

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

**Financial statements
for the year ended 30 June 2016**

A handwritten signature or mark, possibly a stylized 'b' or a similar character, located in the bottom left corner of the page.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

General Information

<u>Legal form of entity</u>	Municipal Entity
<u>Parent Municipality (Controlling entity)</u>	Sarah Baartman District Municipality (DC10) (previously Cacadu District Municipality)
<u>Nature of business and principal activities</u>	Promote socio-economic and infrastructural development in the Cacadu District
<u>Registered office</u>	32 Govan Mbeki Ave Standard Bank Building Port Elizabeth 6001
<u>Postal address</u>	P O Box 318 Port Elizabeth 6000
<u>Board of directors</u>	L S Blouw (Chairperson) N Koeberg A Taai D Mgoduko
<u>Accounting Officer</u>	G M Mvoko
<u>Preparer</u>	The financial statements were internally compiled by: R N Lorgat
<u>Auditors</u>	Office of the Auditor-General



CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Index

The reports and statements set out below comprise the financial statements presented to the National Treasury:

Index	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 9
Accounting Policies	10 - 20
Notes to the Financial Statements	21 - 33

Abbreviations

CDA	Cacadu Development Agency
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MFMA	Municipal Finance Management Act
SBDM	Sarah Baartman District Municipality



CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Accounting Officer's Responsibilities and Approval

The Accounting 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 financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the 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 financial statements and were given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

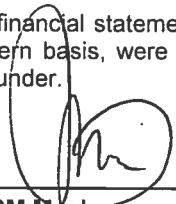
The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Entity and places considerable importance on maintaining a strong control environment. To enable the Entity to meet these responsibilities, the Accounting 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 financial year 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 spectrum. 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 Accounting 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the entity's cash flow forecast for the year to 30 June 2017 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 financial statements set out on page 4 to 31, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2016 and signed hereunder.



Mr GM Mvoko
Accounting Officer
2016/08/31

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Current Assets			
VAT receivable	4	40,429	22,882
Cash and cash equivalents	5	5,631,438	7,462,176
		5,671,867	7,485,058
Non-Current Assets			
Property, plant and equipment	6	107,185	118,218
Total Assets		5,779,052	7,603,276
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	467,998	223,104
Unspent conditional grants and receipts	8	2,014,765	1,480,000
Provisions	9	378,893	159,180
		2,861,656	1,862,284
Total Liabilities		2,861,656	1,862,284
Total assets less liabilities		2,917,396	5,740,992
Net Assets			
Accumulated surplus		2,917,396	5,740,992
Total Net Assets		2,917,396	5,740,992



CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Revenue			
Revenue from exchange transactions			
Other Revenue		-	70
Investment revenue		284,722	228,123
Total revenue from exchange transactions		284,722	228,193
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	13	1,720,000	4,000,000
Total revenue		2,004,722	4,228,193
Expenditure			
Employee costs	14	(3,910,786)	(1,700,109)
Remuneration of board members	15	(101,336)	(120,436)
Depreciation and amortisation		(26,032)	(22,039)
Impairment loss/ Reversal of impairments		-	(12,736)
Finance costs	16	(1,064)	(5,988)
General Expenses	17	(789,100)	(380,546)
Total expenditure		(4,828,318)	(2,241,854)
Operating (deficit) surplus		(2,823,596)	1,986,339
Loss on disposal of assets and liabilities		-	(11,297)
(Deficit) surplus for the year		(2,823,596)	1,975,042
Attributable to:			
Controlling entity		(2,823,596)	1,975,042



CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2014	3,765,950	3,765,950
Changes in net assets		
Surplus for the year	1,975,042	1,975,042
Balance at 01 July 2015	5,740,992	5,740,992
Changes in net assets		
Deficit for the year	(2,823,596)	(2,823,596)
Balance at 30 June 2016	2,917,396	2,917,396




CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015
<u>Cash flows from operating activities</u>			
Receipts			
Grants		1,720,000	4,000,000
Interest income		284,722	228,123
Other receipts		-	70
		<u>2,004,722</u>	<u>4,228,193</u>
Payments			
Employee costs		(3,533,605)	(1,561,484)
Other payments		(286,856)	(504,018)
		<u>(3,820,461)</u>	<u>(2,065,502)</u>
Net cash flows from operating activities	18	<u>(1,815,739)</u>	<u>2,162,691</u>
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	6	<u>(14,999)</u>	<u>(76,124)</u>
Net (decrease) / increase in cash and cash equivalents		(1,830,738)	2,086,567
Cash and cash equivalents at the beginning of the year		7,462,176	5,375,609
Cash and cash equivalents at the end of the year	5	<u>5,631,438</u>	<u>7,462,176</u>



CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2016											
Financial Performance											
Investment revenue	190,000	-	190,000	-	-	190,000	284,722		94,722	150 %	150 %
Transfers recognised - operational	3,200,000	-	3,200,000	-	-	3,200,000	1,720,000		(1,480,000)	54 %	54 %
Other own revenue	5,560,000	-	5,560,000	-	-	5,560,000	-		(5,560,000)	-	-
Total revenue (excluding capital transfers and contributions)	8,950,000	-	8,950,000	-	-	8,950,000	2,004,722		(6,945,278)	22 %	22 %
Employee costs	(4,627,500)	-	(4,627,500)	-	-	(4,627,500)	(3,910,786)		716,714	85 %	85 %
Remuneration of board members	(126,000)	-	(126,000)	-	-	(126,000)	(101,336)		24,664	80 %	80 %
Depreciation and asset impairment	(25,000)	-	(25,000)	-	-	(25,000)	(26,032)		(1,032)	104 %	104 %
Finance charges	-	-	-	-	-	-	(1,064)		(1,064)	-	-
Transfers and grants	(1,480,000)	-	(1,480,000)	-	-	(1,480,000)	-		1,480,000	- %	- %
Other expenditure	(2,641,500)	-	(2,641,500)	-	-	(2,641,500)	(789,100)		1,852,400	30 %	30 %
Total expenditure	(8,900,000)	-	(8,900,000)	-	-	(8,900,000)	(4,828,318)		4,071,682	54 %	54 %
Surplus/(Deficit)	50,000	-	50,000	-	-	50,000	(2,823,596)		(2,873,596)	(5,647)%	(5,647)%
Surplus/(Deficit) for the year	50,000	-	50,000	-	-	50,000	(2,823,596)		(2,873,596)	(5,647)%	(5,647)%
Capital expenditure and funds sources											
Total capital expenditure	(50,000)	-	(50,000)	-	-	(50,000)	(14,999)		35,001	30 %	30 %
Sources of capital funds											
Internally generated funds	50,000	-	50,000	-	-	50,000	-		(50,000)	- %	- %

