Chris Hani Development Agency (SOC) Ltd

Annual Financial Statements

30 June 2013

Annual Financial Statements

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Statement of responsibility

for the year ended 30 June 2013

The directors are required by the Companies Act of South Africa, 1973 as amended, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their 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 Companies Act of South Africa, 1973 as amended, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Entity (CHDA) and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss 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 risk across the Entity. While operating risk cannot be fully eliminated, the Entity endeavours to minimise it by ensuring that appropriate controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are 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 loss.

The directors have reviewed the Entity's cash flow forecast for the year ending 30 June 2014 and, in the light of this review and the current financial position, they are satisfied that the Entity has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages [03] to [11], which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:

Chairperson of the Board : S. Somdyala	Date
Chief Executive Officer (Interim) : N.B. Mhlaba	Date

Report of the independent auditors

for the year ended 30 June 2013

Report of the audit committee

for the year ended 30 June 2013

Directors' Report

for the year ended 30 June 2013

The directors submit their report for the year ended 30 June 2013.

1. Main business and operations

The main objectives of the Chris Hani Development Agency (CHDA) is to stimulate economic growth in the Chris Hani District through promotion of entrepreneurial activity, leveraging on state investment, building business development support and facilitation of both private and public sector investment into strategic economic sectors and spatial nodes.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Entity's ability to function as a going concern in the foreseeable future is to a large extent dependent on continued support from the Chris Hani District Municipality.

3. Events after the reporting date

[XXX]

4. Directors

The directors of the Entity during the year and to the date of this report are as follows:

Name	Nationality	Appointment date	Resignation date
Mr. S Somdyala *[1]	RSA	6 June 2012	
Ms. N Koeberg *[2]	RSA	6 June 2012	
Ms. N Zonke *	RSA	6 June 2012	
Ms. P Xuza *	RSA	6 June 2012	
Mr. R Schley *	RSA	6 June 2012	
Chief S Mtirara *	RSA	6 June 2012	
Mr. M Mene *	RSA	31 August 2012	
Ms. N Nqwazi *	RSA	6 June 2012	
Mr. B Mhlaba	RSA	6 June 2012	
Mr A. Webb	RSA	6 June 2012	14 August 2012

* Non-executive director
1. Chairperson
2. Deputy chairperson

5. Holding company

The company's holding entity is Chris Hani District Municipality, that owns 100% of the issued shares.

6. Auditors

Office of the Auditor General (Eastern Cape) will continue in office in accordance with the Municipal Finance Management Act (MFMA).

7. Current Activities

The CHDA "The Agency" was established in 2012 and the first year has been spent in both pre-establishment and establishment of the institutional framework and various processes and systems. The Interim Board of Directors were appointed in the inaugural Board Meeting on the 6 June 2012 and took the institution from pre-establishment phase into operationalization, with the appointment of the Interim Chief Executive Officer.

The last financial year has been spent on ensuring that there is approved governance protocols and administration systems and procedures through the development of organizational policies leading to the crafting of the strategic business plan and operational plan, which would be used as a basis of measuring the performance and impact of the agency in its first real year in establishment (2013/14). In implementing the resolutions of Council in March 2012, the Board of Directors have continuously ensured that there is proper governance to guide compliance to various prescripts and policies that govern the operations of the CHDA. The Agency's strategic business plan and operational plan crafted in this financial year under review incorporate a risk portfolio and plan of CHDA and this is managed proactively and effectively.

The CHDA is in its first year of operations and is in the process of building management and technical capacity to implement some of its project portfolio as presented in the Chris Hani Investment Summit in May 2012. Some of the Flagship Projects that the CHDA aims at supporting include the Elitheni Coal Mine, the Cradock Bio-Fuels Project and the Green Energy Project.

8. Future activities and prospects

The CHDA's strategic business plan and operational plan outline the project portfolio and plan of the agency in the new financial year. The Board and management will work proactively and effectively to ensure the implementation of the strategic business plan. The project portfolio covers agro-processing, mining, property development, enterprise development and an accelerated skills development programme through the Chris Hani Community Skills Development Fund, as mandated by the parent municipality. The intent is to support private sector investment in the District, increasing both gross value add and impacting positively on job creation. Continued partnerships with the District and Local Municipalities will be crucial, in successfully managing the project portfolio.

The Board of Directors will continue to ensure compliance to policies and various prescripts as mandated by the regulatory framework within which CHDA operates. It will remain active in ensuring that effective governance procedures and internal systems are adhered to.

