expecting to get potential partner from the Expression of Interest, however it is not yet concluded.	Expression of interest will be conducted and concluded in quarter 1 of 2023/24.	Attendance Register, Minutes of (Q1+ Q2). Signed Partnership Agreement with KFPM. (Q3). Implementation progress report.(Q4)
	Target not revised	**Over achieved:** Four (4) Off-take agreements signed with local non-commercial farmers to supply KFPM with agricultural produce. The last off take agreement was signed in April 2023, however the market agent stopped its operations in May and June 2023 before the cabbage harvest and supply to KFPM.	None	Not Applicable	4 signed Off-take agreements.
	Target not revised	**Not achieved:** There was no partnership set for the year under review.	This was dependent on the call for expression of interests and there has not been any awarding yet	This target will be deferred to Quarter 1 of 2023/2024	Attendance registers, Signed partnership

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2021/2022	2022/2023 Performance Target
2.4 Functional stakeholder management networks/ forums in support of prioritised programmes and projects established by 30 June 2023	2.4.1 % Number of committed participations by stakeholders desired to participate in the desired forums	Appropriate and relevant networks Fundraising and resource mobilisation resources Signed partnership agreements Relevant budgets with targeted strategic partners	New target	10 bilateral negotiation meetings to secure committed participation of targeted stakeholders in desired networks/ forums by 30 June 2023
	2.4.2 % Number of networks established in support of prioritised programmes and projects	Appropriate and relevant networks Fundraising and resource mobilisation resources Signed partnership agreements Relevant budgets with targeted strategic partners	New target	2 networks established by June 2023
2.5. Prioritised Sector development plans implemented by June 2023	2.5.1 number prioritised sector plans implemented.	Means of communication Concessions to bilateral negotiation meetings with targeted participants Collaboration with municipalities.	New target	6 sector plans (Agriculture and agro-processing, Oceans economy, Tourism, ICT, manufacturing as well as training and skills development sector plan) implemented by June 2023.
		Segmentation of prioritised commodities 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)		
2.6. Resource and funding provisioning partnerships in support of prioritised programmes and projects are established by 30 June 2023	2.6.1 Number of resource and funding partnerships established in support of prioritised sectors.	Appropriate and relevant networks Fundraising and resource mobilisation resources Signed partnership agreements Relevant budgets with targeted strategic partners	New target	3 resource and funding partnerships with national government departments established by 30 June 2023.

	2022/2023 Revised Annual Performance Target	2022-23 Actual Performance (July 23- June 23)	Performance Variance & reasons	Corrective Measure	Means of Verification / POE
	Target not revised	**Over achieved**: 13 bilateral meetings held.	3 more bilateral meetings were held, the reason being that 3 more opportunities for bilateral meetings were available.	Not Applicable	Correspondence, emails, agendas, minutes of meeting and attendance registers
	Target not revised	**Achieved:** 2 networks established by June 2023 Agric Forum and Coffee Bay Tourism Development Forum established.	None	Not Applicable	Declaration of intent signed by stakeholders, net+J50:L59work Terms of Reference, stakeholder matrix and minutes of meetings.
	4 sector plans (Agriculture and agro-processing, Oceans economy, Tourism as well as training and skills development sector plan) implemented by June 2023.	**Achieved**: (i) implementation of agriculture sector (maize cropping, feedlot planning). (ii) Oceans Economy sector (researched information and database on local fisheries and fishing opportunities), (iii) tourism sector (tourism planning in Coffee Bay development pursued), (iv) training sector (skills development proposals developed).	None	Not Applicable	Quarterly Prioritised Sectors Development Report
	Target not revised	**Not achieved:** Only 1 partnership established with DALRRD	2 partnerships agreements outstanding. 1 partnership agreement negotiated, signed by Ntinga but signing by the Department of Labour is outstanding. 1 partnership agreement with TETA negotiated but signing is outstanding.	The signing of the 2 partnership agreements will be followed up in the next financial year 2023/2024	Correspondence with stakeholders Attendance registers Minutes of meetings resource mobilisation and Funding applications/proposals Signed Funding Agreements

GOAL 3 - Promoted trade and investment opportunities in the district

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2021/2022	2022/2023 Performance Target	2022/2023 Revised Annual Performance Target
3.1 Investment promoted by 30 June 2027.	3.1.1 Number of investment promotion events facilitated.	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	New Target	3 investment promotion events facilitated by 30 June 2023	2 Investment promotion events facilitated by 30 June 2023
	3.1.2 Number of investment opportunities facilitated.	Involvement in catalytic projects such as Wild Coast SEZ.	New target	2 investment opportunities facilitated	**Target not revised**
3.2. Trade development by 30 June 2027.	3.2.1 Total rand value of goods and services facilitated by Ntinga in trade promotion.	Facilitate acquisition and security of commercial properties including land.	New target	R50 Million	**Target not revised**
3.3. A five-year local enterprise development programme developed and implemented by 30 June 2027.	3.3.1 Number of informal traders supported in the district.	Funded district trade and investment plan Register of informal businesses per local municipality Conduct needs analysis Assist with business registration and licensing.	New Target	25 informal businesses supported by 30 June 2023	**Target not revised**
	3.3.2 Number of new ventures supported.	Funded district trade and investment plan Linkages with functional Investment and trade promotion agencies Funded marketing campaign Appropriate skills base	None: New Target	20 new ventures supported in the district. by 30 June 2023.	**Target not revised**
	3.3.3 Number of existing suppliers developed and supported	Funded district trade and investment plan Linkages with functional Investment and trades Appropriate skills base	New Target	30 existing suppliers developed and supported in the district by 30 June 2023.	**Target not revised.**

2022-23 Actual Performance (July 23- June 23)	Performance Variance & Reasons	Corrective Measure	Means of Verification / POE
Not Achieved: No investment promotion events facilitated.	No investment promotion events facilitated due to time constraints and unreadiness of stakeholders.	The target will be reduced to one investment promotion event and be facilitated in the next financial year 23/24.	Correspondence event programmes, event reports and attendance registers.
Over Achieved: 3 investment opportunities facilitated	(i)Investment collaborative signed with Standard Bank, (ii) Consultative meeting with Port St Johns Farmers in support of the Miante Peanut Growing investment opportunity (iii) Ntinga facilitated in an Agriculture and Food Trade Fair event held on 3rd June 2023 in support of Black Coffee Foundation interventions.	Not Applicable	Correspondence Development proposals on the development interventions pursued Minutes of meetings with involved stakeholders Attendance registers
Not Achieved: Rand value of promoted trade is R22 052 791.75 where **i**nvestment worth R10 370 250.00 has been secured through the PES DALRRD Contract, and SCM transactions to the value of R11 682 541.75 in support of all sectors.	R27 947 208 .25 of targeted facilitated trade rand valued not achieved. The reason being that there has been inadequate number of functional trading projects and opportunities facilitated by Ntinga.	The variance is included to be achieved with the target for 23/24 and will be achieved through implementation of catalytic projects.	Trade and investment promotion report
Over Achieved: 38 informal farming enterprises (maize projects) were supported to participate in the 2023 Mazie Cropping Project of the district.	13 more informal businesses were supported. The reason being that when invitation for applications was made 13 more turned up and could be assisted within approved project budget.	Not Applicable	Quarterly Enterprise Development Report Database of supported enterprises
Not Achieved: 6 new venture were supported in the period under review.	14 less new ventures were supported. The reasons being that no new ventures approached Ntinga for support despite the advertisement made by the Agency at the start of the financial year.	This target shall be pursued as part of a Supplier Development Programme to be implemented in the 2023-24 Financial Year.	Quarterly Enterprise Development Report Database of supported enterprises
Not Achieved: 20 and co-operatives submitted to SACGRA for purposes of accessing training, 5 suppliers submitted for inclusion in the Eastern Seaboard Smart City database through Urban Econ.	10 less number of targeted existing suppliers were supported than it was planned. The reasons being that no additional suppliers approached Ntinga for support.	This target shall be pursued as part of a Supplier Development Programme to be implemented in the 2023-24 financial Year.	Quarterly Enterprise Development Report Database of supported enterprises

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2021/2022	2022/2023 Performance Target	2022/2023 Revised Annual Performance Target
	3.3.4 Number of incubation programmes implemented.	Funded district trade and investment plan Linkages with functional Investment and trade promotion agencies Funded marketing campaign Appropriate skills base Linkages with existing incubators Linkages with University of Limpopo foods processing centre Cannabis development conversation Honey development opportunities Local species with economic potential like clay in Nyandeni, lemon grass Mqanduli, KSD and aquaculture products inland and on the coast economic development	New target	1 business incubation programme implemented in O.R. Tambo by 30 June 2023	**Target not revised**
3.4. Job creation facilitated by June 2027	3.4.1 Number of job creation opportunities facilitated by Ntinga.	Functional labour markets Funded district trade and investment plan Linkages with functional Investment and trade promotion agencies Funded marketing campaign Appropriate skills base Funded district trade and investment plan Linkages with functionals	New target	250 jobs facilitated by June 2023	**Target not revised**

	2022-23 Actual Performance (July 23- June 23)	Performance Variance & Reasons	Corrective Measure	Means of Verification / POE
	Achieved: 1 business incubation programme (piggery for trading with the abattoir) implemented.	None	Not Applicable	Correspondence Development proposals on the development interventions pursued Minutes of meetings with involved stakeholders Attendance registers Database of supported enterprises
	Not achieved: There were no jobs facilitated during the period under review.	No jobs have been created out of the planned projects, the reason being lack of Ntinga facilitated projects to generate jobs.	The target will be pursued in the context of catalytic projects planned for the next financial year 2023/24.	quarterly Enterprise Development report