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget (i.t.o. MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows										
Net cash from (used) operating	(5,510,000)	-	(5,510,000)	-	-	(5,510,000)	(1,815,739)	3,694,261	33 %	33 %
Net cash from (used) investing	(50,000)	-	(50,000)	-	-	(50,000)	(14,999)	35,001	30 %	30 %
Net increase/(decrease) in cash and cash equivalents	(5,560,000)	-	(5,560,000)	-	-	(5,560,000)	(1,830,738)	3,729,262	33 %	33 %
Cash and cash equivalents at the beginning of the year	7,462,176	-	7,462,176	-	-	7,462,176	7,462,176	-	100 %	100 %
Cash and cash equivalents at year end	1,902,176	-	1,902,176	-	-	1,902,176	5,631,438	(3,729,262)	296 %	296 %

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of financial statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act 56 of 2003.

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of the significant accounting policies, which have been applied, are disclosed below.

1.1 Presentation of currency

These financial statements are presented in South African Rand.

1.2 Going concern assumption

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

1.3 Basis of Preparation

Statement of compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) and the International Public Sector Accounting Standards (IPSAS), where applicable, in terms of Directive Five including any interpretations of such Statements issued by the Accounting Practices Board.

These accounting policies have been applied to ensure that the financial statements provide information that is relevant to the decision-making needs of users and are reliable.

Basis of measurement

The financial statements have been prepared on the accrual basis.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.3 Basis of Preparation (continued)

Estimates and judgements are made to identify impairments required to be made to assets. The condition of the assets are assessed together with the use of the asset to determine whether an impairment is required.

The useful life of an asset is reviewed annually and management assess the condition and the usefulness of the asset at each reporting date to determine the remaining useful life of the assets.

Offsetting

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

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

1.4 Property, plant and equipment

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 period.

Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Initial measurement

Property, plant and equipment is initially measured 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 management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation

Property, plant and equipment is depreciated on the straight line basis over its expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.4 Property, plant and equipment (continued)

On acquisition of items of property, plant and equipment, the useful lives are assessed as follows:

<u>Item</u>	<u>Average useful life</u>
Furniture and fixtures	7 - 15 years
Office equipment	2 - 10 years
Computer equipment	2 - 10 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Impairment

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 amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of the 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 amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This 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 amount of the unit is less than the carrying amount of the units.

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.

Gains and losses

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.5 Provisions

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 18 and 19.

1.6 Receivables from exchange and non-exchange transactions

Receivables are classified as "Loans and receivables" and are initially recognized at fair value. Subsequent measurement is at amortised value if material. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified based on an assessment on the recoverability of the receivable. Amounts that are receivable within 12 months from the reporting date are classified as current.

1.7 Payables from exchange and non-exchange transactions

Payables are classified as "Liabilities at amortised cost" and are initially recognized at the fair value of the present obligation of a past event. Subsequent measurement is at amortised value if material.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Revenue from exchange transactions

Interest and rentals are recognised on a time proportion basis.

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

Income collected on behalf of "principals" is recognised on a monthly basis once the income collected on behalf of the principal has been quantified. The income recognised is in terms of the service level agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all the 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 is brought into use. Where public contributions have been received, but the entity has not met the conditions, a liability is recognised.

All other revenue is recognised as it accrues.

1.9 Revenue from non-exchange transactions

Donations are recognised on a cash receipt basis, or where the donation is in the form of property, plant and equipment, at the cost of the consideration received or receivable.

Revenue from public contributions 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 is brought into use. Where public contributions have been received, but the municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the entity.

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

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the criteria, conditions or obligations have not been met, a liability is recognised.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.10 Grants, transfers and donations

Unconditional grants and receipts

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the entity and the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the asset recognition criteria have been met, as assets in the reporting period in which they are received or receivable.

Conditional grants and receipts

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the criteria, conditions or obligations have not been met, a liability is recognised.

Interest earned on investments is treated in accordance with grant conditions. If interest is payable to the grantor, it is recognised as a liability and if not, it is recognised as interest earned in the statement of financial performance.

1.11 VAT

The entity accounts for Value Added Tax on the invoice basis.

The entity is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes.

VAT is submitted on a bi-monthly basis.

The net VAT is either classified as "Loans and receivables" or "Financial liabilities at amortised cost".

Measurement

Initial measurement is at cost. Subsequent measurement is at amortised cost if material.

Derecognition

VAT is derecognised when the net payment is paid or received from SARS, whichever is applicable when the VAT return is presented.

1.12 Segmental information

The principal segments have been identified on a primary basis by classification of the revenue and expenditure and on a secondary basis by the classification of service of operations. The secondary basis is representative of the internal structure for both budgeting and management purposes.

The policy is not applicable to the current year.

1.13 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 detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.14 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA, means expenditure incurred by a municipality in contravention of, or that is not in accordance with requirements of the following Acts or Regulation, and which has not been condoned:

- Municipal Finance Management Act
- Municipal Systems Act
- Public Office-Bearers Act
- Municipal Supply Chain Management Regulations or related by-laws

The irregular expenditure excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned / written off.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.15 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 detailed further in the notes to the financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 Comparative information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.17 Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.18 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Cash and cash equivalents

Cash includes cash on hand and cash held at banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents are classified as "Loans and receivables" and are initially measured at cost. Subsequent measurement is at face value or, if material, at amortised value.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.18 Financial instruments (continued)

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Derecognition:

Financial assets

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

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

Where the entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the entity's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.19 Unutilised conditional grants and receipts

Initial recognition

Unutilised conditional grants are reflected on the Statement of Financial Position as a short-term portion of unspent conditional grants. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- The grant received is initially recognised at cost as unspent conditional grants.
- Whenever an item of property, plant and equipment is funded from a grant, an amount equal to the purchase price is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue.
- Whenever operational expenditure is funded from a grant, an amount equal to the expenditure is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.
- The cash which backs the unspent portion is invested until utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not recognised in the Statement of Financial Performance.
- The unspent grant is classified as "Financial liabilities at amortised cost".

