Nkonkobe

ECONOMIC DEVELOPMENT AGENCY

the people of promise

Nkonkobe Economic Development Agency

Annual Financial Statements for the year ended 30 June 2012

Final Version 5

Nkonkobe Economic Development Agency
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

Annual Financial Statements

for

Nkonkobe Economic Development Agency

for the year ended 30 June: ***2012***

Province:	Eastern Cape
AFS rounding:	***R (i.e. only cents)***

Contact Information:

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General information

Board members:	Ms. F Maqwati (Acting Chairman) Mr. B Mgijima Mrs. VV Nkomana Mr. MA Pebane Mr. MM Nyweba
Acting Chief Executive Officer:	Mr L Gwintsa
Registration Number:	2002/007921/08
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Auditors	Auditor General
Bankers	ABSA Bank

Chief Executive Officer's Responsibilities and Approval

The chief executive officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer 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. The external auditors are engaged to express an independent opinion on the annual financial statement and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The chief executive officer acknowledges that he is 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 the chief executive officer to meet these responsibilities, the chief executive officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of 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 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 risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

The chief executive officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The chief executive officer has reviewed the entity's cash flow forecast for the year ended 30 June 2012 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the entity is a going concern.

Although the chief executive officer is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements.

The annual financial statements set out on pages 5 to 27, which have been prepared on the going concern basis, were approved by the chief executive officer on 31 August 2012 and were signed on its behalf by:

Mr L Gwintsa
Acting Chief executive officer

31 August 2012

Nkonkobe Economic Development Agency
STATEMENT OF FINANCIAL POSITION
as at 30 June 2012

	Note	2012 R	2011 R
ASSETS			
Current assets			
Cash and cash equivalents	1	5,635,748	2,002,557
Other receivables from non-exchange transactions	2	-	843,637
Non-current assets			
Property, plant and equipment	3	497,905	440,632
Total assets		**6,133,653**	**3,286,826**
LIABILITIES			
Current liabilities			
Trade and other payables	4	471,943	39,822
Current portion of unspent conditional grants and receipts	5	4,843,507	1,929,865
Total liabilities		**5,315,450**	**1,969,687**
Net assets		**818,203**	**1,317,138**
NET ASSETS			
Accumulated surplus / (deficit)		818,203	1,317,138
Total net assets			
		818,203	**1,317,138**

Nkonkobe Economic Development Agency
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2012

	Note	2012 R	2011 R
Revenue			
Non-exchange revenue			
Interest earned - external investments	6	17,307	173,121
Government grants and subsidies	7	7,012,147	7,508,270
Exchange revenue			
Other income	8	552,410	29,100
Total revenue		**7,581,864**	**7,710,491**
Expenses			
Employee related costs	9	3,357,742	3,333,261
Depreciation and amortisation expense	10	104,011	63,526
Repairs and maintenance		1,906	9,877
Transfers and donations	3	486,747	
General expenses	11	4,050,013	3,026,183
Total expenses		**8,000,419**	**6,432,848**
Loss on sale of assets		(80,380)	-
(Deficit) / Surplus for the year		**(498,935)**	**1,277,643**

Nkonkobe Economic Development Agency

STATEMENT OF CHANGES IN NET ASSETS

as at 30 June 2012

	Note	Accumulated Surplus/(Deficit)	Total: Net Assets
		R	R
Balance at 30 June 2010		**37,735**	37,735
Correction of prior period error	14	1,760	1,760
Restated balance		**39,495**	39,495
Surplus for the year		1,277,643	1,277,643
Balance at 30 June 2011		**1,317,138**	**1,317,138**
Deficit for the year		(498,935)	(498,935)
Balance at 30 June 2012		**818,203**	**818,203**

