VOLUME II

Amathole Economic Development Agency (SOC) Limited

(Registration number 2005/030812/07)

Annual Financial Statements

for the year ended 30 June 2015

Amathole Economic Development Agency (SOC) Limited

(Registration number 2005/030812/07)
Annual Financial Statements for the year ended 30 June 2015

Contents

Approval

The financial statements which appear on pages 3 - 44 were approved by the accounting officer on 31 August 2015 and signed as follows:

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Statement of Responsibility

The Municipal Finance Management Act requires the Accounting Authority to ensure that The Amathole Economic Development Agency (SOC) Limited keeps full and proper records of its financial affairs. The annual financial statements should fairly present the state of affairs of The Amathole Economic Development Agency (SOC) Limited and the results of its operations and cash flows for the period then ended in terms of the Statements Generally Recognized Accounting Practices (GRAP).

The annual financial statements are the responsibility of the accounting authority. The external auditors are responsible for independently auditing and reporting on the financial statements.

The annual financial statements have been prepared in accordance with Generally Recognized Accounting Practice and the Companies Act. These annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgments and estimates. The accounting authority has reviewed the company's budgets and cash flow forecasts for the year ended 30 June 2015.

On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the accounting authority's has every reason to believe, that the company will be a going concern in the year ahead and consequently have continued to adopt the going concern basis in preparing the financial statements.

To enable the accounting authority to meet the above responsibilities, the accounting authority sets standards and implements systems of internal control and risk management that are designed to provide reasonable, but not absolute assurance against material misstatements and losses.

The entity maintains internal financial controls to provide assurance regarding:
The safeguarding of assets against unauthorized use or disposition, and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls. An effective system of internal control, therefore, aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, financial statement presentation. Further, because of changes in conditions, the effectiveness of internal financial controls may vary over time. The Accounting Authority is of the opinion that the entity's systems of internal control and risk management did function as intended for the year under review.

In the opinion of the Accounting Authority, based on the information available to date, the annual financial statements fairly present the financial position of the Amathole Economic Development Agency (SOC) Limited at 30 June 2015 and the results of its operations and cash flow information for the year and the Code of Corporate Practices and Conduct has been adhered to.

The annual financial statements for the year ended 30 June 2015, set out on pages 3 to 44, were approved by the Chief Executive Officer and the Accounting Authority on 31 August 2015, and are signed on its behalf by:

Mr M July
East London
7 December 2015

Report of the auditor-general to the Eastern Cape provincial legislature and the council on Amathole Economic Development Agency (SOC) Limited

Report on the financial statements

Introduction

1. I have audited the financial statements of the Amathole Economic Development Agency (SOC) Limited set out on pages … to …, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipal entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Commitments

6. The entity did not account for all commitments in the financial statements in accordance with GRAP 17, *Property, Plant and Equipment*. The entity did not account for a variation amount in their disclosure in the financial statements. Consequently, commitments as disclosed in note 23 are understated by R2,1 million.

Irregular expenditure

7. The entity did not have adequate systems in place to identify and disclose all irregular expenditure incurred during the year as required by section 125(2)(d)(i) of the MFMA. The irregular expenditure disclosed in note 24 to the financial statements is understated in respect of amounts incurred during the year that were identified during the audit process of approximately R700 000. Due to the lack of systems, and non-availability of sufficient appropriate audit evidence for all awards, it was impracticable to determine the full extent of the understatement of irregular expenditure disclosed at R4,1 million. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure disclosure note.

Net cash flows from operating activities

8. The entity did not correctly calculate the cash paid to suppliers included in note 21 for net cash flows from operating activities. The entity deducted provisional tax payments however these amounts are not included in the total expenditure and therefore should not be deducted. I was unable to obtain sufficient appropriate evidence to support expenditure of approximately R600 000 that was required to be taken into account to correctly calculate cash paid to suppliers. I was unable to confirm this amount by alternative means. Consequently I was unable to determine whether any adjustments relating to net cash flow from operating activities as disclosed in note 21 of the financial statements were required.

Going concern

9. The statement of financial performance indicates that Amathole Economic Development Agency incurred a net loss of R1,2 million during the year ended 30 June 2015 and, as of that date, the municipal entity's current liabilities exceeded its total assets by approximately R500 000. These conditions, along with other matters indicate the existence of a material uncertainty that may cast significant doubt on the municipal entity's ability to operate as a going concern. The financial statements (and notes thereto) do not fully disclose this fact.

Qualified opinion

10. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Amathole Economic Development Agency (SOC) Limited as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and the Companies Act of South Africa.