Subsequent measurement

Unspent conditional grants are subsequently measured at amortised cost if material.

Derecognition

Unspent conditional grants are derecognised when the balance was expended per the conditions as set for a grant.

1.20 Events after reporting date

Management conducts an assessment on any events occurring subsequent to the end of the reporting date and prior to the finalisation of the financial statements to identify any incidents that would provide the user with additional information that could influence decision-making and the usefulness of the financial statements. This information is then disclosed accordingly in the financial statements.

1.21 Effective interest rate

The entity uses the prime interest rate less 0.5% to discount future cash flows.

1.22 Capital commitments

Capital commitments disclosed in the financial statements represents the balance committed to capital projects at the reporting date that will be incurred subsequent to the reporting date. The capital commitment disclosed identifies awards entered into by the municipality against the capital projects as well as a commitment upon approval of a budget for a capital project.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.23 Budget information

The approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.24 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

All transactions with related parties are disclosed.

1.25 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

2. Changes in accounting policy

There were no changes in accounting policies during the financial year.

3. New standards and interpretations

3.1 Standards and interpretations effective in the current year

In the current financial year, the entity has adopted all the following standards and interpretations that are effective for the current financial year and that may be relevant to its operations.

<u>Standard/ Interpretation:</u>	<u>Effective date:</u> <u>Years beginning on or</u> <u>after</u>	<u>Expected impact:</u>
GRAP 18: Segment reporting	To be determined	The effects on the financial statements are limited as the standard is being implemented. However, the effective date for entities is to be determined by the Minister of Finance.

4. VAT receivable

Value added taxation	40,429	22,882
----------------------	--------	--------

VAT is accounted for on the invoice basis.

No discounting was performed.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	643	667
Bank balances	5,630,795	7,461,509
	<u>5,631,438</u>	<u>7,462,176</u>

The entity has the following bank accounts at ABSA Limited, William Moffet, Port Elizabeth:

Current Account (Primary account):	40-8134-2536
Call Account:	92-8612-7645

Cash and cash equivalents are classified as a financial asset under Loans and Receivables at amortised cost. All short-term deposits mature within 3 months after the reporting date.

No discounting was performed due to the short term nature of the cash turnover and the fact that all Call account deposits earned interest.

The fair value of cash and cash equivalents approximates their carrying amounts.

No cash deposits were ceded as collateral.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

6. Property, plant and equipment

	2016		2015			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	87,541	(30,250)	57,291	87,541	(23,189)	64,352
Office equipment	3,750	(1,604)	2,146	3,750	(1,048)	2,702
Computer equipment	86,197	(38,449)	47,748	71,198	(20,034)	51,164
Total	177,488	(70,303)	107,185	162,489	(44,271)	118,218

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	64,352	-	(7,061)	57,291
Office equipment	2,702	-	(556)	2,146
Computer equipment	51,164	14,999	(18,415)	47,748
	118,218	14,999	(26,032)	107,185

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	52,414	29,100	-	(8,946)	(8,216)	64,352
Office equipment	5,557	-	(1,817)	(1,038)	-	2,702
Computer equipment	30,195	47,024	(9,480)	(12,055)	(4,520)	51,164
	88,166	76,124	(11,297)	(22,039)	(12,736)	118,218

Pledged as security

No assets were pledged as security during the current and prior year.

Other information

The fixed asset register is available at the Cacadu District Development Agency office for inspection.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
7. <u>Payables from exchange transactions</u>		
Trade payables	114,815	27,389
Employee costs	90,530	61,913
Accrued leave pay *	262,653	133,802
	467,998	223,104

* Not financial liabilities.

Normal terms of payment is 30 days and no amortisation was calculated.

The carrying amount of financial liabilities approximates their fair value due to their short-term nature.

8. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

<u>Unspent conditional grants and receipts</u>		
Sarah Baartman District Municipality grants	1,480,000	1,480,000
Dakawa Project Grant	534,765	-
Long-term unspent conditional grants	2,014,765	1,480,000

The following conditional grant was received during the current year:

Dakawa Project Grant R 534 765

The following grants were received from Sarah Baartman District Municipality during the 2013/14 financial year:

Nature reserves grant R 100 000
Investors conference grant R1 380 000

The conditions of these grants were not met at the reporting date.

9. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	159,180	378,893	(106,339)	(52,841)	378,893

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	126,000	159,180	(58,003)	(67,997)	159,180

Performance bonus provision

The performance bonus is based on performance of the chief executive officer and the programme managers and is dependent on the outcome of the performance reviews and the board's approval.

In the prior year, the performance bonus paid was only based on performance of the chief executive officer.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

10. Financial instruments - financial assets by category

Financial instruments are classified into the following categories:

Financial assets: Loans and receivables

Financial liabilities: At amortised cost

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed

2016

	Loans and receivables	Total
Cash and cash equivalents	5,631,438	5,631,438
	5,631,438	5,631,438

2015

	Loans and receivables	Total
Cash and cash equivalents	7,462,176	7,462,176

11. Financial instruments: financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2016

	Financial liabilities at amortised cost	Total
Unspent conditional grants and receipts	2,014,765	2,014,765
Provisions	378,893	378,893
Payables from exchange transactions	205,345	205,345
	2,599,003	2,599,003

2015

	Financial liabilities at amortised cost	Total
Unspent conditional grants and receipts	1,480,000	1,480,000
Provisions	159,180	159,180
Payables from exchange transactions	89,302	89,302
	1,728,482	1,728,482

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
12. <u>Investment revenue</u>		
<u>Interest revenue</u>		
Current account	119	233
Call account	284,603	227,890
	284,722	228,123

Interest was earned on the Call account at an average rate of 5.49% during the year.

13. Government grants and subsidies

Sarah Baartman District Municipality	1,000,000	4,000,000
Blue Crane Route Municipality	720,000	-
	1,720,000	4,000,000

Unconditional grants and subsidies

The above grant received from Sarah Baartman District Municipality was an operational grant and was approved by the Council of the municipality and the Board of Directors of the entity.