Nkonkobe Economic Development Agency
CASH FLOW STATEMENT
as at 30 June 2012

	Note	2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		9,767,163	604,521
Grants, Subsidies and Transfers received		9,749,856	431,400
Interest received		17,307	173,121
Payments		(5,892,306)	(5,346,481)
Cash paid to suppliers and employees		(5,892,306)	(5,346,481)
Net cash flows from operating activities	12	**3,874,857**	**(4,718,925)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(241,664)	(484,517)
Net cash flows from investing activities		**(241,664)**	**(484,517)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows from financing activities		-	-
Net increase / (decrease) in net cash and cash equivalents		3,633,190	(5,203,442)
Net cash and cash equivalents at beginning of period		2,002,557	7,205,999
Net cash and cash equivalents at end of period	13	**5,635,748**	**2,002,557**

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

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

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

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

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

1.2 PRESENTATION CURRENTY

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the entity will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where 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.

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

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

GRAP 18 Segment Reporting -
GRAP 20 Related Parties - issued
GRAP 21 Impairment of non-cash
GRAP 23 Revenue from Non-
GRAP 24 Presentation of Budget
GRAP 25 Employee Benefits - issued
GRAP 26 Impairment of cash
GRAP 103 Heritage Assets - issued
GRAP 104 Financial Instruments -
GRAP 105 Transfer of functions
GRAP 106 Transfer of functions
GRAP 107 Mergers

Application of all the above GRAP standards will be effective from the date to be announced by the Minister of Finance and no standards have been early edopted. For the standards that have been approved, but an effective date has not been determined by the Minister of Finance at the reporting date, certain elements may have been used to formulate an accounting policy.

The impact of the standards not yet effective on future financial statements is not expected to be significant.

Management has considered all the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality. Management applied Directive 5 in determining its reporting framework and accounting policies.

2 PROPERTY, PLANT AND EQUIPMENT

2.1 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. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by 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, plan 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 asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was 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.

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revalutaion less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revalutation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

2.3 SUBEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and 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 associated with the asset.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives in line with National Treasury guidelines:

Asset Category	
Furniture and fixtures	6 years
Computer equipment	3 years
Office equipment	5 years
Motor vehicles	5 years

The Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined other than for certain Machinery and Equipment and Transport assets with significant carrying values. For Machinery and Equipment and Transport (Above R5,000) the residual value and the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

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 the impairment is recognised in the Statement of Financial Performance

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of 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.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. 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 capitlised. 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; and
- it is probable that the entity will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

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

3.2 SUBEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amoritisation and impairments. 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.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	3 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in acounting estimate in the Statement of Financial Performance.

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of 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.

3 FINANCIAL INSTRUMENTS

3.1 INITIAL RECOGNITION

Financial instruments are intitally recognised at fair value.

3.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

3.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

3.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

3.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liaibilities held at amortised cost, are intitially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

3.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). 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, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

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: other financial liabilties carried at amortised cost.

4 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the 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 in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

5 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 (Act No. 20 of 1998) or is in contravention of the Municipality’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

6 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

7 RECOVERY OF UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE

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 councillors or officials is probable.The recovery of unauthorised, irregular, fruitless and wasteful expenditure is treated as other income in the Statement of Financial Performance.

8 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the entity has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits 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. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits 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.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:
(a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The entity has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

9 LEASES

9.1 ENTITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity. Property, plant and equipment or intangible assets 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, equipment or intangibles. 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 derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

9.2 ENTITY AS LESSOR

Under a finance lease, the entity recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the entity, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

10 REVENUE

Revenue is only recognised once all of the following criteria have been satisfied:
a) The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
b) The amount of revenue can be measured reliably; and
c) It is probable that the economic benefits or service potential associated with the transaction will flow to the Entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Entity has an obligation in terms of legislation to collect all revenue and as such, the Entity does not consider the collectability of the revenue on initial recognition. The Entity will assess collectability subsequent to initial measurement and should the receivable be impaired, the impairment loss will be recognised as an expense.

10.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

Interest revenue is recognised on a time proportion basis.

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

Dividends are recognised on the date that the Entity becomes entitled to receive the dividend.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

10.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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 the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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, a deferred income (liability) is recognised.