Emphasis of matters

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

Unauthorised, fruitless and wasteful expenditure

12. As disclosed in note 24 the entity incurred unauthorised expenditure of R2,3 million as the expenditure was incurred in excess of the approved budget on various expense items.

13. In addition the entity also incurred fruitless and wasteful expenditure of R3,1 million as disclosed in note 24.

Additional matters

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

Other reports required by the Companies Act

15. As part of our audit of the financial statements for the year ended 30 June 2015, I have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements in respect of which I have expressed a qualified. I have not audited the reports and accordingly do not express an opinion on them.

Unaudited disclosure note

16. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

18. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2015:

- Development objective 2: Economically thriving small towns and rural communities on pages x to x

19. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

20. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

21. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

Economically thriving small towns and rural communities

22. I did not identify material findings on the usefulness and reliability of the reported performance information for the following development objectives:

- Development objective 2: Economically thriving small towns and rural communities

Additional matter

23. I draw attention to the following matter. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected development objectives, I draw attention to the following matter:

Achievement of planned targets

24. Refer to the annual performance report on pages x to x and x to x for information on the achievement of the planned targets for the year.

Compliance with legislation

25. I performed procedures to obtain evidence that the municipal entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual Financial Statements and annual report

26. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act.

27. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving a qualified audit opinion.

Audit Committee

28. Sufficient appropriate audit evidence could not be obtained that the audit committee was constituted in the manner required by section 166(5) of the Municipal Finance Management Act as I could not confirm the resignation of the chairperson of the audit committee prior to the appointment as acting chief executive officer.

Internal control

29. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, and the findings on compliance with legislation included in this report.

Leadership

30. The oversight structures did not exercise adequate oversight responsibility over financial reporting, compliance and related controls. This was a result of not having stable leadership at the municipal entity.

Financial and performance management

31. The financial statements contained numerous misstatements that were uncorrected. This was mainly due to staff members not fully understanding the requirements of the financial reporting framework.

Governance

32. The audit committee chairperson was appointed as the acting CEO during the year under audit, which placed doubt on the independence of the audit committee. Furthermore, material misstatements and material findings on compliance indicated that the reviews conducted by audit committee and internal audit were not adequately implemented during the period.

Other reports

Investigations

33. An independent consulting firm has been contracted to perform a forensic investigation at the request of the council of Amathole District Municipality, (the parent municipality of Amathole Economic Development Agency (SOC) Limited, which covers the period 1 July 2014 to 30 June 2015. The investigation was initiated based on an allegation of the possible misappropriation of the municipal entity's assets. As the investigation has recently commenced, the outcome of the investigation is not yet known.

Auditor - General

East London

30 November 2015

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the Audit Committee

We are pleased to present our report for the financial year ended 30 June 2015.

Audit Committee Members and Attendance:
The audit committee as at 30 June 2015 consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 4 scheduled meetings and 2 special meetings were held by the following members whose term expired on 30 June 2015.

Number of Meetings Attended

Name of Member	Scheduled	Special	Attended
Mr. S Mpambani (Chairperson: 1 July to 8 December 2014)	4	2	2
Ms. NEP Loyilane	4	2	4
Mr. A Qunta	4	2	3
Mr. S Mbewu	4	2	6
Mr. M Panicker (Chairperson: 9 December 2014 to 30 June 2015)	4	2	6

During December 2014, as a result of the suspension of the CEO, Mr Mpambani was delegated by the Board of Directors to act as the Chief Executive Officer. As such, he stepped down as Chairperson. Mr M Panicker was then appointed by the Board of Directors as the Chairperson. This is against good corporate governance principles.

As from 1 July 2015, the following were appointed by the Shareholder as audit committee members who currently serve on the Audit and Risk committee of Amathole District Municipality :
Ms. L Smith - Chairperson
Mr. P Zitumane - Member
Mr. M Sibam - Member

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 166 of the MFMA and Treasury Regulation 3.1 .

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the Agency during the year under review.

Evaluation of Financial Statements and Performance Information
The Audit Committee has:
· reviewed the annual financial statements and performance information to be submitted to the Auditor General, with the internal audit and the Accounting Officer
· reviewed changes in accounting policies and practices;
· reviewed the Agency's compliance with legal and regulatory provisions; and

Internal audit
The Audit Committee has reviewed the following internal audit reports of internal audit :
· Status of Accounting Records
· Report on follow up of AG findings
· Report on Q2 performance information
Based on the draft information, the Audit Committee is of the opinion that the AFS may be submitted to AG.