The grant received from Blue Crane Route Municipality was in accordance with an agreement entered into with the municipality upon the disestablishment of the Blue Crane Development Agency. This grant is received as an implementation fee for absorbing specific personnel and the finalisation of the disestablished Agency's projects that were transferred to the Cacadu Development Agency.

14. Employee costs

Remuneration of employees	3,192,298	1,314,000
Performance bonus provision charge	326,052	91,183
Unemployment insurance fund	7,139	2,677
Skills development levies	29,406	12,433
Leave pay provision charge	128,851	76,812
Acting allowances	227,040	203,004
Total Employee Costs	3,910,786	1,700,109

Set out below are the details for remuneration paid to the following:

Remuneration of Chief Executive Officer

Annual remuneration	888,373	834,000
Car allowance	120,000	120,000
Performance bonus	106,339	58,003
Travel re-imbursement	4,642	-
	1,119,354	1,012,003

Mr GM Mvoko was appointed as the Chief Executive Officer on the 1 July 2013 for a period of 2 years. The CEO's contract was extended for a further 2 years.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
15. <u>Remuneration of board of directors</u>		
L S Blouw	17,500	24,500
N Koeberg	16,200	9,000
A Taai	10,500	21,000
D Mgoduko	9,000	9,000
Travel and accomodation	48,136	56,936
	101,336	120,436
16. <u>Finance costs</u>		
Late payment of tax	1,064	5,988
Refer to Note 20 - 'Unauthorised, Irregular, Fruitless and Wasteful expenditure.		
17. <u>General expenses</u>		
Advertising	15,315	42,578
Audit Committee remuneration	50,002	29,807
Audit fees - external	212,064	84,677
Audit fees - internal	116,727	-
Bank charges	3,735	3,067
Consumables	12,827	9,391
Fines and penalties	13,001	22,472
General - other	-	3,558
IT expenses	23,638	7,140
Postage and courier	-	2,740
Printing and stationery	17,189	7,592
Project costs	140,321	-
Subscriptions	11,974	6,032
Telephone and fax	48,678	22,291
Training and development	6,000	-
Travel - local	117,629	139,201
	789,100	380,546
18. <u>Cash generated from (used in) operations</u>		
(Deficit) surplus	(2,823,596)	1,975,042
<u>Adjustments for:</u>		
Depreciation	26,032	22,040
Loss on disposal of property, plant and equipment	-	11,297
Impairment deficit	-	12,736
Contributions to provisions	219,713	33,180
<u>Changes in working capital:</u>		
Payables from exchange transactions	244,894	114,084
VAT receivable	(17,547)	(5,688)
Unspent conditional grants and receipts	534,765	-
	(1,815,739)	2,162,691
19. <u>Finance Leases Reconciliation</u>		

The entity had no external loans in the form of finance leases during the current and prior year.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

20. Contingent liabilities

There were no contingent liabilities that require disclosure at the reporting date.

21. Contingent assets

There were no contingent assets that require disclosure at the reporting date.

22. Unauthorised, irregular, fruitless and wasteful expenditure

Unauthorised expenditure

No unauthorised expenditure was incurred in the current and prior year.

Fruitless and wasteful expenditure

Current year

The entity has incurred an amount of R13 001 in penalties and R1 064 in interest on late submission of South African Revenue Services (SARS) returns.

Prior year

The entity has incurred an amount of R22 472 in penalties and R5 988 in interest on late submission of South African Revenue Services (SARS) returns.

An investigation is in progress to determine whether an official should be held responsible for the fruitless and wasteful expenditure incurred during both the current and prior year. The outcome will then be submitted to the Board for recommendation to Council to either write off / condone the expenditure or to recover the amount accordingly.

Irregular expenditure

Refer to Note 28

23. Additional disclosure in terms of Municipal Finance Management Act

External Audit fees

Prior year audit fee	229,763	84,677
Current year audit fee	11,989	-
Amount paid	(229,763)	(84,677)
	<u>11,989</u>	<u>-</u>

PAYE, UIF and SDL

Opening balance	61,913	-
Current year payroll deductions	927,123	414,274
Amount paid - current year	(898,506)	(352,361)
	<u>90,530</u>	<u>61,913</u>

VAT

VAT receivable	<u>40,429</u>	<u>22,882</u>
----------------	---------------	---------------

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

2016

2015

24. In-kind donations and assistance

No donations have been made in the current and prior year.

25. Risk management

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.

A sensitivity analysis has not been performed and included as the entity is not exposed to foreign exchange risk or interest rate risk. The entity does not enter into any foreign exchange transactions and since the entity effect payment on presentation of invoices, no interest rate charges are applicable. It would thus be misleading to provide a sensitivity analysis.

The following table details the entity's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows.

At 30 June 2016	1-3 months	> 3 months	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	205,345	-	-	-
At 30 June 2015	1-3 months	> 3 months	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	89,302	-	-	-

Interest rate risk

The current account and the call account expose the entity to an interest rate risk on cash flows. Deposits attract interest at a rate that varies according to the prime banking rate.

The entity manages this interest rate risk by ensuring that all surplus funds are transferred to the call account and by maintaining the minimum possible balance in the current account.

Should the prime rate vary by 1% either direction, the effect on the cash balance would be R56 300 in either direction.

Credit risk

Credit risk consists mainly of cash equivalents. The entity only holds cash with banks which have an equity above R10 billion with a good credit rating.

26. Events after the reporting date

Management is not aware of any events after the reporting date.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

2016

2015

27. Related parties

Sarah Baartman District Municipality

The municipality holds 100% shareholding in the entity and is therefore the Parent Municipality. The Cacadu District Development Agency was legally formed in September 2012. The municipal entity commenced operations on 1 July 2013.

Current year transactions:

Grant to fund operations - R1 000 000

Prior year transactions:

Grant to fund operations - R4 000 000

There were no other transactions between the municipality and the entity during the current and prior year.

Board members and employees

Board members and the employees have declared no interest or gain in or from any transaction entered into with the entity by any organisation or business.