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 councillors or officials is virtually certain.

10.3 GRANTS, TRANSFERS AND DONATIONS

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 raised 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.

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.

11 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The entity ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

12 EMPLOYEE BENEFITS

12.1 LEAVE PAY ACCRUAL

The liability is based on the total amount of leave days due to the employees at reporting date and on the total remuneration package of the employees.

13 IMPAIRMENT OF ASSETS

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municpality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

14 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 Annual Financial Statements are authorised for issue. Two types of events can be identified:

a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
b) those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Entity will adjust the amounts recognised in the Annual Financial Statements to reflect adjusting events after the reporting date once the event occurred.

The Entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the Annual Financial Statements.

Nkonkobe Economic Development Agency
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		99	286
Cash at bank		531,534	5,775
Call deposits		5,104,115	1,996,496
		5,635,748	2,002,557
The Municipality has the following bank accounts: -			
Current Account (Primary Bank Account)			
STANDARD BANK - 082137943			-
ABSA - 4076575039		531,534	5,775
Cash book balance at beginning of year		5,775	-
Cash book balance at end of year		531,534	5,775
Bank statement balance at beginning of year		5,775	-
Bank statement balance at end of year		531,534	5,775
Current Account (Other Account)			
Standard Bank - 287993086		-	-
Standard Bank - 082144001		-	-
ABSA - WETLANDS 4076575291		543,456	219,610
ABSA- NEDA 9250166073		509,992	1,402,714
ABSA - WETLANDS 9250166528		3,007,154	10,489
ABSA- MTN - 9253191122		1,043,512	361,081
ABSA- ILITHA- 9250166764		-	2,606
ABSA - 4076643218		-	(5)
Cash book balance at beginning of year		1,996,496	-
Cash book balance at end of year		5,104,115	1,996,496
Bank statement balance at beginning of year		1,996,496	-
Bank statement balance at end of year		5,104,115	1,996,496
Cash on hand		99	286
Total cash and cash equivalents		5,635,748	2,002,557
Total bank overdraft		-	-

	Note	2012 R	2011 R
2 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Loan to Wetlands Project		-	840,670
Prepayments		-	2,967
Total Other Debtors		**-**	**843,637**

Nkonkobe Economic Development Agency
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

3 PROPERTY, PLANT AND EQUIPMENT

3.1 Reconciliation of Carrying Value at 30 June 2011

	Land and Buildings	Motor Vehicles	Furniture and Office Equipment	IT equipment	Other Assets (Plant and Machinery)	Total
	R	R	R	R	R	R
as at 1 July 2011	**-**	**258,604**	**7,165**	**34,116**	**140,747**	**440,632**
Cost/Revaluation	-	288,590	111,066	111,800	151,733	663,188
Accumulated depreciation and impairment losses	-	(29,986)	(103,901)	(77,684)	(10,986)	(222,556)
Acquisitions	486,747	-	157,311.75	80,603	3,749	728,411
Transfers and donations*	(486,747)	-	-	-	-	(486,747)
Depreciation	-	(37,724)	(19,305)	(24,909)	(22,073)	(104,011)
Carrying value of disposals	**-**	**-**	**18,918**	**89,029**	**110,095**	**218,043**
Cost/Revaluation	-	-	9,461	46,779	92,971	149,211
Accumulated depreciation and impairment losses	-	-	9,457	42,250	17,124	68,832
as at 30 June 2012	**-**	**220,880**	**145,168**	**85,281**	**46,576**	**497,905**
Cost/Revaluation	-	288,590	258,916	145,624	62,511	755,641
Accumulated depreciation and impairment losses	-	(67,710)	(113,749)	(60,342)	(15,935)	(257,736)

* Improvements on Land not owned by Nkonkobe Economic Development Agency and transferred to the municipality.