GOAL 4 - Dynamic, Capable and Sustainable State-Owned Company

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2021/2022	2022/2023 Performance Target	2022/2023 Revised Annual Performance Target
4.1 Ensure Business Processes, Tools and Systems that support implementation of the Strategy and continued viability of the organisation by 30 June 2027.	4.1.1 100% adherence to regulations and policies	Accurate and complete financial records and PoE. Integrated system	100% adherence to regulations and policies	100% adherence to regulations and policies	**Target not revised**
	4.1.2 Rand value of investment income collected.	Timely arrival of grant funding Collection of due revenue. Proper cashflow management.	R70,000 investment income collected.	R250,000 investment income collected.	**Target not revised**
	4.1.3 Submission of the signed audit Report	Accurate financial record and PoE Timely scheduled governance meeting.	Unqualified Audit opinion	Unqualified Audit opinion	**Target not revised**
Create a cadre of skills and competences that deliver Ntinga strategic objectives.	4.2.1 % alignment of organisational structure to strategy.	Organisational structure review	Organisational Structure reviewed in October 2021	100% alignment of organisational structure to strategy.	**Target not revised**
	4.2.2 % Improvement on retention of critical skills	Improved retention of critical skills	Retention of critical skills to 95%	Retention of critical skills to 95%	**Target not revised**
	4.2.8 Percentage implementation of the ICT Master Systems Plan	Funding of projects identified in the ICT Master Systems Plan	36%	80% Implementation of 2022/23 ICT Master Systems Plan	**Target not revised**
4.3 Continuously improve internal and external reputation and image of the institution by 30 June 2023	4.3.1 Number of corporate branding initiatives implemented.	Well known corporate brand.	Approved and implemented Communication and Marketing Strategy	15 corporate branding initiatives implemented.	**Target not revised**
4.4 Improve business continuity to 95% reliability.	4.4.1 % of server availability based on operating hours	Improved Business continuity	Approved Disaster Recovery and Business Continuity Plan in place	95% server availability based on operating hours.	**Target not revised**

	2022-23 Actual Performance (July 23- June 23)	Performance Variance & Reasons	Corrective Measure	Means of Verification / POE
	Achieved: 100% adhered to regulations and Policies	None	Not Applicable	Completed compliance register
	Not Achieved: R192 094.42 investment income collected for the year under review.	R57 905.58 on investment was not collected as planned for the year under review due to late payment of invoices by ORTDM and that has affected the projected investment income to be collected for the year under review	5 Year Service Level Agreement has been signed between Ntinga and ORTDM and it was agreed that the Entity will receive quarterly payment and this shall improve financial position of the Entity.	Finance report and investment register
	Achieved: Obtained unqualified Audit Opinion for the period under review	None	Not Applicable	Signed Audit report
	Achieved: 100% alignment of organisation structure to the strategy	None	Not Applicable	Reviewed Organisational Structure/ Board Resolution
	Achieved: 95% of critical skills were retained for year under review.	None	Not Applicable	Talent Management Report
	Not Achieved: 70% 2022/23 ICT Master Systems Plan implement	10% of the ICT Master System Plan were not implemented due to insufficient funding for planned projects.	To source the funds to implement the outstanding ICT Master Plan Project by June 2024.	Approved ICT Report
	Achieved: 15 corporate branding initiatives implemented.	None	Not Applicable	Signed report on corporate branding initiatives
	Achieved: 95% Server availability based on operating hours	None	Not Applicable	Backup report

Strategic Objectives	Key Performance Indicators	Interventions / Critical Success Factors	Baseline 2021/2022	2022/2023 Performance Target	2022/2023 Revised Annual Performance Target
4.5 Full compliance to governance, legislative and regulatory framework	4.5.1 100% Compliance to all governance, legislative and regulatory framework.	Annual review of strategic plan by 31 May	Annual review of strategic plan by 30 April.	Annual review of strategic plan by 31 May.	**Target not revised**
		Periodic Performance Reporting	4 Quarterly performance reports; 1 Midterm performance report; 1 Annual Performance report, and 1 Annual Report submitted to the Board, Parent Municipality and AGSA	100% performance reporting	**Target not revised**
					Target not revised
		Prescribed number of meetings of the governance structures	4 Board and 4 Committee meetings for ARC, SDIC and HRRC and 2 meetings for SEC.	100% planning and execution of planned Board and Committee meetings, for the year	**Target not revised**
		Governance, legislation and regulatory Compliance Checklists	2 Half yearly compliance assessment reports submitted to Social and Ethics Committee annually	4 Quarterly compliance assessment reports submitted to the Social and Ethics Committee annually in accordance with the compliance registers.	**Target not revised**
		Up to date Risk Register and Risk Management Oversight	2021/22 Risk Register	2022/23 Risk Assessment and Reporting conducted	**Target not revised**

2022-23 Actual Performance (July 23- June 23)	Performance Variance & Reasons	Corrective Measure	Means of Verification / POE
Achieved: Strategy Review Session was reviewed in May 2023	None	Not Applicable	Reviewed and signed Strategic Plan
Achieved: 100% performance reporting achieved. (4 Quarterly Compliance Reports, 1 Midterm Performance Report, 1 Annual Performance Report and 1 Annual Report submitted to the Board, AGSA and ORTDM for the year under review).	None	Not Applicable	* 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: 1 Annual Performance Report submitted to AGSA, Board and ORTDM	None	Not Applicable	* Proof of Submission to the Board, Parent Municipality and to AGSA. * Board Minutes
Achieved: 100% planning and execution of planned Board and Committee meetings achieved. (4 Board Committee Meetings, 5 ARC, 4 SDIC, 3 HRRC, 2 SEC, and 1 AGM meetings held for the period under review).	None	Not Applicable	Agenda and Minutes of Meetings.
Achieved: 4 Quarter compliance assessment reports submitted to the Social and Ethics Committee under the year under review	None	Not Applicable	Reports circulated and presented to the committee
Achieved: 2022/23 Risk Assessment and Reporting conducted	None	Not Applicable	2022/23 Updated Risk Register Risk Management Reports submitted to the Audit & Risk Committee

Chapter 05

Annual financial statements 30 June 2023

Annual financial statements for the year ended 30 june 2023

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)

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 47, which have been prepared on the going concern basis, were approved on 30 November 2023.

30/11/2023	
Mr. S. Sentwa **(Chief Financial Officer)**	**Date**
	30 NOV 2023
Mr. L. Mbiko **(Chief Executive Officer)**	**Date**

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.

30/11/2023

Ms. S. Ndlondlwana (Company Secretary)

Date

Directors submit their report for the financial year ended 30 June 2023.

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 a operating as a State Owned Company, In terms of the Income Tax Act, a State Owned Company is not liable for Income Tax .

3 Board of Directors

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

Appointment

Name	Nationality	Date
Dr. L. Ndabeni (Chairperson)	RSA	01/09/2022
Dr. N.T. Ndudane	RSA	01/09/2022
Mr. T. Yako	RSA	01/09/2022
Mr. MP Madikiza	RSA	09/01/2023
Adv. S. Mancotywa	RSA	09/01/2023
Mr. Z. W. Xalisa	RSA	09/01/2023
Mr. M.J. Sikhosana	RSA	09/01/2023

4 Entity Company Secretary

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

5 Business Address:

Old Government Printers Building, 5 Textile Road, Vulindlela Heights, Mthatha, 5100 **6 Physical Address:**
Old Government Printers Building, 5 Textile Road, Vulindlela Heights, Mthatha, 5100 **7 Postal Address:**
P.O. Box 1134, Mthatha, 5100

8 Members of the Audit and Risk Committee (ARC)

The members of the ARC were as follows:-

Name	Appointment date
Mr. C.J. Sparg (Chairperson)	30/08/2022
Mr. M. Msiwa	30/08/2022
Mr. G. Labane	30/08/2022
Ms. N Ngxishe	30/08/2022
Mr. S Ngqele	30/08/2022

9 Members of the Human Resource and Remuneration Committee

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

Name		
Dr. N.T. Ndudane	Chairperson	
Dr. L. Ndabeni		Up to April 2023
Mr.T. Yako		
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		
Adv S Mancotywa	(Chairperson)	
Mr.T. Yako		Up to April 2023
Dr. L. Ndabeni		Up to April 2023
Dr. N.T Ndudane		
Mr. M.P Madikiza Mr. Z.W Xalisa		

11 Members of the Social and Ethics Committee

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

Name	
Mr.T. Yako (Chaiperson)	
Dr. N.T. Ndudane	
Mr.Z.W Xalisa	Up to April 2023
Dr. L. Ndabeni	
Mr. M.J Sikhosana	Up to April 2023

12 The Entity's Mandate

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

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

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

13 Financial results

The Entity realised a deficit for the 2022/23 financial year of R 6,454,612 (2021/22 - deficit R 14,957,290).

14 Legal form of the Entity

19 E-mail info@ntinga.org.za

20 Website www.ntinga.org.za

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 own revenue particularly from its trading enterprises.

16 Events after the reporting date

A RAFFI equipment with a cost price of R 2,6m and a book value of R 0,8m was caught fire that damaged it's tyres.

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.

The diffference between the final adjustments budget and the final budget are due to virements in terms of the entity's approved policy.
Explanations of variances greater than 10% between final budget and actual income.