The Audit Committee met on the 30 August 2015 and recommended the adoption of annual financial statements by the Accounting Authority at their meeting on 31 August 2015.

L. Smith
Chairperson - Audit Committee

Date: 30 August 2015

Accounting Authority's Report

The Accounting Authority present its tenth Annual Report.

1. Constitution

Amathole Economic Development Agency (SOC) Limited is a Municipal entity constituted by the Amathole District Municipality and became operational with effect from 1 September 2005.

2. Objectives and principal activities

The main objectives of the Agency are to stimulate economic growth in the Amathole district through promotion of entrepreneurial activity, leveraging of business development support and facilitation of investment into strategic economic sectors and spatial nodes.

3. Corporate Governance

The Accounting Authority subscribes to the values of good corporate governance and recognises the need to conduct the enterprise with integrity and in accordance with accepted corporate practices. The Accounting Authority is of the opinion that during the year under review, the Agency faced challenges with relevant aspects of good corporate governance. In order to assist the agency, the Accounting Authority has implemented a plan of action to ensure corporate governance principles are once again instilled throughout the organisation.

4. Ordinary Share Capital

No ordinary shares were issued during the year under review (2014 – R nil).

5. Financial Results

The results of the Agency are fully disclosed in the annual financial statements and do not in our opinion require further comment.

6. Going concern

The company's liabilities have exceeded its assets by R588 756 as a result of a deficit of R1.29 million incurred during the year. This is mainly due to over-expenditure on legal fees and board expenditure amounting to R2.2 million. The Accounting Authority is, however, of the view that this would not have an impact on the operational existence of the company as the expenditure related to an incident which does not form part of its normal trading activities. The Accounting Authority is also responsible for the funding of the day-to-day operations of the company in terms of a SLA that is in existance between the two.

7. Policy Directives

No policy directives were received from the Member of the Executive Council for Local Government and Traditional Affairs during the year.

8. Dividends

No dividends are payable to the Agency’s ordinary shareholder. Retained income attributable to the ordinary shareholder is re-invested in projects to promote development.

9. Interest Bearing Borrowings

No new borrowings were incurred during the year.

10. Insurance

The Agency protects itself against catastrophic financial and fraudulent losses by means of a normal external insurance policy through Indwe Insurance Brokers.

Accounting Authority's Report

11. Contracts

A contract relating to the supply of travel related expenditure was entered into during the year, but it was subsequently found that one of the board of Directors was also a member of the board at the travel agency. The contract was subsequently cancelled.

12. Compliance with MFMA

The Accounting Authority is of the opinion that the agency complies in all material respects with the MFMA with the exception of the issues reported under Note 24 and the fact that there was no Acting CFO for the period 01 January 2015 to 11 January 2015 and again from 02 July to 12 August 2015.

13. Audit Committee and Internal Audit

During the course of the financial year the Audit committee met for the prescribed minimum number of meetings and the internal audit unit functioned well during the year and all outstanding reports have been submitted to the Audit Committee for review and acceptance by the date of these financial statements.

14. Subsidiaries and Associates

The Amathole Economic Development Agency (SOC) Limited has no subsidiaries or associated companies.

15. Events subsequent to year-end

The subsequent events at year-end have been disclosed in Note 27 of the Annual Financial Statements.

16. Number of employees

During the year under review the average number of employees was 21.

17. Directors

The directors of the company during the year under review were as follows, whose term expired on 30 June 2015:

Dr. V Mkosana – Contract Expired on 30 June 2015	Board Member	Non-Executive
Ms. NEP Loyilane – Contract Expired on 30 June 2015	Board Member	Non-Executive
Mr. S Mpambani – Contract Expired on 30 June 2015	Board Member	Non-Executive
Mr. A Qunta – Contract Expired on 30 June 2015	Board Member	Non-Executive
Ms. S Madala – Contract Expired on 30 June 2015	Board Member	Non-Executive
Mr. S Mabandla – Contract Expired on 30 June 2015	Board Member	Non-Executive

From 01 July 2015 up to the date of the report, Mr C Magwangqana, the Amathole District Municipality - Municipal Manager, is the Accounting Authority, as per a Council Resolution of the Amathole District Municipality (the shareholder)

18. Chief Executive Officer and Secretary

The Chief Executive Officer and the Secretary of the company during the year under review and up to the date of this report were as follows:

Mrs. N Mnqeta	Chief Executive Officer	Executive
Ms. Z Kiviet	Company Secretary	Executive

Company Secretary's Report

Declaration by the company secretary

Section 88(2)(e) of the Companies Act 71 of 2008 requires a company secretary to certify whether the company has filed required returns and notices in terms of the Act, and whether all such returns and notices appear to be true, correct and up to date.