3.2 Reconciliation of Carrying Value at 30 June 2010

	Land and Buildings	Motor Vehicles	Furniture and Office Equipment	IT equipment	Other Assets (Plant and Machinery)	Total
	R	R	R	R	R	R
as at 1 July 2010	**-**	**-**	**18,815**	**1,323**	**-**	**20,138**
Cost/Revaluation	-	-	111,067	68,101	-	179,167
Accumulated depreciation and impairment losses	-	-	(92,251)	(66,778)	-	(159,029)
Depreciation	-	(29,986)	(11,650)	(10,906)	(10,986)	(63,527)
*Other movements	-	-	-	-	-	-
as at 30 June 2011	**-**	**258,604**	**7,165**	**34,116**	**140,747**	**440,632**
Cost/Revaluation	-	288,590	111,066	111,800	151,733	663,188
Accumulated depreciation and impairment losses	-	(29,986)	(103,901)	(77,684)	(10,986)	(222,556)

Nkonkobe Economic Development Agency
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
4 TRADE AND OTHER PAYABLES			
Accruals		452,892	15,015
Staff leave accrual		19,051	24,807
Total creditors		**471,943**	**39,822**

The fair value of trade and other payables approximates their carrying amounts.

5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2012 R	2011 R
5.1 Other Unspent Conditional Grants and Receipts		
Industrial Development Corporation	249,385	1,402,716
Department of Environmental Affairs and Tourism	3,550,610	166,068
MTN Foundation	1,043,512	361,081
Total Unspent Conditional Grants and Receipts	**4,843,507**	**1,929,865**
Non-current unspent conditional grants and receipts	**-**	**-**
Current portion of unspent conditional grants and receipts	**4,843,507**	**1,929,865**

See Note 7 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

6 INTEREST EARNED - EXTERNAL INVESTMENTS

	2012 R	2011 R
Bank and call accounts	17,307	173,121
Total interest	**17,307**	**173,121**

7 GOVERNMENT GRANTS AND SUBSIDIES

	2012 R	2011 R
Other Government Grants and Subsidies	5,995,544	6,571,358
Transfer from Spar Alice	50,000	-
Transfers from Nkonkonkobe Local entity	966,603	936,912
Total Government Grant and Subsidies	**7,012,147**	**7,508,270**

7.1 Other Government Grants and Subsidies

	2012 R	2011 R
Balance unspent at beginning of year	1,929,865	7,170,638
Grant Receipt and interest - DEAT	8,557,131	46,998
Grant Receipt - MTN Foundation	1,192,725	431,400
Loan from NEDA to Wetlands Project	-	840,670
Conditions met - transferred to revenue	(5,995,544)	(6,571,358)
Conditions still to be met - remain liabilities (see note 5)	**4,843,507**	**1,929,865**

8 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

	2012 R	2011 R
8.1 Other income		
Tender Documents	-	3,600
Commission Received	-	25,500
Transport Claims - Wetlands	404,295	-
Donations received in kind	142,865	-
Insurance Proceeds	5,250	-
Total Other Income	552,410	29,100

	2012 R	2011 R
9 EMPLOYEE RELATED COSTS	**4,147,076**	**3,937,029**
Employee related costs - Salaries and Wages	1,471,231	495,899
Waterland Project Wages	1,721,690	2,709,061
Employee related costs - Contributions for UIF, pensions and medical aids	36,469	25,655
Other employee related costs	128,352	102,646
Employee Related Costs	**3,357,742**	**3,333,261**

There were no advances to employees.

Included in the total for consulting fees under general expenses is remuneration of the Chief Executive Officer as detailed below:

	2012 R	2011 R
Remuneration of the Chief Executive Officer		
Annual Remuneration	789,334	603,768
Contributions to UIF, Medical and Pension Funds	-	-
Total	**789,334**	**603,768**

	Note	2012 R	2011 R

10 DEPRECIATION AND AMORTISATION EXPENSE

		2012	2011
Property, plant and equipment		104,011	63,526
Total Depreciation and Amortisation		**104,011**	**63,526**