The following interests in institutions have been declared, but no transactions have been entered into:

<u>Staff member / Board members</u>	<u>Entity Name</u>	<u>Transactions</u>
Mr LS Blouw	Nojoli Development Corporation	None
Ms N Koeberg	Chris Hani Development Agency	None
Mrs D Mgoduka	Doreen Mgoduka Attorneys	None
Mr A Taai	Flourisent Trading t/a Kowie Bus Service	None

Key management personnel

The following are persons having authority and responsibility for planning, directing and controlling the activities of the municipal entity, directly or indirectly: Chairperson of the Board, Board members and Chief Executive Officer.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

2016

2015

28. Significant estimates and judgements

The preparation of the entity's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the entity's accounting policies, management was not required to make any judgements in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Useful lives

The estimates and associated assumptions are based on management's estimation of the condition of the assets. Limited changes were made to the useful lives of property, plant and equipment, as management assessed that the estimated useful lives in the prior year, are still appropriate.

Residual values

Residual values of property, plant and equipment are based on the nature of the assets, quotes obtained from suppliers and management's estimation of the condition of the assets. Limited changes were made to the residual values of property, plant and equipment, as management assessed that the estimated residual values determined in the prior year, remained appropriate.

29. Standards of GRAP issued but not yet effective

The following standards have been issued but are not yet effective:

GRAP 20:	Related Party Disclosures
GRAP 32:	Service Concession Agreements - Grantor
GRAP 108:	Statutory Receivables
GRAP 109:	Accounting by Principals and Agents

In accordance with the manner in which the entity operates, the application of GRAP 20 and GRAP 108 is not expected to have a major impact on the accounting procedures and disclosures as the standard is partially applied and the information is readily available.

The other standards will not have an impact on the entity unless the entity enters into agreements which will require the standards to be applied.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

30. Irregular expenditure

Opening balance	259,637	114,902
Add: Irregular Expenditure - current year	82,242	144,735
Less: Amounts condoned / written off	(259,637)	-
	82,242	259,637

Details of irregular expenditure

Travel bid of parent municipality utilised in terms of the supply chain management regulations. However, the parent municipality reflects the expenditure incurred on this bid as irregular due to non-compliance with the regulations.	82,242	144,735
---	--------	---------

31. Deviations

<u>Reason</u>	<u>No. of incidents</u>	
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	6	119,079

32. Change in estimate

Property, plant and equipment

The entity has reassessed the useful lives and residual values of property, plant and equipment which resulted in the remaining useful lives of certain items' either being reduced or increased based on the condition of the assets. The residual values of these assets have been reassessed and adjusted accordingly. The effect of the change in accounting estimate has resulted in a decrease in depreciation amounting to R 516 for the current period and an increase of R 2 972 in the prior year. The effect on future periods could not reasonably be determined.

33. Commitments

Authorised capital expenditure

The entity has not entered into any contracts nor has the entity made any awards that has resulted in any capital commitments during the year.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

2016

2015

34. Budget differences

Material differences between budget and actual amounts

Investment revenue

The excess of actual investment revenue over the final budget of 50% was due to the increase in the interest rates received on investments during the year. Also, the actual cash outflow was less than expected and therefore the additional cash invested generated the additional interest.

Transfers recognised - operational

The variance of 46% is due to the conditional grant revenue not being recognised during the year as the grants were not utilised as the projects are still in progress.

Other own revenue

Based on the principles of budgeting, this area is utilised to fund the budget of the entity and therefore the budgeted amount is high. The total amount budgeted relates to the amount funded from accumulated surplus. There was no other revenue budgeted for.

Employee costs

The variance is mainly due to the vacant positions on the organogram of the entity. The entity filled the vacancy of the third programme manager. The other vacancies can only be filled upon the finalisation of the disestablishment of the Blue Crane Development Agency.

Other expenditure

The expenditure variance of 70% was mainly due to the entity incurring marginal expenditure on planning and feasibility studies. The planning and feasibility studies budget was an estimate in accordance with the intended planning phase of the projects. The actual expenditure can be avoided where no co-funding on a project is required or where other measures are implemented to achieve the same outcome.

CACADU DISTRICT DEVELOPMENT AGENCY SOE SOC LTD

**Annual Performance report
for the year ended 30 June 2016**

A handwritten signature or mark, possibly initials, located in the bottom right corner of the page.

**CACADU DISTRICT DEVELOPMENT AGENCY
ANNUAL PERFORMANCE REPORT AS AT 30 JUNE 2016**

CDA Focus Area	Strategic Objectives	Strategy	Key Performance Indicator	Annual Target	30-Jun-16	Actual & reason for variance	State if Project is Complete, On Target, Not On Target, Not Started, Discontinued	State Brief Plan of Action to address Projects Not On Target and Not Started
Manufacturing & Infrastructure Development	To facilitate the establishment of an industrial park to attract new investment to the Blue Crane Town of Somerset East by 2020 and beyond. (Full Cycle Development Project)	By developing the pre-feasibility stage of the proposed Industrial Park to be located in the town of Somerset East By lobbying support from government departments for funding to develop the Industrial Park in the town of Somerset East	Drafting of an Industrial Park Concept Business plan for the proposed site in Somerset East Identifying a suitable potential government funding department, completing the funding application and submitting the funding proposal for the proposed Industrial Park at Somerset East	Develop the Concept Business Plan Submitting a funding application to the identified government department	Concept Business Plan developed Completing and submitting the funding application	Complete Target Action: Target already achieved in previous Quarter - the funding application was submitted to the DTI on the 29th of January 2016 Additional work done: 1- CDA is not awaiting for the DTI funding solely but an alternate process has commenced with an action to establish a Wind Tower Factory (WTF) on the IP in the mean time. This process is managed in an innovative approach that will ensure that the WTF will install the bulk services into the IP in order to open up the IP to other investors through the discounting of the installation cost against the rental income. 2- A Special council with BCRM was arranged to address issues on the 18th May 2016 3- Various meetings with the potential client 13 may 2016 4- Contract drafted and condoned at the CDA board meeting dated 28th June 2016 5- SP appointed to draft valuation report	Achieved	Not applicable
	To facilitate the establishment of a waste-to-energy project at the industrial park by sourcing potential investors and then to facilitate the process up to bankable stage (Facilitation Project)	By establishing a Project Steering Committee between the CDA & the procured investor for the development of the waste-to-energy project at the Somerset East Industrial Park By facilitating the establishment of a PPP with the procured funder for the establishment of a waste-to-energy project at the Somerset East Industrial Park	Establishing a Project Steering Committee between the CDA & the procured investor for the development of the waste-to-energy project at the Somerset Industrial Park Managing the preparation for the registration of a PPP application to National Treasury (inclusive of the drafting of a feasibility study) for the establishment of a waste-to-energy project at the Somerset East Industrial Park	Project steering committee for the waste-to-energy project successfully established PSC Meetings held with the potential developer/ National treasury to register the PPP for the Somerset East Industrial Park	Project steering committee for the waste-to-energy established Feasibility study fully completed as part of the PPP registration process	Complete Target action: Target achieved in Q 2. Additional work done: 1- Follow up PSC meeting was held in Somerset East on the 22nd April 2016 2- A new addition to the project was a new project to be developed in Makana, meetings held 22/04/16, 12/05/16 & 07/06/16 in Makana. 3- Another new project linked to this project is the SA LED project. CDA completed questionnaires.	Achieved	Not applicable