Statement of financial position

for the year ended 30 June 2013

	NOTES	2013 R
ASSETS		
Non - current assets		
Property, plant & equipment	**1**	291 597
Current assets		
Cash and cash equivalents	**2**	385 997
Trade and other receivables	**3**	200 785
Total assets		**878 379**
LIABILITIES		
Current liabilities		
Trade and other payables	**4**	227 488
Taxation payable	**5**	-
Total liabilities		227 488
Net Assets		**650 891**
NET ASSETS		
Contributions from owner	**6**	-
Accumulated surplus		650 891
Total net assets		**650 891**

Statement of financial performance

for the year ended 30 June 2013

	NOTES	2013
		R
Revenue	7	7 680 000
Cost of sales		(4 013 197)
Gross surplus		**3 666 803**
Sundry income		269 265
Operating expenses	8	(3 303 493)
Operating surplus		**632 575**
Interest received		31 824
Finance costs		(13 508)
Surplus before tax		**650 891**
Taxation		-
Surplus for the period		**650 891**
Other comprehensive income		-
Total comprehensive surplus for the period		**650 891**

Statement of changes in net assets

for the year ended 30 June 2013

2013	Contributions from owner R	Accumulated surplus R	Total R
Balance at incorporation	-	-	-
Total comprehensive surplus for the period	-	650 891	650 891
Balance at 30 June 2013	**-**	**650 891**	**650 891**

Statement of cash flows

for the year ended 30 June 2013

	NOTES	2013 R
Cash flows from operating activities		
Cash generated from operations	**9**	728 998
Interest received		31 824
Interest paid		(13 508)
Taxation		-
Net cash from operating activities		**747 314**
Cash flows from investing activities		
Purchase of property, plant and equipment		(361 317)
Net cash from investing activities		**(361 317)**
Net cash movement for the period		385 997
Cash at the beginning of the period		-
Total cash at end of the period		**385 997**

Accounting policies

for the year ended 30 June 2013

1. Accounting principles and policies applied in the financial statements

1.1. Basis of preparation

The annual 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 paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Entity resolved to early adopt the following GRAP standards, which have been issued but are not effective yet.

Standard	Description	Effective date
GRAP 1 (Revised - Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised - Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised - Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original Nov 2012)	Employee Benefits	1 April 2013
GRAP 27 (Revised Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued Mar 2012)	Intangible Assets – Website Costs	1 April 2013

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are discussed in the notes that follow.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required 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 otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

1.2. 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.

1.3. 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

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. 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. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. 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 1% of total expenditure. This materiality is from management’s perspective and does not correlate with the auditor’s materiality.

1.7. 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 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- The approved 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.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) have been made.

1.8. 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:

Standard	Description	Effective date
GRAP 6 **(Revised – Nov 2010)**	**Consolidated and Separate Financial Statements** The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity. No significant impact is expected as the Entity does not have any entities at this stage to be consolidated.	**Unknown**
GRAP 7 **(Revised – Mar 2012)**	**Investments in Associates** This Standard prescribes the accounting treatment for investments in associates where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets. No significant impact is expected as the Entity does not have any interest in associates.	**1 April 2013**

GRAP 8 **(Revised – Nov 2010)**	**Interest in Joint Ventures** The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities. No significant impact is expected as the Entity is not involved in any joint ventures.	**Unknown**
GRAP 18 **(Original – Feb 2011)**	**Segment Reporting** The objective of this Standard is to establish principles for reporting financial information by segments. No significant impact is expected as the Entity does not have any departments or segments at this stage.	**Unknown**
GRAP 20 **(Original – June 2011)**	**Related Party Disclosure** The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Entity resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	**Unknown**
GRAP 105 **(Original – Nov 2010)**	**Transfer of Functions Between Entities Under Common Control** The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. No significant impact expected as no such transactions or events are expected in the foreseeable future.	**Unknown**
GRAP 106 **(Original – Nov 2010)**	**Transfer of Functions Between Entities Not Under Common Control** The objective of this Standard is to establish	**Unknown**

	accounting principles for the acquirer in a transfer of functions between entities not under common control. No significant impact expected as no such transactions or events are expected in the foreseeable future.	
GRAP 107 (Original – Nov 2010)	**Mergers** The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. No significant impact expected as no such transactions or events are expected in the foreseeable future.	**Unknown**
IGRAP 11	**Consolidation - Special Purpose Entities (SPE)** The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE. No significant impact is expected as the Entity does not have any SPE's at this stage.	**Unknown**
IGRAP 12	**Jointly Controlled Entities non-monetary Contributions** The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE). No significant impact is expected as the Entity does not have any JCE's at this stage.	**Unknown**

These standards, amendments and interpretations will not have a significant impact on the Entity once implemented.

1.9. Unspent conditional government grants and receipts

1.10. Employee benefits

Conditional government grants are subject to specific conditions. If these specific conditions are not met, 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 government organs.

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

- 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 an individual investment or part of the general investments of the Entity until it is utilized; and
- 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.

1.10.1. Provision for staff leave

Liabilities for annual leave are recognised as they accrue 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.