11 GENERAL EXPENSES

Included in general expenses are the following:-

		2012	2011
Advertising		68,928	64,103
Admin fees		71,450	34,397
Audit fees		366,603	436,912
Bank charges		22,150	17,994
Cleaning		4,093	4,807
Community Facilitation		1,081	11,017
Consulting fees		838,894	806,680
Consumables		7,920	2,248
Entertainment		14,969	5,431
Fuel and oil		58,000	35,000
Insurance		27,805	12,849
Legal expenses		-	2,850
Postage & courier		726	1,229
Printing and stationery		43,060	40,021
Wetlands project expenditure		2,040,295	809,866
Rental of office equipment		12,197	6,044
Social Responsibility		-	58,621
Security costs		39,425	14,090
Subscribtion & publication		783	4,736
Telephone cost		128,122	79,223
Training		3,742	347,836
Transport		4,224	13,958
Travel and subsistence		293,246	176,220
Other		2,300	40,050
		4,050,013	**3,026,183**

12 CASH GENERATED BY OPERATIONS

		2012	2011
Surplus/(deficit) for the year		(498,935)	1,277,643
Adjustment for:-			
Depreciation and amortisation		104,011	63,526
(Gain) / loss on sale of assets		80,380	-
Operating surplus before working capital changes:		**(314,544)**	**1,341,170**
(Increase)/decrease in other receivables		843,637	(843,637)
Increase/(decrease) in conditional grants and receipts		2,913,642	(5,240,773)
Increase/(decrease) in trade and other payables		432,121	24,315
Cash generated by/(utilised in) operations		**3,874,857**	**(4,718,925)**

13 CASH AND CASH EQUIVALENTS

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

		2012	2011
Bank balances and cash		5,635,748	2,002,557
Bank overdrafts		-	-
Net cash and cash equivalents (net of bank overdrafts)		**5,635,748**	**2,002,557**

	Note	2012 R	2011 R

14 CORRECTION OF ERROR

The opening balance in the prior year of assets and accumulated depreciation was adjusted by R1 760 to correct an error in the asset register opening balances. Similarly the prior year was also adjusted by R 3 774.
In the prior year, interest of R 11 517 on unspent conditional grants was incorrectly taken to the Statement of Financial Performance, this has now been correctly treated by capitalising the interest to the unspent conditional grant.

The comparative amount has been restated as follows:

	2012 R	2011 R
As previously stated:		
Statement of Financial Performance		
Interest earned - External Investments		184,638
Depreciation and amortisation expense		67,300
Statement of Financial Position		
Current portion of unspent conditional grants and receipts		1,918,348
Property, Plant and Equipment		435,099
Restatement movements:		
Government grants and subsidies		(11,517)
Depreciation and amortisation expense		(3,774)
Net effect on accumulated surplus through Statement of Financial Performance		**(15,291)**
Net effect on accumulated surplus in the opening balance of the prior year		**1,760**
Restatement movements:		
Current portion of unspent conditional grants and receipts		11,517
Property, Plant and Equipment		5,533
Restated balances:		
Statement of Financial Performance		
Interest earned - External Investments		173,121
Depreciation and amortisation expense		63,526
Statement of Financial Position		
Current portion of unspent conditional grants and receipts		1,929,865
Property, Plant and Equipment		440,632

15 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

15.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

	2012 R	2011 R
Opening balance	2,137,940	-
Unauthorised expenditure current year	-	2,137,940
Approved by Council or condoned	(2,137,940)	-
Unauthorised expenditure awaiting authorisation	**-**	**2,137,940**

Incident	**Disciplinary steps/criminal proceedings**
None	*None*

15.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

	2012 R	2011 R
Opening balance -	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
Fruitless and wasteful expenditure awaiting condonement	**-**	**-**

Incident	**Disciplinary steps/criminal proceedings**
None	*None*
There have been no noted instances of fruitless and wasteful expenditure during the year.	