CDA Focus Area	Strategic Objectives	Strategy	Key Performance Indicator	Annual Target	30-Jun-16	Actual & reason for variance	State if Project is Complete, On Target, Not On Target, Not Started, Discontinued	State Brief Plan of Action to address Projects Not On Target and Not Started
	To commercialize the "Greening of natural fibres" through facilitating of a joint project, with a commercial investor (Facilitation Project)	By sourcing a commercial investor and to facilitating the pre-feasibility stage that will lead to the Greening of Natural fibres project in the SBDM	Sourcing of a potential investor and facilitating the pre-feasibility study in the "Natural Fibre Greening" project, concentrating on the emerging farmers in the SBDM	Sourcing of funder and the facilitation of the pre-feasibility/ Feasibility study process	Pre-feasibility study fully developed	Target action: Target achieved, the work done is reflected in the report. Additional Work done: 1- PSC for this project attended on the 11th of May 2016. 2- Workshop on the project attended on the 25-26th of May 2016 3-A concept TOR to appoint a SP to draft a commercialization of green fibre process road was completed, Bid specification meeting could not take place due to the strike at SBDM. 4- additional workshop in SE on the 13th of June 2016.	Achieved	Not applicable
Tourism	To ensure the successful development of the Boschberg Tourism Project that will enable the growth of the Tourism sector in BCRM by 2020 and beyond (Facilitation Project)	By developing a PPP between the preferred developer and the CDA for the lodge concession as a section of the Boschberg Tourism project located in the BCRM	Re-registration of a PPP with National Treasury for the lodge concession as a section of the Boschberg Tourism project located in the BCRM	Re-registration of the PPP	Appointment of a SP to act as Transaction Manager for the project	A meeting was held with the CEO to discuss this project and it was agreed that the project cannot continue as the ROD for the EIA process has lapsed.	Not achieved	A meeting was held with the CEO to discuss this project and it was agreed that the project cannot continue as the ROD for the EIA process has lapsed.
		By facilitating the commercialization of the Boschberg Tourism Hub as a section of the Boschberg Tourism project located in the BCRM	Commercializing the Tourism hub section of the Boschberg Project located in the BCRM	To facilitate the procurement process of the commercialization of the Tourism Hub	Award Tender to the successful bidder/ Drafting of a lease contract	The advertising for the Bid should have taken place in the last financial year month of June 2016 but due to the SBDM strike could not take place and is postponed into the new financial year.	Not achieved	Postponed into the new financial year.
Manufacturing & Infrastructure Development	To facilitate the local communities interest in the R335 road development project (Facilitation Project)	By ensuring that the local communities will benefit from the R335 road development project that will link the towns of Somerset East and Addo	Engagements with each of the following stakeholders: DRDLR, local municipalities, the appointed contractor and the local communities to ensure that the local communities benefit from the development of the R335 road project located in the Blue Crane and Sundays River municipalities	To successfully facilitate the participation of the local communities in the development of the R335 road	Site meeting/ Facilitation meeting held with contractors and local stakeholders to ensure local beneficiation	Target action: Target achieved, the following meetings: 1- Stakeholders - 4/5/6 April 2016 2- site Meetings - 10 May 2016 & 14 June 2016	Achieved	Not applicable

CDA Focus Area	Strategic Objectives	Strategy	Key Performance Indicator	Annual Target	30-Jun-16	Actual & reason for variance	State if Project is Complete, On Target, Not On Target, Not Started, Discontinued	State Brief Plan of Action to address Projects Not On Target and Not Started
Tourism	To develop a macro tourism project in the Camdeboo municipal area (Full cycle Development Project)	By developing a Macro Tourism Project up to Bankable stage in the Camdeboo municipal area	Identifying a potential project, developing a project stakeholders steering committee, and developing the feasibility for the macro tourism project in the Camdeboo Municipal area	To successfully facilitate the feasibility stage of the project	Prepare TOR and manage the procurement process to appoint a Service Provider to draft a feasibility study for the project	Additional Work done: The Tourism project that was additionally developed is the Dakawa project in Makana. CDA did two reports on the project after two visits: 07 & 22 June 2016.	Not achieved	Target action: 1. A Project Steering Committee was already formed in Q1-20f 105 16 and several meetings took place. MINUTES OF MEETING The PSC requested the CDA to replan the project as two of the three original pillars were no more feasible to explore. These two are the Tourism Office upgrading (Already done) and the accommodation pillar in the National Park (National Parks no more interested in this development). The Project Manager then requested the CEO to appoint a service provider to redraft the feasibility study based on the single pillar left (Intrepid centre). The current constraint is that there is no budgeted funding to proceed with re-planning and the project will have to be shelved until the next financial year.
Manufacturing / All focus areas	To identify and engage potential foreign and local investment opportunities (Facilitation Project)	By facilitating interaction with potential foreign/local investors for all economic sectors located within the SBDM region by establishing a indicative network with at least one country	4 x facilitation engagements with local/foreign investment countries to establish a working network with at least one country	To establish a functional communication network with at least one foreign investment country	1 x interaction meeting with local/foreign investment opportunities	The current constraint is the unavailability of a suitable communication system within the Somerset East Office to commence the communication process with the Chinese group	Not achieved	The CEO is in the process to resolve the constraint.
Tourism	To ensure the successful business development of the Nature Reserves in the SBDM region by 2020 and beyond (Full cycle Development Project)	By assessing the LED opportunities in the SBDM nature reserves and drafting a status quo report	Liaising with Provincial department and drafting a report on LED opportunities in the reserves of the SBDM	To draft a report on LED opportunities in the reserves of the SBDM	Drafting of a report	The project will be discontinued.	Not achieved	A meeting was held with the CEO to discuss this project and it was agreed that the project (with Grant) will be handed back to the SBDM as the Provincial Nature Authority cannot make a decision on the role that CDA need to fulfill.
		By planning a development project in one of the reserve's in the SBDM	Drafting a Concept business plan and managing the procurement process to appoint a SP to draft a final business proposal for a project in a Nature Reserves in the SBDM	To draft a concept business plan as well as to appoint a SP that will develop a final business proposal for a project in one of the Nature reserves in the SBDM	Managing the procurement process to appoint a SP to draft a feasibility report	The project will be discontinued.	Not achieved	A meeting was held with the CEO to discuss this project and it was agreed that the project (with Budget) will be handed back to the SBDM as the Provincial Nature Authority cannot make a decision on the role that CDA need to fulfill.