I hereby confirm, in my capacity as company secretary of the Amathole Economic Development Agency trading as ASPIRE (the company) that for the financial year ended 30 June 2015, the company has filed all required returns and notices in terms of the Companies Act and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.

Z Kiviet - Company Secretary

Amathole Economic Development Agency (SOC) Limited

(Registration number 2005/030812/07)
Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

	Note(s)	2015 R	2014 R
Assets			
Current Assets			
Trade and other receivables from exchange transactions	4	579 939	551 721
VAT Receivable	5	856 543	556 077
Taxation	17	538 219	286 608
Cash and cash equivalents	6	15 439 241	5 266 639
		17 413 942	**6 661 044**
Non-Current Assets			
Property, plant and equipment	7	393 080	342 131
Intangible assets	8	22 178	40 031
		415 258	**382 162**
Total Assets		**17 829 200**	**7 043 206**
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	9	3 721 216	626 389
Unspent Conditional Grants	10	4 663 598	1 508 175
Unspent Capital Conditional Grants	11	9 968 488	3 884 655
Lease liability	12	42 252	19 772
Taxation	17	-	283 397
		18 395 555	**6 322 388**
Non-current liabilities			
Lease liability	12	**21 403**	**18 732**
Total Liabilities		**18 416 957**	**6 341 120**
Net (Liabilities) / Assets		**-587 757**	**702 086**
Net (Liabilities) / Assets			
Contributions from owner	13	1 000	1 000
Accumulated (deficit) / surplus		-588 756	701 086
		-587 756	**702 086**

Statement of Comprehensive Income

Actual 2014		Note(s)	Actual 2015 R	Approved Budget 2015 R	Adjustments 2015 R	Final Budget 2015 R	Variance 2015 R
	Revenue						
	Revenue from exchange transactions						
274 697	- Interest revenue	14	432 219	150 000	-	150 000	282 219
24 049	- Other operating income	15	7 603	9 021 867	-8 851 867	170 000	-162 397
	Revenue from non-exchange transactions	31					
15 000 000	- Amathole District Municipality		21 680 858	21 500 000	2 113 578	23 613 578	-1 932 720
2 100 432	- Industrial Development Corporation		-	3 000 000	-	3 000 000	-3 000 000
16 770 594	- NDPG Capital Grant		5 436 411	18 800 000	-645 467	18 154 533	-12 718 122
7 618	- Gain on disposal of property, plant and equipment		18 348	-	-	-	18 348
-	- Implementing fees		44 404	2 353 189	-	2 353 189	-2 308 785
1 713 852	- Other grant income		2 235 803	14 200 000	345 484	14 545 484	-12 309 681
65 523	- Sponsorships		-	-	-	-	-
35 956 765	**Total Revenue**		**29 855 645**	**69 025 055**	**-7 038 271**	**61 986 784**	**-32 131 139**
	Expenditure						
528 299	- Audit fees		572 187	700 000	-	700 000	-127 813
4 444 471	- Administrative		7 125 208	3 985 421	1 131 616	5 117 037	2 008 171
839 959	- Board and sub-committee expenditure		1 115 230	856 000	-	856 000	259 230
201 100	- Depreciation, amortisation an impairment loss		175 747	241 727	-	241 727	-65 980
-	- Interest and penalties paid		26 787	-	-	-	26 787
3 216 932	- Project expenditure		3 207 800	30 372 574	-7 924 421	22 448 153	-19 240 353
17 382 058	- Contract expenses	35	5 472 573	18 800 000	-245 467	18 554 533	-13 081 961
8 331 814	- Staff costs		13 449 955	13 926 834	-	13 926 834	-476 879
34 944 633	**Total expenditure**	**16**	**31 145 487**	**68 882 555**	**-7 038 271**	**61 844 284**	**-30 698 797**
1 012 132	**Surplus / (deficit) before tax**		**-1 289 842**	**142 500**	**-**	**142 500**	**-1 432 342**
283 397	- Taxation	17	-	-	-	-	-
728 735	**Surplus / (deficit) for the year**		**-1 289 842**	**142 500**	**-**	**142 500**	**-1 432 342**
	Acquisition of Property, Plant and Equipment and Intangible Assets						
75 077	- Computer equipment and software		156 734	102 500	-	102 500	54 234
40 598	- Office furniture and equipment		65 614	40 000	-	40 000	25 614

Explanations of variances between budget and actual are included in note 32 of the annual financial statements