An employee's accumulated leave cannot exceed 48 days. Any days in excess thereof is forfeited.

Accumulated leave is vesting.

1.10.2. Staff bonuses accrued

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

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 revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation 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. Subsequent 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.

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 [or state other method used, e.g. production-unit- or diminishing balance method]. 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:

Office equipment:	5 – 10 years
Furniture and fittings:	7 – 20 years
Computer equipment:	3 – 5 years

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised 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.

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.

3.2. 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.

3.3. Subsequent 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.

3.4. 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: 5 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.

3.5. 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.

4. Investment property

4.1. Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the entity measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

4.2. Subsequent measurement – cost model

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

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:

Investment property: 20 years

4.3. Subsequent measurement – fair value model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5. Biological assets

5.1. 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 associated with the asset will flow to the entity;
- and the fair value or cost of the asset can be measured reliably.

5.2. Subsequent measurement

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.
The fair value of milk is determined based on market prices in the local area.
The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the vines / pine trees.
A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate is used to determine fair value.

An unconditional government grant related to a biological asset measured at its fair value less estimated point-of-sale costs is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on biological assets where fair value cannot be determined, to write down the cost, less residual value. The annual depreciation rates are based on the following estimated average asset lives:

Biological assets
Trees in plantation:
Maize:
Wheat:
Sheep:
Pigs:
Diary cattle:
Other assets:

6. Non-current assets held for sale

6.1. Initial recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

6.2. Subsequent measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

7. Inventories

7.1. Initial recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus 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.

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.

7.2. 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 in this way. 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.

In general, the basis of allocating cost to inventory items is the first-in, first-out method OR the weighted average method.

8. Financial instruments

8.1. Initial recognition

Financial instruments are initially recognised at fair value.

8.2. 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.

8.2.1. 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.

8.2.2. 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.

8.2.3. Trade payables and borrowings

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

8.2.4. 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 entity 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 liabilities carried at amortised cost.

9. Investments in associates

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The entity exercises judgement in the context of all available information to determine if it has significant influence over an investee.

The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The entity commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

The entity uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the entity are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the entity makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the entity.

10. 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.

11. 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 Entity'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.

12. 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.

13. Provisions

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 entity 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.

14. Leases

14.1. 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.

14.2. 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 installments 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.

15. Revenue

15.1. 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.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on.........................

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

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 arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

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.

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

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 councilors or officials is virtually certain.

15.3. 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.

16. Borrowings 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.

17. Retirement benefits

The entity provides retirement benefits for its employees and councilors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

Insert defined contribution plan information here

Insert defined benefit plan information here.

18. Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by [the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs OR surveys of work done OR completion of a physical proportion of the contract work].

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

19. 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 entity 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.

Notes to the annual financial statements

for the year ended 30 June 2013

	2013 R

1. Property plant and equipment

Owned assets at cost	**361 317**
Computer equipment	186 782
Office equipment	3 121
Furniture and fittings	171 414
Accumulated depreciation	**(69 720)**
Computer equipment	(48 118)
Office equipment	(171)
Furniture and fittings	(21 431)
Net carrying amount	**291 597**

Movement in plant and equipment	**Computer equipment**	**Office equipment**	**Furniture and fittings**	**Total**
Opening carrying amount	-	-	-	-
Additions	186 782	3 121	171 414	361 317
Depreciation	(48 118)	(171)	(21 431)	(69 720)
Disposals	-	-	-	-
Closing carrying amount	**138 664**	**2 950**	**149 983**	**291 597**

There are no assets that have been fully depreciated.

2. Cash and cash equivalents

FNB call accounts	292 656
FNB money market account	90 341
Petty cash	3 000
Total	**385 997**

3. Trade and other receivables

Deposits	22 742
Prepayments	-
VAT receivable	178 043
Total	**200 785**

	2013
	R

4. Trade and other payables

Sundry payables	210 457
Accrual for leave pay	-
Payroll accruals	17 031
Accrual for bonus payments	-
VAT payable	-
Total	**227 488**

5. Taxation

South African normal tax	
Current	-
Total	**-**
Taxation asset / liability	
Amount paid / payable at the beginning of the period	-
Current tax	-
Payment during the period	-
Balance at the end of the period	**-**

6. Contribution from owner

Authorised	
1 000 ordinary shares of R1 each	1 000
Issued	
1 000 ordinary shares of R1 each	1 000
Share capital reconciliation	
Balance issued at incorporation	1 000
Issued during the period	-
Balance at the end of the period	**1 000**

7. Revenue

Grants	3 680 000
Investment summit	2 000 000
Skills development management fees	2 000 000
Total revenue	**7 680 000**