1a	Note 2 AFS	The Entity struggled to collect the recivable from the Parent Municipality and estimated our Bank and Cash downwards. We actually received part of the debt.
1b	Note 3 AFS	The Entity estimated recoverability of our receivables, on actual, we sold animals and collected it after the financial year end.
1c	Note 4 AFS	There is no significant change in inventory
1d	Note 5 AFS	These are pre-payment deposits for electricity paid to King Sabata Dalindyebo Municipality. Receivables from O.R. Tambo District Municipality.
1f	Note 8 AFS	Planned intangible assets acquisitions were shifted to the next financial year.
1g	Note 9 AFS	The Entity planned to dispose few cattle and estimated our livestock value downwards.
1h	Note 11 AFS	The Entity made an upward forecast to our payables due to late receipt of recevables from the Parent Municipality.
1i	Note 13 AFS	The entity did not expect a major change in Unconditional Grants balance. We actually closed off some projects.
1j	Note 14 AFS	The Entity estimated the leave provision upwards taking into account the historical data.The actual data was close to our estimate.
1k	Note 16 AFS	The variance is attributed to the short-term portion of the liability that arose from the acquisition of computer equipment through leasing and the original plan was to buy them instead of leasing.
1l	Note 6 AFS	The VAT estimated increase is due to invoices to be settled by ORTDM.
1m	Note 16 AFS	The long-term portion of the liability was settled in full. A decision was made to acquire laptops through a finance lease.

Comparison of actual figures to final budget

				2022/2023			
	Notes	**Original Budget**	**Adjustments Budget**	**Final Adjusted Budget**	**Actual Outcome**	**Variance Amount**	**Variance %**
REVENUE **Non-exchange Revenue**		**49 553 214**	**-**	**49 553 214**	**53 997 661**		
Transfers and Subsidies	2a	49 553 214	-	49 553 214	53 997 661	(4 444 447)	**-9%**
Exchange Revenue		**33 876 351**	**(2 921 698)**	**30 954 653**	**11 963 262**		
Interest Earned - external investments	2b	250 000	-	250 000	192 094	57 906	**23%**
Sale of Goods and Rendering of Services	2c	33 626 351	-2 921 698	30 704 653	11 771 168	18 933 485	**62%**
Gains		**2 190 000**	**-**	**2 190 000**	**1 951 711**		
Adjustments to Biological Assets	2c	2 150 000	-	2 150 000	374 374	1 775 626	**83%**
Gains on disposal of Property, Plant and Equipment	2d	40 000	-	40 000	1 577 337	(1 537 337)	**-3843%**
Total Revenue		**85 619 565**	**(2 921 698)**	**82 697 867**	**67 912 634**	**14 785 233**	
EXPENDITURE							
Employee related costs		42 771 483	437 754	43 209 237	40 089 374	3 119 863	7%
Board of directors related costs	2e	1 188 305	131 585	1 319 890	1 112 249	207 641	16%
Depreciation and Amortisation	2f	3 756 922	-	3 756 922	4 815 513	(1 058 591)	0%
Repairs and Maintenance	2g	151 250	11 065	162 315	-	162 315	100%
Finance Charges	2h	50 312	-	50 312	1 387 695	(1 337 383)	-2658%
Operational costs	2i	34 445 152 --	-3 117 726- 0	31 327 426	26 884 003	4 443 423 - 0	#DIV/0!#DIV/0!14%
Losses - Biological Assets	2j	100 000	-20 000	80 000	381 000	(301 000)	-376%
Total Expenditure		**82 463 424**	**(2 557 322)**	**79 906 102**	**74 669 834**	**5 236 268**	
(Loss)/Profit before tax for the year		**3 156 141**	**(364 376)**	**2 791 765**	**(6 757 200)**	**9 548 965**	
Income tax		**-**			**-**		
(Loss)/Profit after tax for the year		**3 156 141**	**(364 376)**	**2 791 765**	**(6 757 200)**	**9 548 965**	

Comparison of actual figures to final budget

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

2a	These are conditions met on conditional grants.
2b	Interest received was estimated down due to the grant from ORTDM not transferred in time for investment purposes.
2c	Missed revenue targets for the Fresh produce market, Abattoir and the Farms. The Market is still unable to attract additional market agents to trade at its floor and the planned meat market did not materialise as planned for the Abattoir.
2c	Livestock at hand appreciated in value more than originally anticipated. The increase in value of inputs e.g. feed and quality of animals has led to increase in value of livestock. Valuation of livestock was conducted by an independent and professional Veterinarian.
2d	The good condition of livestock made it possible to dispose the for cashflow injection purposes.
2e	A provision was made for the Board Commitees to be held physically, but were mainly held vertually.
2f	Depreciation was not fully budgeted for due to financial constraints.
2g	This variance is due to efficiencies otherwise assets requiring repairs and maintenance were attended to.
2h	The variance is attributed mainly to interest charged by the parent municipality on overdue water account at Kei Fresh Produce Market and laptop computers that were purchased on finance lease. This also caused by interest charged on overdue payables on supplies like Auditor General and South African Revenue Services.
22ik	These are savings on expenditure lines like purchases of livestock etc.
2j	The livestock death were mainly due to the red water desease in the farms and it was not anticipated.

Statement of comparison of budget and actual amounts cashflow statement for the year ended 30 june 2023 comparison of actual figures to final budget

							2022/2023
Cash flow from operation activities	**Notes NG AC**	**Original Budget**	**Adjustments Budget**	**Final Adjusted Budget**	**Actual Outcome**	**Variance Amount**	**Variance %**
Receipts		**83 254 565**	**(2 496 698)**	**80 757 867**	**64 357 008**		
Grants and public contributions	3a	51 853 214	-2 300 000	49 553 214	54 060 731	(4 507 517)	**-9%**
Sales of goods and services		31 151 351	-196 698	30 954 653	10 104 183	20 850 470	**67%**
Interest Earned - external investments		250 000	-	250 000	192 094	57 906	**23%**
Payments		**(78 308 430)**	**(4 376 338)**	**(82 684 768)**	**(67 406 067)**		
Suppliers and employees	3b	-78 258 118.00	-4 376 338	(82 634 456)	(66 018 372)	(16 616 084)	**20%**
Finance charges	3c	-50 312	-	(50 312)	(1 387 695)	1 337 383	**-2658%**
Cash utilised by operations		**4 946 135**	**(6 873 036)**	**(1 926 901)**	**(3 049 059)**		
CASH FLOW FROM INVESTING ACTIVITIES Purchase of Property, Plant and Equipment	3d	-2 671 200	365 694	(2 305 506)	(1 271 703)	(1 033 803)	**45%**
Proceeds on Disposal of Fixed Assets	3e	80 000	-10 000	70 000	176 780	(106 780)	**-153%**
Purchase of Intangible Assets	3f	-	-	-	-	-	**0%**
Purchase of Biological assets	3g	-	-	-	-	-	**0%**
Proceeds on Disposal of Biological assets	3h	-	-	-	2 985 624	(2 985 624)	**0%**
Net Cash from Investing Activities		**(2 591 200)**	**355 694**	**(2 235 506)**	**1 890 701**		
CASH FLOW FROM FINANCING ACTIVITIES New loans raised	3i	-	-	-	0	(0)	**0%**
Loans repaid	3j	(150 000)	-	-	(74 322)	74 322	**0%**
Net Cash from Financing Activities		**(150 000)**	**-**	**-**	**(74 322)**		
NET DECREASE IN CASH AND CASH EQUIVALENTS		**2 204 935**	**(6 517 342)**	**(4 162 407)**	**(1 232 679)**		
Cash and Cash Equivalents at the beginning of the year		3 505 898	1 421 024	4 926 922	4 926 922		
Cash and Cash Equivalents at the end of the year		5 710 833	-4 946 318	764 515	3 694 242		
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**2 204 935**	**(6 367 342)**	**(4 162 407)**	**(1 232 680)**		

The diffference between the final adjustments budget and the final budget are due to virements in terms of the entity's approved policy.
Explanations of variances greater than 10% between final budget and actual income.

3a	Grant funding was achieved as planned. Conditions met on conditional grants makes the variance.
3b	Operational costs were not incurred as per the budget due to cash flow constrainsts resulting from revenues not fully achieved as per the budget.
3c	The variance is attributed mainly to interest charged by the parent municipality on overdue water account at Kei Fresh Produce Market and laptop computers that were purchased on finance lease. This also caused by interest charged on overdue payables on supplies like Auditor General and South African Revenue Services.
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 heifers for livestock exchange programme.
3h	Due to favourable meat prices sales of biological assets were more than the forecast.
3i	These are laptops bought under a finance lease.
3j	This is a payment of the finance lease as stated in 3i above.

Notes to the annual financial statements for the year ended 30 june 2023

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 2022 to 30 June 2023 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

Description	Effective Date
GRAP 103 on Heritage Assets	To be determined
GRAP 1 on Presentation of Financial Statements	To be determined
(Changes relating to going concern)	01 April 2025
GRAP 104 on Financial Instruments	

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 straightline 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 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 cashgenerating 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 it's 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 form exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.20.1 Initial Recognition

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

1.20.2 Subsequent Measurement

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

1.20.2.1 Receivables

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

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

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

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

1.20.2.2 Payables and Annuity Loans

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

1.20.2.3 Cash and Cash Equivalents

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

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

1.20.3 De-recognition of Financial Instruments

1.20.3.1 Financial Assets

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

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

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

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

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

1.20.3.2 Financial Liabilities

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

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

1.20.4 Offsetting of Financial Instruments

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

1.21 REVENUE

1.21.1 Revenue from Non-Exchange Transactions

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

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

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

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

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

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

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

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

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

1.21.2 Revenue from Exchange Transactions

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

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

- The Entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods · sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Interest revenue is recognised using the effective interest rate method.

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

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

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

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

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

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

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

1.22 RELATED PARTIES

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Entity:

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

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

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

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

- A person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

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

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

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

Management personnel include:

a) 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 an 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 nonoccurrence of one or more uncertain future events not wholly within the control of the Entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures 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.