Statement of Changes in Net Assets

	Contributions from owner	Accumulated Surplus / (Deficit)	Total equity
	R	R	R
2014			
Balance at 01 July 2013	**1 000**	**-27 649**	**-26 649**
Net surplus for the year	-	728 735	728 735
Balance at 30 June 2014	**1 000**	**701 086**	**702 086**
2015			
Balance at 01 July 2014	**1 000**	**701 086**	**702 086**
Net deficit for the year	-	-1 289 842	-1 289 842
Balance at 31 March 2015	**1 000**	**-588 756**	**-587 756**

Statement of Cash Flows

	Note(s)	2015 R	2014 R
Cash flows from operating activities			
Receipts			
Revenue from non-exchange transactions		38 106 368	20 867 751
Other operating income		52 007	24 049
Sponsorship		-	65 523
Interest received		412 439	274 697
Payments			
Staff costs		-13 595 209	-8 657 214
Suppliers		-14 092 727	-34 721 393
Taxation		-519 778	-
Net cash from operating activities	21	**10 363 099**	**-22 146 587**
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		31 853	15 282
Purchase of intangible assets		-15 945	-15 828
Purchase of property, plant and equipment		-206 404	-99 847
		-190 496	**-100 393**
Net increase / (decrease) in cash and cash equivalents		**10 172 604**	**-22 246 980**
Cash and cash equivalents at beginning of year		5 266 638	27 513 618
Cash and cash equivalents at the end of year		**15 439 242**	**5 266 638**

Accounting Policies

The Annual Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the statutory requirements of the Company's Act (Act No. 71 of 2008), the Municipal Finance Management Act (Act No. 56 of 2003) and the Municipal Systems Act (Act No. 32 of 2000).

1. Basis of preparation

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

1.1 Statement of compliance

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The following Standards of GRAP have been approved but the Minister of Finance has not yet determined an effective date:

GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
GRAP 108	Statutory Receivables

Approved Standards of GRAP that entities are not required to apply:

GRAP 18	Segment Reporting

The effective date of the remaining GRAP standards will be announced at some future date still to be made known. Management has considered all of the above-mentioned standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the entity.

1.2 Underlying principles

The financial statements have been prepared on the historical cost basis utilising accounting policies appropriate to a going concern, which assumes that the Agency will continue in operation for the foreseeable future.

An asset, being a resource controlled by the Agency as a result of a past event from which future economic benefits are expected to flow, is recognised when it is probable that the future economic benefits associated with it will flow to the Agency and its cost or fair value can be measured reliably.

A liability, being a present obligation of the Agency arising from a past event the settlement of which is expected to result in an outflow of resources, is recognised when it is probable that future economic benefits associated with it will flow from the Agency and its cost or fair value can be measured reliably.

Accounting Policies

Changes in accounting policies are accounted for in accordance with transitional provisions in the applicable standard or, if no guidance is provided, they are applied retrospectively unless it is impractical to do so, in which case the change is applied prospectively. Changes in accounting estimates are recognised in surplus and deficit in the period they occur. Prior period errors are retrospectively restated unless it is impractical to do so.

1.3 Use of estimates and judgements

Use of Estimates

The preparation of Annual Financial Statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the economic entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Annual Financial Statements are disclosed in the relevant sections of the financial statements. These estimates, however, are based on managements best knowledge.

Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant judgements include:

1.3.1 Receivables

The entity assesses its receivables for impairment at each Statement of Financial Position date. In determining whether an impairment loss should be recorded in the Statement of Financial Performance, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Where applicable individual amounts are impaired so as to reflect the expected proceeds from the amount due.

1.3.2 Useful lives of Property, Plant, Equipment and Intangibles

As described in Accounting Policies 2.2. and 2.5, the entity depreciates / amortises its property, plant, equipment and intangible assets over their useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year end. The residual values of the assets are based on industry knowledge.

1.3.3 Effective interest rate

Details relative to these are to be found in the relevant notes to the Annual Financial Statements.

1.4 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

Accounting Policies

1.5 Offsetting

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

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2.1. Revenue recognition

Revenue from exchange transactions

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the Agency receives value from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is recognised in accordance with 2.1.1 below.

2.1.1. Government Grants

Government grants arise from non-exchange transactions and are recognised in the Statement of Financial Position once the grant can be measured reliably and confirmation has been received that the grant will be paid. On initial recognition, the grant is recognised at its fair value, which is taken as the monetary amount, unless the grant on initial recognition has extended payment terms, in which case the monetary amount is disclosed. Delay in receipt of a grant does not result in the grant being discounted, but does result in the grant being checked for impairment.