15.3 Irregular expenditure

Reconciliation of irregular expenditure

	2012 R	2011 R
Opening balance	2,579,976	-
Irregular expenditure current year	-	2,579,976
Condoned or written off by Council	(2,579,976)	-
Irregular expenditure awaiting condonement	**-**	**2,579,976**

Incident	**Disciplinary steps/criminal proceedings**

	Note	2012 R	2011 R

16 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

16.1 Audit fees

Opening balance		436,912	-
Current year audit fee		366,603	436,912
Amount paid - current year		(436,912)	-
Balance unpaid (included in payables)		**366,603**	**436,912**

The balance unpaid represents the audit fee for the audit relating to 2010/11. The audit fee payable is included under trade payables in Nkonkobe Local Municipality as they pay the audit fees on behalf of Nkonkobe Economic Development Agency.

16.2 PAYE and UIF

Current year payroll deductions		129,130	96,700
Amount paid - current year		(129,130)	(96,700)
Balance unpaid (included in payables)		**-**	**-**

All PAYE and UIF deductions have been paid over before year-end.

16.3 Pension and Medical Aid Deductions

Current year payroll deductions and Council Contributions		22,394	16,707
Amount paid - current year		(22,394)	(16,707)
Balance unpaid (included in payables)		**-**	**-**

All Pension and Medical Aid deductions have been paid over before year-end.

17 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year		12,000	12,000
In the second to fifth year inclusive		11,000	21,000
Total		**23,000**	**33,000**

Operating Leases consists of the following:

The entity leases a photo copier from Panasonic. The lease was entered into on 1 March 2011 with a lease term of 3 years without any escalations.

	Note	2012 R	2011 R

18 CONTINGENT LIABILITY

No contingent liabilities have been noted.		-	-

19 RELATED PARTIES

Nkonkobe Local Municipality	*The municipality grants a transfer to the entity to assist with daily operations. In addition the municipality also settles the amount of audit fees on behalf of the entity.*
Mahiri Consulting Services CC	*The Chief Executive Officer is paid a consulting fee for services rendered which is invoices by Mahiri Consulting Services CC of which he is a member.*
Compensation to key management (refer to note 9)	

Related party balances

No related party balances exist at year-end

Related party transactions

		2012 R	2011 R
Transfer from Nkonkobe Local Municipality		966,603	936,912
Remuneration of Chief Executive Officer as consulting fee		789,334	603,768
Reimbursive expenditure by Mahiri Consulting Services CC on behalf of NEDA		-	35,175

20 EVENTS AFTER THE REPORTING DATE

The management is not aware of any subsequent events that has an effect on the annual financial statements as presented for the period ending 30 June 2011.

21 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment
Recoverable amounts of property, plant and equipment

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets

22 RISK MANAGEMENT

22.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits and cash equivalents. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

		2012 R	2011 R
ABSA		5,635,649	2,002,271

These balances represent the maximum exposure to credit risk.

	Note	2012 R	2011 R

22.2 Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

As the entity does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

	2012	2011
Increase (decrease) in interest rates		
The estimated increase (decrease) in basis points	50	50
Effect on surplus	28,178	10,011

22.3 Liquidity risk

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 and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date 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.

At 30 June 2011	**Less than 1 year**	**2 - 5 years**	**More than 5 years**
Trade and other payables from exchange transactions	471,943	-	-
At 30 June 2010			
Trade and other payables from exchange transactions	39,822	-	-

22.4 Financial risk management objectives and policies

The entity's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the entity's operations. The entity has a financial assets in the form of cash and short-term deposits, which arise directly from its operations.