Notes to the annual financial statements for the year ended 30 june 2023

		2023 R	2022 R
2	**CASH AND CASH EQUIVALENTS**		
	Call Investments Deposits	2,666,679	1,825,899
	Bank Accounts	1,023,932	3,088,105
	Petty Cash Balances	3,631	12,918
	Total Cash and Cash Equivalents	**3,694,242**	**4,926,922**

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

	2023	2022
FNB - Account Number 62166804742 (Primary Bank Account)	767,203	2,636,219
FNB - Account Number 62183286890 (Salaries Account)	125,264	47,347
FNB Call Account 62766535622	20,779	226,566
FNB Call Account 62771259671	110,686	177,973
	1,023,932	**3,088,105**

FNB - Account Number 6216680472 (Primary Bank Account)

	2023	2022
Cash book balance at beginning of year	2,636,219	1,338,883
Cash book balance at end of year	767,203	2,636,219
Bank statement balance at beginning of year	2,585,870	1,333,926
Bank statement balance at end of year	708,997	2,585,870

FNB - Account Number 62183286890 (Salaries Account)

	2023	2022
Cash book balance at beginning of year	47,347	86,535
Cash book balance at end of year	125,264	47,347
Bank statement balance at beginning of year	47,347	86,535
Bank statement balance at end of year	125,264	47,347

FNB Call Account 62771259671

	2023	2022
Cash book balance at beginning of year	177,973	227,597
Cash book balance at end of year	110,686	177,973
Bank statement balance at beginning of year	177,973	227,597
Bank statement balance at end of year	110,686	177,973

FNB Call Account 62766535622

	2023	2022
Cash book balance at beginning of year	226,566	405,494
Cash book balance at end of year	20,779	226,566

Bank statement balance at beginning of year	217,791	395,778
Bank statement balance at end of year	20,779	217,791

FNB Call Account 62773058849

Cash book balance at beginning of year	94,524	91,383
Cash book balance at end of year	6,595	94,524
Bank statement balance at beginning of year	94,524	91,383
Bank statement balance at end of year	6,595	94,524

Call Investment Deposits

Call investment deposits consist out of the following accounts:

FNB Account number 62181670540 (Ntinga)	2,028,444	59,055
FNB Account number 62185096122 (Umzimkant Read Meat Abbatoir)	397,058	495,489
FNB - Account Number: 62887833153	1,112	1,045
FNB Call 62508942407	42,316	98,625
FNB Call 62578074149	135,643	224,999
FNB Call Account 62785410293	3,827	2,838
FNB Call Account 62773058849	6,595	94,524
FNB - Account Number: 62875150600	51,684	849,324
	2,666,679	**1,825,899**

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

3.1	Credit sales of goods and rentals	2,106,953	527,557
	Less: Allowance for Doubtful Debts	(377,482)	(418,671)
	Total Net Receivables from Exchange Transactions	**1,729,471**	**108,886**

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

Ageing of Receivables from Exchange Transactions:

Ageing

Current (0 - 30 days)	1,729,459	105,562
31 - 60 Days	-	-
61 - 90 Days	-	3,325
+ 90 Days	377,494	418,670
Total	**2,106,953**	**527,557**

3.2 Reconciliation of Provision for Bad Debts

Balance at beginning of year	418,671	502,133
(Reversals)/Contribution to provision	(41,189)	(83,462)
Restated balance	**377,482**	**418,671**

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

Trading enterprises / Projects	377,482	418,671
The fair value of trade receivables approximates their carrying amounts.	**377,482**	**418,671**

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	**4,215,314**	**4,060,042**
Consumable stores	124,335	62,367
Livestock	3,816,400	3,665,281
Crops	160,702	328,586
Merchandise (Meat)	113,877	3,808
Additions	**10,248,451**	**13,093,289**
Consumable stores	2,306,709	524,862
Livestock - transfers from biological assets		3,816,400
Crops	477,964	-
Merchandise (Meat)	7,463,779	8,752,027
Issued (Expensed)	**(12,130,083)**	**(12,938,017)**
Consumable stores	(1,720,506)	(462,894)
Livestock issued for slaughter (Meat)	(1,988,400.00)	(3,665,281)
Livestock issued for slaughter (Meat) - animal losses -deaths	(30,800.00)	-
Livestock - transfers to biological assets	(557,630)	
Crops	(337,385)	(167,884)
Merchandise (Meat)	(7,495,362)	(8,641,958)
Closing Balance		
Consumable stores	710,538	124,335
Livestock	1,239,570	3,816,400
Merchandise (Meat)	82,294	113,877
Crops	301,281	160,702
Total Inventory	**2,333,683**	**4,215,314**

No inventory assets were pledged as security for liabilities.

	2023 R	2022 R

5 **RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Other Receivables

Advance payments and sundry debtors	7,888,260	7,841,860
Prepayments - Deposits	259,408	259,408

Sub-total	**8,147,668**	**8,101,268**
Less: Allowance for Doubtful Debts	(7,841,860)	(7,841,860)
Net - Other Receivables	**305,808**	**259,408**
Total Net Receivables from Non-Exchange Transactions	**305,808**	**259,408**

Advance payments and sundry debtors: This balance represent amount owed by O.R. Tambo D.M.

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

Reconciliation of Provision for Bad Debts

Balance at beginning of year	7,841,860	-
(Reversal of Provision) / Contribution to provision	-	7,841,860
Balance at end of year	**7,841,860**	**7,841,860**

6 TAXES

6.1 VAT PAYABLE	(14,832,454)	(13,502,173)
	(14,832,454)	**(13,502,173)**

VAT is receivable/payable on the payment basis.

7 PROPERTY, PLANT AND EQUIPMENT

Carrying amounts	47,939,152	50,963,836

See appendix A

There are no assets pledged as security.

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

8 INTANGIBLE ASSETS

Computer Software

Net Carrying amount at the beginning of the year: 01 July 2022	**220,360**	**483,522**
Cost	1,542,298	1,542,298
Balance previously reported	-	2,005,097
Correction of error note 27	-	(462,799)
Accumulated Amortisation	(1,321,938)	(1,058,776)
Accumulated Amortisation	(1,301,990)	(1,501,627)
Transfers from KFPM - Accumulated Amortisation	-	-
Accumulated Impairment	(19,948)	(19,948)
Balance previously reported	-	(1,521,575)
Correction of error note 27	-	462,799
Additions	-	-
Amortisation	(102,125)	(263,162)
Disposals	-	-

Net Carrying amount at the end of the year: 30 June 2023	**118,235**	**220,360**

Cost	1,542,298	1,542,298
Accumulated Amortisation	(1,404,115)	(1,301,990)
Transfers from KFPM - Accumulated Amortisation	-	-
Accumulated Impairment	(19,948)	(19,948)

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

	Carrying Value	
	2023	2022
Description	R	R
Computer software	**118,235**	**220,360**

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	**13,732,164**	**14,567,854**

Carrying amounts

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the acquisition of biological assets.

Biological assets are located at Adam Kok Farms and Ikwezi Dairy Farm. The primary activities revolving around biological assets are livestock breeding and heifer exchange.

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:

- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring and reporting of quantities by Entity staff.
- A contract is entered into with a Veterinarian to attend to the medical issues of livestock.
- Livestock is regularly vaccinated.

The effective date of the assessments and valuation was 30 June 2023. Valuations were performed by an independent professional veterinarian, Dr M.J. Guma , a registered veterinarian in terms of Veterinary and Para-Veterinary Professions Act No. 19 of 1982.

10 **NON - CURRENT ASSETS HELD FOR SALE**

Opening balance	282,369	**-**
Sold during the year	(167,529)	
Transferred from Property, plant and equipment	(114,840)	**282,369**
Closing balance	**-**	**282,369**

Some property, plant and equipment were identified as redundant.
Management took a decision to sell them in a public auction in July 2022

These were reported in the Ntinga Segment in the segmental discloures.

11 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	2,541,816	341,635
Other accruals	4,116,480	5,776,047
Annual bonus	1,097,510	1,256,578
Sundry Creditors	3,018,970	4,519,469
Salary deductions	63,072	797,360
O.R. Tambo District Municipality	-	-
	6,721,368	**6,915,042**

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

12 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Sustainable Villages SURUDEC - Baziya Sustainable Village Project	446,974	446,974
Total Payables from non-exchange transactions	**446,974**	**446,974**

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

13 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	1,689,802	1,626,733
Provincial and National Government Grants	-	-
District Municipality	1,689,802	1,986,832
Other Grant Providers	-	202,569
Balance previously reported		2,189,401
Correction of error note 27		(562,668)
Total Conditional Grants and Receipts	**1,689,802**	**1,626,733**

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.

		2023 R	2022 R
14	**CURRENT EMPLOYEE BENEFITS**		
	Provision for Staff Leave	4,996,323	5,661,468
	Total Current Employee Benefits	**4,996,323**	**5,661,468**
	The movement in current employee benefits are reconciled as follows:		
14.1	***Provision for Staff Leave***		
	Balance at beginning of year	5,661,468	4,788,007
	Current year contribution/ / (reversal)	(302,588)	1,292,084
	Expenditure incurred	(362,557)	(418,623)
	Balance at end of year	**4,996,323**	**5,661,468**

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 48 leave days. This provision will be realised as employees take leave, when employment is terminated or any circumstance approved by the board of directors.

		2023 R	2022 R
15	**OPERATING LEASE ARRANGEMENTS**		
	Future minimum lease payments of the operating lease		
	Up to 1 year	126,000	126,000
	2 to 5 Years	73,500	199,500
	Total Operating Lease Payments	**199,500**	**325,500**

The operating lease consist of an agreement entered into with Missionary Sisters of the Precious Blood over a period of 12 years. The entity leases a Dairy Farm. The latest agreement was entered into on 1 January 2013 and expires on 29 January 2025. The initial rental amount in the contract is R 10,500.00 (Including VAT) per month.