Recognition of grant income is deferred and recognised as a liability in the Statement of Financial Position when conditions attaching to the grant have not been fulfilled at the reporting date.

Where grant income has been received and has been committed but the related commitment cannot be defined as an accrual, such related grant income is transferred to revenue from non-exchange transactions when the commitment has been realised.

2.1.2. Interest revenue

Interest income is recognised as it accrues in surplus or deficit, using the effective rate method.

2.1.3 Construction contracts

The construction activities are subcontracted to private sector contractors for a fixed completion of contract fee and the subcontracted costs are recognised as an expense on the percentage of completion method for each subcontract. Contract revenue is released from "Unbilled contract revenue" as the expenditure is incurred.

Accounting Policies

2.1.4 Sponsorships

Sponsorships arise from non-exchange transactions and are recognised in the Statement of Financial Position once the sponsorship can be measured reliably and confirmation has been received that the sponsorship will be paid.

2.2. Property, plant and equipment

2.2.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and to the 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.

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.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

2.2.2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset.

Subsequently all property plant and equipment, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses. Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Accounting Policies

2.2.3 Depreciation

Depreciation is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to last. Components of assets that are significant in relation to the whole asset and that have different useful lives, are depreciated separately. Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives.

	Years
* Furniture and fittings	7
* Office equipment	5
* Computer equipment	3

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

2.2.4 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

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.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

2.3. Impairment of assets

2.3.1 Cash and Non-Cash generating assets

At each reporting date the entity assesses 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. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable 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. 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 is recognised immediately in surplus or deficit.

Accounting Policies

2.4 Intangible assets

2.4.1 Initial Recognition

Intangible assets are initially recognised at cost.

An asset is identified as an intangible asset when it:

* is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

* arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the economic entity or from other rights and obligations.

An intangible asset is recognised when:

* it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

2.4.2 Subsequent Measurement, Amortisation and impairment

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed annually. Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Intangible assets according to the Annual Financial Statements are as follows:

Computer software, amortised over 3 years.

Accounting Policies

2.4.3 Derecognition

Intangible assets are derecognised:

* on disposal; or
* when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. The gain or loss is recognised in surplus or deficit when the asset is derecognised.

2.5. Financial instruments

2.5.1 Classification

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

* Financial assets at fair value through surplus or deficit - held for trading
* Receivables

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 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.

2.5.2 Initial recognition

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the relevant instrument.

The entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exists and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.5.3 Initial measurement

Financial instruments are initially measured at fair value plus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Where the effect of any extended payment terms is not material no adjustments are made.

The fair value of a financial instrument is normally the transaction price, but may be affected by other factors which the entity takes into account when measuring fair value.

2.5.4 Subsequent measurement

Financial Assets

Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Receivables are measured at amortised cost using the effective interest method. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Accounting Policies

Cash and Cash equivalents¤

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at fair value.

Impairment of Financial Assets¤

Financial assets are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

Financial Liabilities

Financial liabilities, including borrowings and trade payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the carrying value.

2.5.5 Derecognition of Financial Assets

The entity derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity or except when approval is given to write-off the Financial Assets due to non recoverability.

2.5.6 Derecognition of Financial Liabilities

The entity derecognises Financial Liabilities when, and only when, the entity's obligations are discharged, cancelled or they expire.

2.6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held in a current account with the bank.

2.7. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Accounting Policies

2.7.1 The Entity as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.8. Employee benefits

2.8.1 Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs. The entity has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor. The entity recognises the expected cost of performance bonuses only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

2.8.2 Defined contribution plan

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate entity. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The entity's contributions to the defined contribution fund are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The entity has no further payment obligations once the contributions have been paid.

2.9 Related parties

The entity operates in an economic environment, together with other entities directly or indirectly owned by the South African government. As a result of the constitutional independence of all three spheres of government in South Africa, only parties within the Eastern Cape provincial sphere of government will be considered to be related parties. Senior (key) management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. All individuals from the level of executive management up to the board of directors are regarded as key management per the definition of the standard. Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the entity. Other related party transactions are also disclosed in terms of the requirements of the standard

Accounting Policies

2.10 Finance costs

The entity recognises all finance costs in the Statement of Financial Performance. Costs are only incurred from overdue accounts with suppliers for the entity has no borrowings, with the exception of lease transactions, on which finance costs are levied.

2.11 Prepayments

Prepayments are recognised as an asset at fair value when the expenses are paid

2.12 Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because:

a. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
b. The amount of the obligation cannot be measured with sufficient reliability.

2.13 Irregular expenditure

Irregular expenditure is expenditure that is in contravention of the entity's supply chain management policy. It is accounted for as expenditure in the Statement of Financial Performance.