	2013
	R

8. Operating expenses

Accounting fees	122 807
Consulting fees	420 950
Depreciation	69 720
Directors' emoluments	584 829
Directors' travel and accommodation	183 034
Legal fees	89 963
Other expenses	458 546
Rent paid	239 400
Salaries and wages	753 965
Share service expenses	160 031
Subsistence and travelling	33 626
Travel and accommodation	186 622
Total operating expenses	**3 303 493**

9. Cash generated from operations

Operating surplus	632 575
Adjust for non-cash items:	
Depreciation	69 720
Changes in working capital	
Increase in accounts receivable	(200 785)
Increase in accounts payable	227 488
Cash generated from operations	**728 998**

10. Financial risk management

The company’s financial instruments consist primarily of cash deposits, pre-payments, VAT receivable and accounts payable and provisions. The book value of financial instruments approximates the fair value.

11. Credit and liquidity risk

In the normal course of operations, the company is exposed to limited credit and liquidity risks since its main debtors and funders are the Chris Hani District Municipality and national departments and public entities.

12. Related party transactions

Chris Hani District Municipality

Percentage shareholding	100%
Grants received	3 680 000

No financial benefit accrues to the Agency or the District Municipality.

13. Retirement benefits

The Chris Hani Development Agency contributes to a [Liberty Life Provident Fund]. The Fund is a defined contribution fund with compulsory membership for all permanent employees. Contributions commenced from [XXX] and were [Rxxx] for the period.

14. Commitments

The Agency currently has no outstanding commitments.

15. Irregular, fruitless and wasteful expenditure

The Agency did not incur any irregular, fruitless and wasteful expenditure during the period.

16. Non-compliance with municipal finance management act

No instances of non-compliance with the MFMA during the period were identified.

17. Contingent liabilities

The Agency had no contingent liabilities at the year-end.

18. Subsequent events

There were no significant events subsequent to the year-end.

19. Currency

The amounts are South African Rands rounded off to the nearest R1.

20. Capital disclosures

The Company's objectives when managing capital are:

- to safeguard the entitiy's ability to continue as a going concern, so that it can continue to provide returns to its shareholder and benefits for other stakeholders; and
- to provide an adequate return to its shareholder by pricing products and services commensurately with the level of risk.

The company sets the amount of capital in proportion to the risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets and its mandate from its parent municipality. In order to maintain or adjust the capital structure, the Company may adjust the dividends paid to its shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

21. Financial instruments

21.1. Categories of financial instruments

2013 **R** **Financial assets**	**Designated as at fair value through profit and loss**	**Loans and receivables**	**Total carrying value**
Trade and other receivables	-	200 785	200 785
Cash and cash equivalents	385 997	-	385 997
Total	**385 997**	**200 785**	**586 782**

	2013 **R**
Financial liabilities	
Account payable	227 488
Total	**227 488**

21.2. Fair value of financial instruments

Financial instruments with short-term maturities
At year end the carrying amounts of cash and cash equivalents, accounts receivable, VAT receivable and accounts payable approximated their fair values to the to the short-term maturities of these assets and liabilities.

21.3. Risks arising from financial instruments

21.3.1. Liquidity risk

The Agency's exposure to liquidity risk is limited to accounts payable with a maturity of three months or less. Management has implemented appropriate budgeting and cash flow strategies to ensure that the Agency has sufficient cash flows to meets its obligations as they fall due.

21.3.2. Credit risk

Credit risk arises mainly from cash and cash equivalents, VAT receivable and accounts receivable. The Agency only deposits cash with major banks with high-quality credit standing and limits exposure to any one counter-party.

Concentrations of credit risk
The Agency determines concentrations of credit risk by reference to major counter-parties. Counter parties comprise large South African banks with high-quality credit ratings, other government agencies and private sector entities.

21.3.3. Market risk

Interest rate risk

The Agency's exposure to interest rate risk arises primarily from the investment of surplus operational cash with large South African banks. Interest rate risk is managed by investing surplus cash in instruments with short-term maturities, typically 90 days or less, allowing the Agency to respond to interest rate trends.

Foreign exchange risk

The Agency has no material exposure to foreign exchange risk.

Company secretary's report

for the year ended 30 June 2013

General information

for the year ended 30 June 2013

Country of incorporation:	South Africa
Registered Name:	Chris Hani Development Agency (SOC) Ltd
Registration Number:	[2012/033437/07]
Nature of business:	Investments and Professional Services
Auditors:	Office of the auditor general (Eastern Cape)
Bankers:	First National Bank Limited
Physical Address:	64 Prince Alfred, Queenstown, 5320.
Postal Address:	64 Prince Alfred, Queenstown, 5320.
Website:	www.chda.org.za
Telephone number	045 838 2195
Fax number	045 838 5944
Legislation:	The Agency is governed by and complies with the Municipal Finance Management Act 56 of 2003 as well as the Companies Act of 2008, as amended.