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

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

		2023 R	2022 R
16	**LONG-TERM LIABILITIES**		
	Capitalised Lease Liability - At amortised cost	295,119	**67,281**
	Current Portion transferred to current liabilities	**295,119**	**67,281**
	Capitalised lease liability - At amortised cost	**(90,072)**	**(67,281)**
	Total long term liabilities - at amortised cost using the effective interest rate method	**205,047**	**-**
	Future minimum lease payments of the finance lease		
	Up to 1 year	**90,072**	**67,281**
	2 to 3 years	**205,047**	**-**
	More than 3 years	**-**	**-**
		295,119	**67,281**

The minimum lease periods is 36 months with the final lease payments made on 30 June 2026..

The capitalised lease liability consists of the following contracts:

Supplier	Description of the leased item	Effective	Annual Escalation
Emalangeni Technologies	Thinkpad Smart PC's	12%	0%

17 TRANSFERS AND SUBSIDIES

O.R. Tambo District Municipality	49,553,214	45,993,598
O.R. Tambo District Municipality - Conditional	4,444,447	724,556
Other grants	-	-
Total income	**53,997,661**	**46,718,154**

Total Grants

Opening balance	1,626,733	2,506,652
Grants received - O.R. Tambo District Municipality	49,553,214	45,993,598
Grants received - Other	4,426,127	773,781
Less: Amount transferred to revenue	-	-
Unconditional Grants utilised	(49,553,214)	(45,993,598)
Conditions met: O. R. Tambo District Municipality	(112,291)	(1,036,911)
Conditions met: Other grants	(4,250,767)	(54,121)
Correction of error note 27		(562,668)
Conditions still to be met/(Grant expenditure to be recovered)	**1,689,802**	**1,626,733**
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	1,689,802	1,626,733
	1,689,802	**1,626,733**

18 SALE OF GOODS AND RENDERING OF SERVICES

Agency Servicess	-	670,824
Other income	62,474	451,797
Fresh Farm Products - Meat	10,563,853	12,841,519
Slaughter Services	444,535	122,242
Commission	75,298	163,866
Office rentals, storage fees, parking fees etc	243,000	381,817
Sales of Fresh Farm Products - Animals	-	-
Sales of Fresh Farm Products - Crops	381,813	243,380
Decrease of liability	-	-
Discount received	195	159
Total	**11,771,168**	**14,875,604**

19 Adjustments to Biological Assets

19.1 Gains

Fair Value adjustments - Changes in fair values	300,374	5,612,332
Fair Value adjustments - Livestock births	74,000	104,400
	374,374	**5,716,732**

19.2 Losses

Fair Value adjustments - Price changes	-	-
Physical changes - Livestock deaths	381,000	460,180
	381,000	**460,180**

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

	2023 R	2022 R

20 EMPLOYEE RELATED COSTS

Basic salary	29,206,801	31,631,627
Wages	-	4,685
Bonus - 13th Cheque	1,930,327	2,169,679
Provident fund	3,943,878	3,857,732
Allowances	4,017,954	4,424,107
Staff leave	-	1,292,083
Unemplyment Insurance and Skills Development contributions	558,658	578,708
Overtime	431,756	381,080
Total Employee Related Costs	**40,089,374**	**44,339,701**

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	**3,943,878**	**3,857,732**

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Chief Executive Officer

Basic Salary	1,478,860	1,337,745
Acting Allowance	-	32,590
Travel Allowance	228,918	170,973
Cellphone Allowance	-	22,578
Annual Bonus - 13th Cheque	95,329	90,103
Pension	185,672	172,053
Total	**1,988,779**	**1,826,042**

Remuneration of the Chief Financial Officer

Basic Salary	1,267,509	796,101
Acting Allowance	-	377,829
Travel Allowance	158,876	125,870
Cellphone Allowance	-	14,892
Annual Bonus - 13th Cheque	63,553	40,777
Pension	-	102,024
Total	**1,489,938**	**1,457,493**

In the previous year the position was occupied by an acting incumbent, CFO was appointed on 01st April 2022.

Remuneration of the Corporate Service Manager

Basic Salary	1,166,297	1,254,848
Travel Allowance	154,460	159,743
Annual Bonus - 13th Cheque	132,081	93,491
Pension	143,268	161,398
Leave gratuity	144,526	-
Total	**1,596,106**	**1,669,480**

The contract for the previous Corporate Services Senior Manager expired on 08 April 2023. The position was subsequently occupied by an acting incumbent. The Corporate Services Senior Manager was appointed on the 12th May 2023.

Remuneration of the Senior Manager Trading Enterprises

Basic Salary	1,175,232	1,100,679
Travel Allowance	214,156	166,483
Cellphone Allowance	-	-
Annual Bonus - 13th Cheque	109,157	77,161
Pension	147,546	141,540
Total	**1,646,091**	**1,485,863**

Remuneration of the Company Secretary

Basic Salary	915,332	385,361
Travel Allowance	68,355	31,245
Cellphone Allowance	-	-
Annual Bonus - 13th Cheque	50,417	41,790
Pension	115,131	50,097
Gratuity	-	59,115
Total	**1,149,235**	**567,608**

Company Secretary resigned on 31st July 2021. Upon her resignation Contracted Company Secretary services were employed. The permanent Company Secretary was employed on the 15th February 2022.

21	BOARD OF DIRECTORS RELATED COSTS	R 2023	R 2022
	Sitting allowances and re-imbursive travel costs	1,021,380	840,769
	Accomodation and travel costs	90,869	-
	Total Board of Directors related costs	**1,112,249**	**840,769**

REMUNERATION PER BOARD MEMBER

30 JUNE 2023

Board Member		Sitting Allowance	Retainer fees	Re-imbursive travel expenses	TOTAL
Ms. N.G. Ngxishe	Audit and Risk Committee member	31,900	-	-	31,900
Mr. G. Labane	Audit and Risk Committee member	31,891	-	-	31,891
Mr. O.S. Ngqele	Audit and Risk Committee member	31,891	-	-	31,891
Mr. M. Msiwa	Audit and Risk Committee member	38,269	-	-	38,269
Mr. C.J. Sparg	Audit and Risk Committee member	91,208	-	-	91,208
Mr. T. Yako		95,570	14,336		109,906
Mr M.M. Pupuma		-	21,571	-	21,571
Rev. N.D.A. Ngewu		6,378	26,458	-	32,836
Mr. S. Mancotywa		44,647	7,357	4,400	56,404
Mr. Z.W. Xalisa		57,404	8,644	225	66,273
M.P. Madikiza		51,026	7,654	-	58,679
Dr. L.L. Ndabeni		144,476	39,541	885	184,902
Mr. M. J. Sikhosana		57,404	9,318	4,717	71,439
Ms. U.N. Mkize		-	11,807	-	11,807
Ms. N.S.N. Bam		-	23,614	-	23,614
Dr. N.T. Ndudane		119,500	39,289	-	158,789
		801,564	**209,589**	**10,227**	**1,021,380**

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

30 JUNE 2022

Board Member	Sitting Allowance	Re-imbursive travel expenses	TOTAL
Mr M.M. Pupuma	143,805	-	143,805
Rev. N.D.A. Ngewu	176,387	-	176,387
Dr. L.L. Ndabeni	118,251	-	118,251
Ms. U.N. Mkize	78,713	-	78,713
Ms. N.S.N. Bam	157,429	-	157,429
Dr. N.T. Ndudane	136,927	-	136,927
Ms. N. Makuni*	29,256	-	29,256
	840,769	**-**	**840,769**

Members of the Board are non-executive directors. In order to enable them to carry out their responsibilities efficiently and effectively some members are provided with computer equipment and data bundles. Except for the Board Chairperson members are divided to serve in board committes. *Mrs. Makuni served as an independent member of the Audit and Risk Committee only.
The Chairperson of the Board bills a rate of 7,653 per sitting, Board Committes Chairpersons R 7,016.01 and Committee members R 6,378.19

22 DEPRECIATION AND AMORTISATION

Property Plant and Equipment	4,671,637	5,002,208
Intangible Assets	102,125	263,162
	4,773,762	**5,265,370**

23 IMPAIRMENTS

Property Plant and Equipment	41,751	-
Intangible assets	-	-
	41,751	-

24 FINANCE CHARGES

Interest expenses	829,695	110,166
Penalties	558,000	
Total finance charges	**1,387,695**	**110,166**

The finance charges includes interests on overdue payables resulted on shortage of resources to pay timeously.