2.14 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. It is accounted for as expenditure in the Statement of Financial Performance.

2.15 Unauthorised expenditure

Unauthorised expenditure is expenditure that was incurred in excess of the approved budget. It is accounted for as expenditure in the Statement of Financial Performance.

All irregular, unauthorised and fruitless and wasteful expenditure is charged against income in the period in which it was incurred.

2.16 Taxation

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax is recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside surplus or deficit, directly in equity, or a business combination.

Accounting Policies

2.17 VAT Recievable

The Municipal Entity is registered with SARS for VAT on the invoice basis, in accordance with Sec15(2)(a) of the Value-Added Tax Act No 89 of 1991.

3. Capital Commitments

Items are classified as commitments where the Municipal Entity commits itself to future transactions that will normally result in the outflow of resources. Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.

Notes to the Annual Financial Statements

	2015	2014
	R	R

4. Trade And Other Receivables From Exchange Transactions

	2015	2014
Deposits	44 000	44 000
Prepayments	75 858	68 400
Sundry receivables	460 081	439 321
	579 939	**551 721**

4.1 Aging of trade and other receivables

	2015	2014
Deposits - Aging		
+365 Days	44 000	44 000
Pre-payments - Aging		
Current (0 - 30 Days)	75 858	68 400
Sundry receivables - Aging		
Current (0 - 30 Days)	52 985	32 225
121 - 250 Days	-	12 248
+365 Days	407 096	394 848
	579 939	**551 721**

The Receivables with an aging of +365 days relate to a rental deposit for Office space which is receivable at the end of the contract. The other group of receivables with an aging higher than 365 days relate to (1) an amount of R390 981 being VAT portion of the Blueberry project funding transfer which will be recovered from the next transfer; (2) amount of R12 248 receivable from a former employee which is also fully recoverable.

5. VAT Receivable

	2015	2014
VAT receivable	856 543	556 077

Notes to the Annual Financial Statements

	2015	2014
	R	R
6. Cash and cash equivalents		
6.1 Standard Bank Call Accounts		
AEDA Call Account - Standard Bank	66 963	766 704
NDPG Call Account - Standard Bank	10 110 535	3 672 171
Black Wattle Account - Standard Bank	6 226	6 226
	10 183 725	**4 445 101**
6.2 Bank balances and cash		
AEDA Cheque Account - ABSA	1 140 946	71 996
AEDA Cheque Account - Standard Bank	138 819	283 888
EC-BCM Waste Mangement - Standard Bank	762 630	-
Aspire - Natural Resources Management - Standard Bank	1 141 879	-
EA - Operations (Standard Bank)	31 331	-
HAR (DoT) Cheque Account - Standard Bank	13 155	14 865
DEA - Adopt a spot Cheque Account - Standard Bank	2 026 640	449 910
Cash on hand	116	879
	5 255 517	**821 538**
	15 439 241	**5 266 639**

The bank balance is held with Standard Bank of South Africa and ABSA in current accounts. Funds amounting to R15 439 196 (2014 – R5 226 639) are held in terms of grant funded projects and the use of these amounts are restricted to the specific project. Refer to note 10 and 11 for details with regards to the individual projects.

The Call account is held with Standard Bank Limited on call and earns interest at an average rate of 4.25% (2014- 4.5%) per annum, capitalised on the second day of each month.

As at end of the current financial year there were three call accounts and six cheque accounts held with Standard Bank of South Africa Ltd while one cheque account is held with ABSA.

Funds amounting to R14 092 396 in respect of unspent conditional grants are held in bank accounts.

	2015	2014
	R	R

7. Property, plant and equipment

	2015			2014		
	Cost	**Accumulated depreciation and impairments**	**Carrying value**	**Cost**	**Accumulated depreciation and impairments**	**Carrying value**
Computer equipment	467 058	-318 199	148 859	455 694	-364 623	91 071
Office equipment	82 252	-43 460	38 792	69 299	-43 635	25 664
Furniture and fittings	442 594	-237 165	205 429	412 781	-187 385	225 396
Total	**991 904**	**-598 824**	**393 080**	**937 774**	**-595 643**	**342 131**

Reconciliation of property, plant and equipment - 2015

	Opening balance	**Additions**	**Depreciation**	**Disposals**	**Total**
Computer equipment	91 072	140 790	-69 642	-129 426	32 793
Office equipment	25 664	27 270	-14 142	-14 316	24 476
Furniture and fittings	225 396	38 344	-58 166	-8 531	197 044
	342 132	**206 404**	**-141 950**	**-152 274**	**254 313**