CDA Focus Area	Strategic Objectives	Strategy	Key Performance Indicator	Annual Target	30-Jun-16	Actual & reason for variance	State if Project is Complete, On Target, Not On Target, Not Started, Discontinued	State Brief Plan of Action to address Projects Not On Target and Not Started
Agricultural Development in the SBDM region	To sustain and grow a vibrant agricultural sector in SBDM by 2020	Establishment of an Agri-Park in the Sundays River Municipality, for the benefit of primary agricultural product of the entire SBDM region	Establishment of an Agri-park in the Sundays river municipal area	Agri-Park Established	1 x PSC Facilitation meeting	The project is on target. Various meetings and workshops took place. On the 5th of April a meeting was held to understand the common vision of an Agri Park, guidance on the roll out, speed up implementation, a funding model and to prepare for a district agri park workshop. On the 19th of April a meeting was held to discuss agri park implementation models, implementation of an action plan and the appointment of service providers. On the 1 and 2nd of June a meeting and workshop was held where proposals were presented and a report on the progress was presented. Guidance by the MEC was given and presentations on the business plan and the establishment of a technical support team. On the 8th of June the site was identified and visited.	Achieved	Not applicable
Renewable Energy (Wind, Hydro, Solar, Biogas, Gas, Bio-fuels)	To maximise utilisation of natural local resources to grow local green economy's in SBDM by 2020	Facilitating the development of emerging farming projects to fully functional commercial farms in SBDM	Facilitate the processes to commercialise emerging farmer in the local municipalities of the SBDM	Facilitate the commercialisation of emerging farmers	1 x facilitation Meeting	The project is on target. The consulting company from the USA visited the Pearston area on the 24th of May. The sites were identified and business plan will be forwarded to the CDA to presented to the authorities. On the 21st of April a water reconciliation strategy for water supply was attended. Meetings were held on the 3rd and 28 of June to address the issues on the farm Kommeijeshoek and the grievances of the beneficiaries were addressed. On the 6th of April meetings were held in Cookhouse to inform the community on the 1 hectare 1 household project, applications were received and beneficiaries were verified, the area was surveyed and a business plan was drafted.	Achieved	Not applicable
Renewable Energy (Wind, Hydro, Solar, Biogas, Gas, Bio-fuels)	To maximise utilisation of natural local resources to grow local green economy's in SBDM by 2020	By engaging Wind Energy developers by facilitating the community involvement as well as assisting the developers with government linked interventions in the commercial wind generation projects on all the different sites in the SBDM region	Facilitating the local community involvement, as well as assisting the developers with government linked interventions in the commercial renewable wind generation projects on all the different sites in the SBDM region	8 x Engagement meetings with government departments/ commercial developers or local communities	2 x Wind Energy Engagement meetings with either government departments/ commercial developers or local communities	The project is partially on target. The CDA assisted the Nxuba and Golden Valley wind farms to obtain all documents from the Municipalities to reach financial closure. The implementation is delayed for 3 months by DOE. The commissioning of the Njoli and Amakhala wind is delayed by DOE until December. An IPP meeting was held in Kouga on the 7th of April and all wind farms presented the projects that is in operation. The contractor for the Nxuba Wind farm was assisted to get a site at the industrial park for the manufacturing of towers and to obtain an EIA for the site for a lay down area and a meeting with environmentalist Mike Cohen was facilitated.	Apart from the delays from DOE the project is on schedule	The delays are beyond control of the CDA as it is with DOE and the capacity of sub stations and Eskom.
Renewable Energy (Wind, Hydro, Solar, Biogas, Gas, Bio-fuels)	To maximise utilisation of natural local resources to grow local green economy's in SBDM by 2020	By engaging Solar Energy developers by facilitating the community involvement as well as assisting the developers with government linked interventions in the commercial solar generation projects on all the different sites in the SBDM region	Facilitating the local community involvement, as well as assisting the developers with government linked interventions in the commercial renewable solar generation projects on all the different sites in the SBDM region	4 x Engagement meetings with government departments/ commercial developers or local communities	1 x Solar Energy Engagement meetings with either government departments/ commercial developers or local communities	This project is not on target as there is no capacity at the substation to connect into the grid.	Not achieved	The CDA tries to find alternative PPA. The proposed Pearston solar farm will bid in the next round and the authorization for the Aberdeen solar farm has been extended