25 Operational costs

Accommodation and travel	397,677	243,598
Advertising and promotion	108,401	79,017
Audit fees	2,051,603	2,145,460
Bank charges	4,367	314,952
Bar codes	2,275	7,435
Cleaning	24,408	2,435
Courier and postage	891	500
Consulting and professional fees	80,058	308,349
Consumables	78,369	52,758
Donation	-	-
Commission paid	68,733	173,755
Emploee wellness	9,720	46,432
Fuel and oil	316,384	1,207,256
Feed	443,903	772,387
Hiring expenses	-	50,000
Legal fees	-	-
Livestock purchases	9,571,705	10,673,570
Marketing	-	-
Livestock - Adam Kok Farms	-	-
Motor vehicle expenses	74,917	67,942
Penalties and interest on taxes	-	-
Municipal services	1,702,982	1,643,335
Occupational health and safety	2,790	-
Packaging	152,403	96,112
Printing and stationery	128,206	206,456
Provision for doubtful debts contribution	-	7,758,398
Protective clothing	129,584	52,271
Repairs and Maintenance	720,928	485,968
Social facilitation	-	-
Staff training	175,577	21,552
Staff recruitment costs	-	-

Staff welfare	-	-
Strategic planning session	66,545	-
Subscriptions	14,913	12,199
Telephone and fax	-	964,051
Veterinary services	3,432	-
Water and electricity	-	-
Cash-up losses	-	-
Agricultural development	870,057	145,650
Personnel and labour	404,281	369,831
Fundraising and resources mobilisation	-	-
Trade and investment promotion	6,098	12,561
Licensing - software	294,731	-
Total operational costs	**17,905,938**	**27,914,229**

26 Contracted Services

Accommodation and travel	214,165	-
Agricultural development	3,238,557	-
Bank charges	241,099	-
Cleaning	152,083	118,904
Fuel and oil	720,444	-
Feed	139,312	-
Insurance - assets	935,971	1,519,231
Internal audit expenses	-	108,590
Leasing Hire Fac	29,024	21,190
Printing and stationery	42,898	-
Repairs and Maintenance	8,600	-
Software licencing	269,320	249,061
Veterinary services	-	-
Telephone and fax	1,022,247	-
Valuation services	-	23,400
Website maintenance and server hosting	89,416	97,780
Cash collection services	94,767	122,905
Meat inspection	199,122	156,820
Medication - livestock & vetenary services	178,955	283,693
Rental expenses	126,000	126,000
Security services	980,734	990,103
Co-ordination fees	78,648	115,106
Licensing - software	216,703	664,008
	8,978,065	**4,596,791**

27 CORRECTION OF ERROR IN TERMS OF GRAP 3

The error relates to the following:-

Conditions of the Conditional grants were met in the previous years.

Intangible assets, cost and accumulated depreciation were overstated due to the write off not recognised in the previous years.

The comparative amounts have been appropriately adjusted. The effect of the correction of this error on the results of 2022 are as follows:

27.1 Accumulated surplus

Balance previously reported		**46,762,613**
Conditions met in the previous years on conditional grants		**562,668**
Restated balance		**47,325,281**

27.2 Conditional Grants

Balance previously reported		**2,189,402**
Conditions met in the previous years on conditional grants		**(562,668)**

	Restated balance		**1,626,734**
27.3	**Intangible assets**		
	Cost		
	Balance previously reported		**2,005,097**
	Intangible assets, cost overstated due to the write off not recognised		**(462,799)**
	Restated balance		**1,542,298**
27.4	**Intangible assets**		
	Accumulated Depreciation		
	Balance previously reported		**1,784,737**
	Intangible assets, cost overstated due to the write off not recognised		**(462,799)**
	Restated balance		**1,321,938**

28 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.
- Kei Fresh Produce Market. The market is based in Mthatha. It is plattform wherein farmers bring their produce for sale. The Entity generates as revenue commission on sales. Space and equipment are also rented out at a fee.
- The Entity's mandate includes the repairs and maintenance of water schemes. The function is funded by the parent municipality and the Entity is paid for work done. The Entity is also acting as a paymaster for operators appointed by the parent municipality and generates revenue in the form of implementation fees.

b) Segments are aggregated for reporting purposes.

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

Segment surplus or deficit, assets and liabilities

2023

	Ntinga Head office	Umzikantu Red Meat Abattoir	Adam kok Farms	Kei Fresh Produce Market	Water Services	Total
Revenue						
Transfers and Subsidies	53,997,661	-	-	-	-	**53,997,661**
Other income	264,014	-	1,942,460	-	-	**2,206,474**
Agency Servicess	-	-	-	-	-	**-**
Fresh Farm Products - Meat	-	10,563,853	-	-	-	**10,563,853**
Slaughter Services	-	444,535	-	-	-	**444,535**
Commission	-	-	-	75,298	-	**75,298**
Office rentals, storage fees, parking fees etc	-	-	-	243,000	-	**243,000**
Sales of Fresh Farm Products - Animals	-	-	0	-	-	**-**
Sales of Fresh Farm Products - Crops	-	-	381,813	-	-	**381,813**
Total revenue	**54,261,675**	**11,008,388**	**2,324,273**	**318,298**	**-**	**67,912,634**
Employee costs	26,275,694	3,342,839	5,367,872.05	3,376,919.13	**1,726,050**	**40,089,374**
Depreciation	3,809,799	294,895	0	669,067.55	**-**	**4,773,762**
Other costs	14,676,971	9,611,336	4,393,908.58	1,124,481.74	**-**	**29,806,698**
Total expenditure	**44,762,464**	**13,249,070**	**9,761,781**	**5,170,468**	**1,726,050**	**74,669,834**
Surplus/(Deficit) for the period	**9,499,211**	**-2,240,682**	**-7,437,508**	**-4,852,170**	**-1,726,050**	**-6,757,200**
ASSETS						
Property, plant and equipment	6,131,110	1,817,245	30,799,775	9,191,023	**0**	**47,939,153**
Other assets	118,235	0	0	0	**0**	**118,235**
Deferred tax	-	0	0	0	**0**	**0**
Receivables	253,970	154,713	1,626,596	0	**0**	**2,035,279**
Inventory	38,502	82,295	2,212,886	0	**0**	**2,333,683**
Cash and cash equivalents	3,023,482	397,058	135,643	138,059	**0**	**3,694,242**
Non-current assets held for sale	-	0	0	0	**0**	**0**
Biological assets	-	0	13,732,163	0	**0**	**13,732,163**
Total Assets	**9,565,299**	**2,451,311**	**48,507,063**	**9,329,082**	**-**	**69,852,754**
LIABILITIES	5,436.80					
Trade payables	6721368.05	0	0	0	**0**	**6,721,368**
Other creditors	22,260,672	0	0	0	**0**	**22,260,672**
Total Liabilities	**28,982,040**	**-**	**-**	**-**	**-**	**28,982,040**

2022

	Ntinga Head office	Umzikantu Red Meat Abattoir	Adam kok Farms	Kei Fresh Produce Market	Water Services	Total
Revenue						

Transfers and Subsidies	46,718,154	-	-	-	**-**	**46,718,154**
Other income	1,767,912	-	5,716,732	-	**-**	**7,484,644**
Agency Servicess	-	-	-	-	670,824	**670,824**
Fresh Farm Products - Meat	-	12,841,519	-	-	-	**12,841,519**
Slaughter Services	-	122,242	-	-	-	**122,242**
Commission	-	-	-	163,866	-	**163,866**
Office rentals, storage fees, parking fees etc	-	-	-	381,817	-	**381,817**
Sales of Fresh Farm Products - Animals	-	-	0	-	-	**-**
Sales of Fresh Farm Products - Crops	-	-	243,380	-	-	**243,380**
Total revenue	**48,486,066**	**12,963,761**	**5,960,112**	**545,683**	**670,824**	**68,626,446**
Employee costs	26,014,836	3,408,075	4,941,376	3,645,635	6,329,779	**44,339,701**
Depreciation	4,267,687	324,678	0	673,006	**-**	**5,265,371**
Other costs	17,526,149	10,898,094	4,526,002	1,028,419	**-**	**33,978,664**
Total expenditure	**47,808,672**	**14,630,847**	**9,467,378**	**5,347,060**	**6,329,779**	**83,583,736**
Surplus/(Deficit) for the period	**677,394**	**-1,667,086**	**-3,507,266**	**-4,801,377**	**-5,658,955**	**-14,957,290**
ASSETS						
Property, plant and equipment	8,915,999	1,926,794	31,354,960	8,766,083	**0**	**50,963,836**
Other assets	220,360	0	0	0	**0**	**220,360**
Deferred tax	-	0	0	0	**0**	**0**
Receivables	259,407	108,888	0	0	**0**	**368,295**
Inventory	8,420	149,863	3,977,102	79,930	**0**	**4,215,315**
Cash and cash equivalents	3,851,549	454,611	224,999	395,764	**0**	**4,926,922**
Non-current assets held for sale	282,369					**282,369**
Biological assets	0	0	14,567,854	0	**0**	**14,567,854**
Total Assets	**13,538,103**	**2,640,156**	**50,124,914**	**9,241,777**	**-**	**75,544,950**
LIABILITIES						
Trade payables	6,915,042	0	0	0	**0**	**6,915,042**
Other creditors	21,867,297	0	0	0	**0**	**21,867,297**
Correction of error note 27	(562,668)					**(562,668)**
Total Liabilities	**28,219,671**	**-**	**-**	**-**	**-**	**28,219,671**

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

	2023 R	2022 R
Deficit for the year	(6,454,612)	(14,957,290)
Adjustments for:		
Depreciation	4,671,637	5,002,208
Amortisation of Intangible Assets	102,125	263,162
Impairments - Property, Plant and Equipment	41,751	
Donations received	-	-
Adjustments to Biological Assets	6,626	(5,256,552)
(Gain)/loss on disposal of Property, Plant and Equipment	(9,251)	-
Loss on disposal of Property, Plant and Equipment	-	
Gains on disposal of Biological Assets	(1,568,086)	(1,203,559)
Contribution from/to employee benefits	-	1,292,083
Correction of prior year error - note 28	-	-
Increase in provision for doubtful debts	-	7,758,398
Operating Loss before changes in working capital	(3,209,810)	(7,101,550)
Changes in working capital	160,751	7,840,028
(Decrease) / Increase in Payables from Exchange Transactions	(193,672)	(156,853)
Increase in Provision for Current Employee Benefits	(665,144)	(418,622)
(Decrease) / Increase in Unspent Conditional Government Grants and Receipts	63,070	(317,252)
Increase in Taxes	1,330,282	5,031,424
Increase in Inventory	1,293,201	3,661,127
(Increase) / Decrease in Accounts Receivables	(1,666,985)	40,204
Cash utilised/(generated) by operations	**(3,049,059)**	**738,478**