Classification of Financial Instruments

2012	Loans and Receivables	Financial Liability at Amortised Cost	Total
Assets			
Cash and cash equivalents	5,635,748	-	5,635,748
Liabilities			
Trade and other payables from exchange transactions	-	471,943	471,943
	5,635,748	471,943	6,107,691

2011	Loans and Receivables	Financial Liability at Amortised Cost	Total
Assets			
Cash and cash equivalents	2,002,557	-	2,002,557
Liabilities			
Trade and other payables from exchange transactions	-	39,822	39,822
	2,002,557	39,822	2,042,379

	Note	2012 R	2011 R
23 COMPARISON WITH THE BUDGET			
Net (Deficit)/Surplus per the Statement Of Financial Performance		(498,935)	1,277,643
Adjusted For:			
Interest earned - external investments		(4,307)	(173,121)
Government grants and subsidies		7,868,253	14,516,730
Other income		365,590	710,451
Employee related costs		(791,083)	(141,468)
Depreciation and amortisation expense		78,548	50,206
Repairs and maintenance		(43,094)	(19,290)
General expenses		(7,530,087)	(16,185,391)
Transfers and donations		486,747	-
Loss and Gain on disposal of Asset		80,380	-
Net Surplus/Deficit Per Approved Budget		**12,012**	**35,760**

Nkonkobe Economic Development Agency
APPENDIX A
STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION
as at 30 June 2012

Description	Original Budget	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)	Virement (i.t.o. Council Approved By-law)	Final Budget	Actual Income	Unauthorised Expenditure	Variance	Actual Income As % Of Final Budget	Actual Outcome As % Of Original Budget
	R	R	R	R	R	R	R	R	R
Financial Performance									
Investment Revenue	13,000.00	-	-	13,000.00	17,307.47	-	(4,307.47)	0%	0%
Transfers Recognised - Operational	14,280,400.00	-	-	14,280,400.00	5,995,543.52	-	8,284,856.48	42%	42%
Other Own Revenue	1,518,000.00	-	-	1,518,000.00	1,569,013.09	-	(51,013.09)	103%	103%
Total Revenue (Excluding Capital Transfers & Contributions)	**15,811,400.00**	**-**	**-**	**15,811,400.00**	**7,581,864.08**	**-**	**8,229,535.92**	**48%**	**48%**
Employee Costs	4,148,825.00	-		4,148,825.00	3,357,741.99	-	791,083.01	81%	81%
Finance Charges	36,000.00	-	-	36,000.00	22,149.90	-	13,850.10	62%	62%
Other Expenditures	11,614,563.00	-	-	11,614,563.00	4,214,155.00	-	7,400,408.00	36%	36%
Total Expenditure	**15,799,388.00**	**-**	**-**	**15,799,388.00**	**7,594,046.89**	-	**8,205,341.11**	**48%**	**48%**
Surplus/(Deficit)	**12,012.00**	-	-	**12,012.00**	**(12,182.81)**	**-**	**24,194.81**	**-101%**	**-101%**
Transfers Recognised - Capital	-	-	-	-	-	-	-	0%	0%
Contributions Recognised - Capital & Contributed Assets	-	-	-	-	-	-	-	0%	0%
Surplus/(Deficit) After Capital Transfers & Contributions	**12,012.00**	**-**	**-**	**12,012.00**	**(12,182.81)**	**-**	**24,194.81**	**-101%**	**-101%**
Share Of Surplus/(Deficit) Of Associate	-	-	-	-	-	-	-	0%	0%
Surplus/(Deficit For The Year	**12,012.00**	**-**	**-**	**12,012.00**	**(12,182.81)**	**-**	**24,194.81**	**-101%**	**-101%**
Capital Expenditure & Funds Sources									
Capital Expenditure									
Transfers Recognised - Capital	-	-	-	-	-	-	-	0%	0%
Public Contributions & Donations	-	-	-	-	-	-	-	0%	0%
Borrowing	-	-	-	-	-	-	-		0%
Internally Generated Funds	-	-		-	-	-	-	0%	0%
Total Sources Of Capital Funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**	**0%**
Cash flows									
Net Cash From (Used) Operating	-	-	-	-	3,874,857.00	-	(3,874,857.00)	0%	0%
Net Cash From (Used) Investing	-	-	-	-	(241,664.00)	-	241,664.00	0%	0%
Net Cash From (Used) Financing	-	-	-	-	-	-	-	0%	0%
Cash/Cash Equivalents At The Year End	-	-	-	-	5,635,747.78	-	(5,635,747.78)	0%	0%