CDA Focus Area	Strategic Objectives	Strategy	Key Performance Indicator	Annual Target	30-Jun-16	Actual & reason for variance	State if Project is Complete, On Target, Not On Target, Not Started, Discontinued	State Brief Plan of Action to address Projects Not On Target and Not Started
		By engaging Hydro Energy developers by facilitating the community involvement as well as assisting the developers with government linked interventions in the commercial hydro generation projects on all the different sites in the SBDM region	Facilitating the local community involvement, as well as assisting the developers with government linked interventions in the commercial renewable hydro generation projects on all the different sites in the SBDM region	4 x Engagement meetings with government departments/ commercial developers or local communities	1 x Hydro Energy Engagement meetings with either government departments/ commercial developers or local communities	The project is still operational although it takes longer to be implemented. The policy has not yet been completed and our information is that it will be completed within the next 3 months. Mr A Mac Master is in the process to facilitate a meeting with politicians and officials. Sites were visited together with investors and experts on hydro s on the 6th and 20th of June.	Achieved	Not applicable
		By engaging Bio- & Natural Gas Energy developers by facilitating the community involvement as well as assisting the developers with government linked interventions in the commercial hydro generation projects on all the different sites in the SBDM region	Facilitating the local community involvement, as well as assisting the developers with government linked interventions in the commercial renewable Bio & Natural Gas generation projects on all the different sites in the SBDM region	4 x Engagement meetings with government departments/ commercial developers or local communities	1 x Bio- & Natural Gas Energy Engagement meetings with either government departments/ commercial developers or local communities	The project is not on target as the government has not issued licences to prospect.	Not achieved	The CDA is in continuous contact with the developers and await the approval of the licences.
		By engaging Bio-Fuel Energy developers by facilitating the community involvement as well as assisting the developers with government linked interventions in the commercial hydro generation projects on all the different sites in the SBDM region	Facilitating the local community involvement, as well as assisting the developers with government linked interventions in the commercial renewable Bio Fuel generation projects on all the different sites in the SBDM region	4 x Engagement meetings with government departments/ commercial developers or local communities	1 x Bio-Fuel Energy Engagement meetings with either government departments/ commercial developers or local communities	This project is not on target as previously mentioned and the Cad await further reports in this regard	Not achieved	The CDA will monitor the progress and report back.
		By engaging government departments and all the renewable energy commercial developers to facilitate the social intervention projects in all the renewable energy projects the SBDM areas	Engaging all the stakeholders and facilitating the local beneficiaries processes for the social intervention projects of all the renewable energy projects all over the SBDM region	4 engagements with developers, government and stakeholders to ensure local beneficiaries from the renewable projects in the SBDM region	1 x Engagement meetings to facilitate the social intervention projects with either government departments/ commercial developers or local communities	The project is on target. The IPP's presented the progress to the municipalities at a meeting on the 7th of April. On the 12th of April and 16th of June the Nopoli wind farm reported on the progress of the IT centres in Cookhouse and Bedford	Achieved	Not applicable
Education (Secondary)	To positively contribute towards the up-skilling of the learners in SBDM and thereby improving their access to tertiary education.	By facilitating and monitoring the implementation of core subjects/courses in critical scarce fields of Maths and Science in the BCRM area	Facilitating and monitoring the implementation of core subjects/courses in critical scarce fields of Maths and Science in the BCRM area	4 support programmes implemented	Support programmes implemented	The project is on target. Learners attended 7 classes during the second term on Fridays from 14h00-18h00. Food, drinks and study material were distributed. 120 learners from 8 schools in Blue Crane and Nxuba Municipalities attended. Educator training took place on the 10th of June in Bedford and was attended by 15 educators. The CDA met with the regional office of Education to identify needs and areas to be addressed on the 17th of May. Mr Pierre de Villiers was the representative. Text books are great need and the translation of video material to Afrikaans	Achieved	Not applicable
		Facilitate the establishment of 1 Maths & science centres in the BCRM	Facilitate the feasibility stage, and the implementations stage of the project	Establishment of 1 maths & science centre in the BCRM	Facilitate and oversee 5 workshop preparation	Centre established and operational. CDA monitors classes on a weekly basis & Fridays lectures were presented. 4 Educators and one Co-ordinator attended training	Achieved	Not applicable

CDA Focus Area	Strategic Objectives	Strategy	Key Performance Indicator	Annual Target	30-Jun-16	Actual & reason for variance	State if Project is Complete, On Target, Not On Target, Not Started, Discontinued	State Brief Plan of Action to address Projects Not On Target and Not Started
Airport development for Somerset East	To facilitate the construction of a new airport for the town of Somerset East	By constructing a new airport facility for the town of Somerset East (Runway/taxiways/ Apron/Automated lighting)	Facilitating the construction and completion of the new Airport at the town of Somerset East	Completion of construction of new Airport at Somerset east	Construction of new Airport at Somerset east complete	Project completed	Achieved	Not applicable
Aerospace Development	To facilitate the creation of a foundation for a new aerospace industry for the SBDM & SA by 2020	Development of a Business Plan to optimize the Graaff Reinet Airfield	Develop a Business Plan to optimize the Graaff Reinet Airfield	Business Plan fully developed	Completed Business plan for Graaff Reinet Airfield	Meeting held with Mr Bennie Arends, Assistant Director Camdeboo Municipality. Concept note completed. Mr Arends will now submit an application to the Municipality for consideration as a project. When concept and project is approved by the Camdeboo Municipality. A tender will be issued by CDA calling for project proposals/business plan.	Achieved	Not applicable
		Establishing commercial flying schools on unutilised airports	On site establishment of a flying school at the Somerset East Airport	On site established commercial flying school at Somerset East Airport	Operational establishment of the flying school	Flying school is on site	Achieved	Not applicable
		Identification of and facilitation of potential Aerospace manufacturing investments in the Camdeboo & Blue Crane Municipal precincts	Identify and engage 4 potential business entities engaged for Aerospace manufacturing investments in the municipalities of Camdeboo and Blue Crane	Engage 4 potential Aerospace manufacturing entities	1 x potential aerospace manufacturing entity engaged	Serviced even not yet available to potential aerospace industries at the Somerset East Industrial Park	Not achieved	Funding needs to be secured for both the bulk and internal services at the Somerset East Industrial Park.
		Facilitating Artisan type training facilities in SBDM	Identify and engage 2 potential training facilitators to provide artisan training in the municipality of the Blue Crane	2 potential artisan training service providers engaged	2 x engagement with potential training facilitator	Potential artisan training service providers to be targeted are Aerospace and Defence Force Expo at Waterloo in September	Achieved	Not applicable
		Facilitate, source funding & equipment for training of personnel for Somerset East Fire station	1 specialised aerospace fire training station completed for the Somerset East airport	1 specialised aerospace fire training station completed	Facilitate the training process	Mandisa Nohashe Head Disaster Management Centre SBDM has placed a call to tender for the provision of a service providers to supply related equipment and specialised aviation and fire fighting training.	Achieved	Not applicable