30 CASH AND CASH EQUIVALENTS

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

	2023 R	2022 R
Call Investments Deposits - Note 2	2,666,679	1,825,899

Cash Floats - Note 2	3,631	12,918
Bank - Note 2	1,023,932	3,088,105
Total cash and cash equivalents	**3,694,242**	**4,926,922**

31 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 2	3,694,242	4,926,922
	3,694,242	4,926,922
Less:	1,689,802	1,626,732
Unspent Committed Conditional Grants - Note 13	1,689,802	1,626,732
Resources (required) / available for working capital requirements	**2,004,440**	**3,300,189**

32 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

32.1 Additions to Property, Plant and Equipment

Purchase of property, plant and equipment - Note 7	1,573,863	126,114
Financed by way of finance lease	-	-
Cash movement	**1,573,863**	**126,114**

33 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

33.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	1,552	1,552
Fruitless and wasteful expenditure incurred	1,442,231	-
Less: Recovered during the year	(1,552)	-
Outstanding Balance	1,442,231	1,552
Fruitless and wasteful expenditure awaiting further action	1,442,231	1,552
		-

Incident	Disciplinary steps/ proceedings
Interest and penalties were incurred in relation to over due amounts for Auditor General - Audit Fees (R336,856), South African Revenue Services - VAT (R1,005,174) and O.R. Tambo District Muniipality - Water provisioning (R100,201)	Processes to have amnesty in relation to these amounts are being followed with these institutions.

33.2 **Irregular expenditure**

Reconciliation of irregular expenditure:		
Opening balance	1,572,704	1,572,704
Irregular expenditure incurred during the year	1,258,126	-
	2,830,830	**1,572,704**
Condoned during the year	-	**-**
Irregular expenditure awaiting further action This expenditure was reported to the parent municipality and is awaiting action by Council.	**2,830,830**	**1,572,704**

Incident	**2023**	**2022**
Sage Evolution R 158,105. No declarattion of interest was attached on the payment voucher. Supplier insisted that their CSD is detailed to cover the information on their interests. This happened during 2019/20 financial year	-	-
Jim Palo Trading R 111,001. Their tax status was non-tax copliant at the time of appointment. They are subsequently tax compliant. This happened during 2019/20 financial year	-	-
Uhlelo Engineering R 56,134. Did not qualify for being selected as supplier to procure goods and services considering points scored. No cancellation letter could be produced for the winning bidder. This happened during 2019/20 financial year	-	-
Lindwin Trading R 43,152. Their director was in employment of the state. This happened during 2019/20 financial year	-	-
Bid specifications not including the local content requirement R 288,368. This happened during 2018/19 financia year.	-	-
During the 2020/21 financial year procurement was made through deviation from a single source supplier without following the entity's SCM policy in full. R 215,717.	-	-
Employees whose salaries include travel allowances used Entity vehicles, the issue was raised in the 2017/18 financial year. R 700,228.	-	-
During the financial year a procurement through competitive bidding was concluded where the entity excluded trasportation costs that were quoted by bidders and instead negotiated transportation costs, this lead to the incorrect calculation of Preference Points for the following bids:-		
1. Supply and delivery of maize seeds	767,970	-
2. Supply and delivery of seeds and seedlings	42,650	-
3. Supply and delivery of agro chemicals	436,287	-
The Entity appointed a service provider for R 140162, for a six month period, during this period the service required a variation order due to a change in pricing (driven by exchange rates). The Agency issued a variation order which led to the final payments after six months amounting to R 151,382 for Supply and delivery of software licenses.	11,219	
	1,258,126	-

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

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

	R	**R**
Opening balance	1,551,736	-
Current year audit fee	2,375,933	2,145,460
Amount paid - current year	-	(593,724)
Closing balance	**2,375,933**	**1,551,736**

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

Opening balance	(13,502,173)	(8,470,750)
VAT payments made to SARS - previous year	127,940	-
VAT due to SARS - current year	(8,328,494)	(6,472,355)
VAT payments made to SARS - current year	6,870,272	1,440,932
Closing balance - Payable	**(14,832,455)**	**(13,502,173)**

VAT is accounted for on a payment basis.

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

Opening balance	764,338	607,038
Current year payroll deductions and contributions	8,010,427	8,612,561
Amount paid - current year	(8,648,962)	(8,455,261)
Closing balance	**125,803**	**764,338**

	2023	**2022**
	R	**R**
34.4 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	113,875	110,760
Current year payroll deductions and contributions	4,652,467	4,611,223
Amount paid - current year	(4,652,265)	(4,608,108)
Closing balance	**114,077**	**113,875**

34.5 Supply Chain Management Deviations

Procurement transactions where it was impractical to follow normal SCM procedures	8,732,988	8,486,477
Total	**8,732,988**	**8,486,477**

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

35 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:	61,295	61,295
Total commitments consist out of the following:		
- Sanitation projects	61,295	61,295
	61,295	**61,295**
This expenditure will be financed from:		
Government Grants	61,295	61,295
	61,295	**61,295**

These are Sanitation projects contracts that were awarded and the work was not done by the appointed consultants.

36 FINANCIAL RISK MANAGEMENT

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

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 immaterial nature of individual balances. In the case of consumer debtors the entity effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Board endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection".

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

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

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

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

	2023 R	2022 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	1,729,471	108,886
Receivables from non-exchange transactions	305,808	259,408
Cash and Cash Equivalents	3,694,242	4,926,922
	5,729,521	**5,295,216**

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.

2023	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	7,168,342		7,168,342	-	-
Unspent conditional government grants and receipts	1,689,802		1,689,802	-	-
	8,858,144		8,858,144	-	-

2022	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	7,362,015		7,362,015	-	-
Unspent conditional government grants and receipts	1,626,732		1,626,732	-	-
	8,988,747		8,988,747	-	-

37 FINANCIAL INSTRUMENTS

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

37.1 Financial Assets	**Classification**		
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	1,729,471	108,886
Receivables from non-exchange transactions	Financial instruments at amortised cost	305,808	259,408
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	2,666,679	1,825,899
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	1,023,932	3,088,105
Cash Floats and Advances	Financial instruments at amortised cost	3,631	12,918
		5,729,521	**5,295,216**
SUMMARY OF FINANCIAL ASSETS			
Financial instruments at amortised cost		5,729,521	5,295,216
At amortised cost		**5,729,521**	**5,295,216**

37.2 Financial Liability	**Classification**		
Payables from exchange transactions			
Trade creditors	Financial instruments at amortised cost	2,541,816	341,635
Salary deductions	Financial instruments at amortised cost	63,072	797,360
Accruals		4,116,480	5,776,047
Payables from non-exchange transactions		446,974	446,974

		2023	2022
Government Subsidies and Grants	Financial instruments at amortised cost	1,689,802	1,626,732
		8,858,144	**8,988,748**

SUMMARY OF FINANCIAL LIABILITY

Financial instruments at amortised cost	**8,858,144**	**8,988,748**

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

38 EVENTS AFTER THE REPORTING DATE

A RAFFI equipment with a cost price of R 2,6m and a book value of R 0,8m was caught fire that damaged it's tyres.

39 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.

40 CONTINGENT LIABILITIES

	2023 R	2022 R
Man Truck & Bus (Pty) Ltd; The Entity is a second defendant on a matter involving a collision between a truck and a cow at Adam Kok Farms.	-	218,254
CE Du Plessis and 2 other vs OR Tambo District Municipality. Defendent is OR Tambo District Municipality and Ntinga is the second respondent. Plaintiffs alleges that their respective properties were damaged by fires which came from Adam Kok Farms owned by ORTDM and managed by Ntinga. The matter is being defended by the municipality.	-	1,781,524
Zandisile Kanise vs OR Tambo District Municipality. Defendent is OR Tambo District Municipality and Ntinga is the second respondent. Mr. Z.L. Kanise is employed by Ntinga. As per request of ORTDM he was seconded at ORTDM, Executive Mayor Office without any documentation. It is alleged that he acted as a Policy Analyst on secondment from Ntinga.	-	2,000,000
Benzile Munala vs Kei Fresh Produce Market. The matter is between Kei Fresh Produce Market and its former employee. It happened before the market was transferred to Ntinga by the municipality. The matter relates to an alleged unfair labout practice.	-	500,000
Sheriff of th Court - Kokstad vs Ntinga. The Sheriff is claiming re-imbursement of costs incurred after eviction of livestock at Adam Kok Farms. Ntinga is challenging the matter.	-	230,000
Ms Gwavu vs Kei Fresh Produce Market / Ntinga. Ms Gwavu was dismissed in 2011 by Kei Fresh Produce Market for gross negligence and the lost of funds before the market was incorporated into Ntinga. An out of court settlement was reached between the parties and it was settled by the District Municipality after year end.	-	-
Sontongane Vuyani vs Ntinga. In December 2019 the entity received summons dated 14 October 2019 alleging that the cliamant's vehicle hit a cow belonging to the entity. The matter is being defended.	-	160,200
Ayanda Mgedezi 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 Bookeeper at Ikwezi Dairy Farm. The former employee is accused of stealing milk to the amount of R37272.60 between 01 - 30 October 2012 and 01 January 2013 to 31 March 2013.	3,055,000	3,055,000
	3,055,000	**7,944,978**

41 RELATED PARTIES

41.1 Related Party Loans

No loans to or from related parties

41.2 Compensation of key management personnel

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

41.3 Other related party transactions

Grant Amount

O.R. Tambo District Municipality	49,553,214	45,993,598

In-kind donations and assistance

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

Service Delivery services arrangements with the parent municipality

The Entity assigned a function of repairing and maintaning water schemes in rural and peri-urban areas. The Entity is the paymaster for water scheme operators appointed by the parent municipality. It derives revenue from these functions.	-	670,824

The Water Services Function was handed back to the Parent Municipality hence there iare no transaction for the curent year

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

- Value of services provided	326,642	152,357
- Debt in relation of water supply	1,745,006	1,344,476
- Interest charged on overdue accounts	100,201	79,283

Donation of Assets and Transfer of liabilities

Donation and transfer of assets.	-	-

41.4 Nature of related party relationship

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

Related party transactions were undertaken at arms length.

42 FINANCIAL SUSTAINABILITY

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

Financial Indicators

The parent municipality transferred to the Entity revenue generating assets.
Due to this, the entity's revenue generation is improving from year to year.

43 Going concern

The parent municipality, O.R. Tambo District Municipality, continues to provide financial support to the Entity. There is commitment by the parent to continue funding the entity. The Entity is implementing a strategy that is focused on generating own revenue particularly from its trading enterprises. Current assets exceeded current liabilities in the current financial year, however management is working with the Parent Municipality to recover the debt owed by the Parent Municipality in order to strengthen it's liquidity.

7 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2023

Reconciliation of Carrying Value	Cost Opening Balance	Additions	Transferred to / from Non-Current Assets held for sale	Impairment	Disposals	Closing Balance	Accumulated Depreciation and Impairment Losses Opening Balance
	R	R			R	R	R
Land and Buildings	**45,487,608**	**380,968**	**-**		**-**	**45,868,576**	**5,556,795**
Land	23,001,877	-	-		-	23,001,877	-
Buildings	22,485,731	380,968	-		-	22,866,699	5,556,795
		-					
Lease Assets	**-**	**302,160**	**-**		**-**	**302,160**	**-**
Computer Equipment (Lease)	-	302,160	-		-	302,160	-
Office Equipment (Lease)	-	-	-		-	-	-
Other Assets	**31,290,588**	**890,735**	**465,267**		**-**	**32,646,589**	**20,257,565**
Furniture & Fittings	2,490,304	23,700	-		-	2,514,004	1,897,106
Tractor and other farming equipment	-	-	-		-	-	-
Motor vehicles	3,644,339	-	-		-	3,644,339	2,610,663
Plant and equipment	22,486,056	763,130	465,267		-	23,714,453	14,109,126
Computer Equipment	2,141,788	103,905	-		-	2,245,693	1,252,275
Network Hardware	49,507	-	-		-	49,507	23,701
Orchard	-	-	-		-	-	-
Fencing	478,594					478,594	364,694
	76,778,196	**1,573,863**	**465,267**		**-**	**78,817,326**	**25,814,360**

APPENDIX "A"

Depreciation Charge	Transferred to / from Non-Current Assets held for sale	Impairment	Disposals	Closing Balance	Carrying Value
R		R	R	R	R
870,478	**-**	**41,751**	**-**	**6,469,023**	**39,399,553**
-		-	-	-	23,001,877
870,478	-	41,751	-	6,469,023	16,397,676
4,532	**-**	**-**	**-**	**4,532**	**297,628**
4,532		-	-	4,532	297,628
-	-	-	-	-	-
3,796,627	**350,427**	**-**	**-**	**24,404,619**	**8,241,971**
171,572		-	-	2,068,678	445,326
-		-	-	-	-
677,486	-	-	-	3,288,149	356,190
2,621,304	350,427	-	-	17,080,857	6,633,596
280,765	-	-	-	1,533,040	712,653
		-	-	23,701	25,806
-		-	-	-	-
45,500				410,194	68,400
4,671,637	**350,427**	**41,751**	**-**	**30,878,175**	**47,939,152**

30 JUNE 2022

Reconciliation of Carrying Value	Cost Opening Balance	Additions	Transferred to Non-Current Assets held for sale	Disposals	Closing Balance	Accumulated Depreciation and Impairment Losses Opening Balance
	R	R		R	R	R
Land and Buildings	**45,487,608**	**-**	**-**	**-**	**45,487,608**	**4,668,113**
Land	23,001,877	-	-	-	23,001,877	-
Buildings	22,485,731	-	-	-	22,485,731	4,668,113
Lease Assets	**-**	**-**	**-**	**-**	**-**	**-**
Office Equipment (Lease)	-	-	-	-	-	-
Other Assets	**32,934,141**	**126,114**	**1,678,913**	**90,754**	**31,290,588**	**17,300,108**
Furniture & Fittings	2,457,990	32,314	-	-	2,490,304	1,701,599
Motor vehicles	4,232,382	-	588,043	-	3,644,339	2,536,968
Plant and equipment	23,256,460	-	770,404	-	22,486,056	11,777,252
Computer Equipment	2,459,208	93,800	320,466	90,754	2,141,788	1,260,588
Network Hardware	49,507	-	-	-	49,507	23,701
Fencing	478,594	-	-	-	478,594	278,547
	78,421,749	**126,114**	**1,678,913**	**90,754**	**76,778,196**	**21,968,221**

	Depreciation Charge	Transferred to Non-Current Assets Held for Sale	Impairment	Disposals	Closing Balance	Carrying Value
	R		R	R	R	R
	888,682	**-**	**-**	**-**	**5,556,795**	**39,930,813**
	-		-	-	-	23,001,877
	888,682	-	-	-	5,556,795	16,928,936
	-	**-**		**-**	**-**	**-**
	-	-			-	-
	4,027,380	**1,396,544**	**-**	**38,073**	**20,257,565**	**11,033,023**
	195,507		-	-	1,897,106	593,198
	602,933	529,238	-	-	2,610,663	1,033,676
	2,910,850	578,976	-	-	14,109,126	8,376,930
	318,090	288,330	-	38,073	1,252,275	889,513
			-	-	23,701	25,806
	86,147		-	-	364,694	113,900
	4,916,062	**1,396,544**	**-**	**38,073**	**25,814,360**	**50,963,836**

10 BIOLOGICAL ASSETS

30 JUNE 2023

Reconciliation of Carrying Value - Livestock	Fair Value		Quantities	
	Cattle	Total	Cattle	Total
	R	R		
Opening balance	**14,567,854**	**14,567,854**	**1,162**	**1,162**
Total movements	**(835,690)**	**(835,690)**	**(131)**	**(131)**
Acquisitions	-	-	-	-
Births	74,000	74,000	370	370
Deaths	(350,200)	(350,200)	(31)	(31)
Gains from change in fair value	300,374	300,374	-	-
Losses from change in fair value	-	-	-	-
Transfers from ORTDM	-	-	-	
Transfers to/from inventory	557,631	557,631	83	83
Disposals	(1,417,495)	(1,417,495)	(553)	(553)
Closing balance	**13,732,164**	**13,732,164**	**1,031**	**1,031**

30 JUNE 2022

Reconciliation of Carrying Value	Fair Value		Quantities	
	Cattle	Total	Cattle	Total
	R	R		R
Opening balance	**13,173,660**	**13,173,660**	**1,636**	**1,636**
Total movements	**1,394,194**	**1,394,194**	**(474)**	**(474)**
Acquisitions	218,347	218,347	7	7
Births	104,400	104,400	518	518
Deaths	(460,180)	(460,180)	(52)	(52)
Gains from change in fair value	5,612,332	5,612,332	-	-
Transfers to inventory	(3,816,400)	(3,816,400)	(368)	(368)
Disposals	(264,305)	(264,305)	(579)	(579)
	14,567,854	14,567,854	1,162	1,162

Disclosure of grants and subsidies in terms of section 123 of mfma, 56 of 2003

Grant Description	Balance 01 July 2022	Allocation for the year	Receipts for the year	Interest Received	Commission	Transfers (to) / from other projects or Revenue	Grants repaid	Conditions met	Balance 30 June 2023
	R	R	R	R	R	R	R	R	R
Unconditional Grants									
District Municipality Grants									
O.R. Tambo District Municipality - Operations funding	-	-	49,553,214	-	-	-	-	(49,553,214)	-
Total District Municipality Grants	-	-	49,553,214	-	-	-	-	(49,553,214)	-
Conditional Grants									
O.R. Tambo District Municipality Project Funds									
Wool Improvement	265,010	-	-		-	-	-	-	265,010
Zandukwana Project	96,871		-			-		-	96,871
Sub-total	361,881								361,881
Correction of error	(360,081)								(360,081)
Restated	1,800							-	1,800
ORTDM Cooperatives Development Centre	-	-	-	-	-	-	-	-	-
RAFI Implementation	644,984	-	-	-	(40,135)	-	-	(65,692)	539,157
Trade and Investment Promotion	109,976		-		(366)	-		(6,098)	103,512
Total District Municipality Grants	756,760	-	-	-	(40,501)	-	-	(71,790)	644,469
Other Grant and Subsidy Providers									
Lefa Le Rona Trust	141	-	-	-		-	-	-	141
Ingquza Hill Local Municipality	202,446	-	-	-	-	-	-	-	202,446
Sub-total	202,587								202,587
Correction of error	(202,587)								(202,587)
Restated	0	-	-					-	0
Maize Project	869,974	-	4,426,127		(240,607)			(4,010,177)	1,045,317
Total Other Grant Providers	869,974	-	4,426,127	-	(240,607)	-	-	(4,010,177)	1,045,317
Total	**1,626,734**	**-**	**53,979,341**	**-**	**(281,108)**	**-**	**-**	**(53,635,181)**	1,689,786

Notes

Notes

Ntinga OR Tambo Development Agency

Annual Report - 2022/23

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