Reconciliation of property, plant and equipment - 2014

	Opening balance	**Additions**	**Depreciation**	**Disposals**	**Total**
Computer equipment	102 579	59 249	-63 963	-6 793	91 072
Office equipment	28 159	7 190	-9 685	-	25 664
Furniture and fittings	247 317	33 408	-55 329	-	225 396
	378 055	**99 847**	**-128 977**	**-6 793**	**342 132**

Fully depreciated property, plant and equipment

The following assets are fully depreciated but are still used in the organisation:

At cost		
Computer equipment	214 449	233 660
Office equipment	2 975	2 975
Furniture and Fittings	21 641	17 576

8. Intangible assets

	2015			2014		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Computer software	271 672	-249 494	22 178	255 727	-215 696	40 031

Reconciliation of computer software - 2015

	Opening balance	**Additions**	**Amortisation**	**Disposals**	**Total**
Computer software	40 031	15 945	-33 797	-	22 179
	40 031	**15 945**	**-33 797**	**-**	**22 179**

Reconciliation of computer software - 2014

	Opening balance	**Additions**	**Amortisation**	**Disposals**	**Total**
Computer software	97 196	15 828	-72 122	-871	40 031
	97 196	**15 828**	**-72 122**	**-871**	**40 031**

The amortisation expense has been included in the line item 'depreciation and amortisation' on the Statement of Financial Performance. A useful life of 3 years has been used in the calculation of amortisation. Software with a cost price of R223 329 (2014: R46 349) was fully depreciated at year end although still in use by the entity.

Notes to the Annual Financial Statements

	2015	2014
	R	R

9. Trade and other payables from exchange transactions

	2015	2014
Trade payables	62 635	-
Accruals	2 637 497	174 795
Accrual for leave pay	578 034	449 772
Payroll accruals	443 050	1 822
	3 721 216	**626 389**

10. Unspent Conditional Grants

	2015	2014
Amathole District Municipality		
Balance at beginning of year	-	-
Grants received	-21 680 858	15 000 000
Released to Statement of Financial Performance	21 680 858	-15 000 000
Balance at end of year	-	-
Industrial Development Corporation		
Balance at beginning of year	831 146	300 000
Grants received	-	2 631 579
Released to Statement of Financial Performance	-	-2 100 433
Balance at end of year	831 146	831 146
Department of Rural Development and Agrarian Land Reform		
Balance at beginning of year	405	405
Released to Statement of Financial Performance	-	-
Balance at end of year	405	405
DEDEAT / ECDC - Emthonjeni Arts		
Balance at beginning of year	21 275	119 146
Grants received	-	531 978
Released to Statement of Financial Performance	-	-629 849
Balance at end of year	21 275	21 275
Amathole District Municipality: Co-Ops Support		
Balance at beginning of year	200 000	-
Grants received	-	200 000
Balance at end of year	200 000	200 000
EC - Adopt a Spot		
Balance at beginning of year	449 910	-
Grants received	2 333 871	450 000
Released to Statement of Financial Performance	-772 899	-90
Balance at end of year	2 010 882	449 910

Notes to the Annual Financial Statements

	2015	2014
	R	R
Natural Resources Management		
Balance at beginning of year	-	-
Grants received	2 292 355	-
Released to Statement of Financial Performance	-1 460 640	-
Balance at end of year	831 715	-
EC-BCM Waste Mangement		
Balance at beginning of year	-	-
Grants received	765 000	-
Released to Statement of Financial Performance	-2 263	-
Balance at end of year	762 737	-
DBSA Drylands fund: Ndakana		
Balance at beginning of year	5 439	175 439
Released to Statement of Financial Performance	-	-170 000
Balance at end of year	5 439	5 439
Total Unspent Conditional Grants	**4 663 598**	**1 508 175**

Refer to note 6 for funds

11. Unspent Capital Conditional Grants

	2015	2014
NDPG - Capital Grant		
Balance at beginning of year	3 884 655	20 151 445
Grants received	11 520 244	503 804
Released to Statement of Financial Performance	-5 436 411	-16 770 594
Balance at end of year	**9 968 488**	**3 884 655**

Refer to note 6 for funds

12. Lease Liability

	2015	2014
Not later than one year		
Buildings	833 582	755 136
Office equipment	56 358	45 146
	889 940	800 282
Later than one year and not later than 5 years		
Buildings	285 170	1 086 834
Office equipment	9 801	48 114
	294 971	1 134 948
	1 184 911	**1 935 230**

Notes to the Annual Financial Statements

	2015	2014
	R	R
Liabilities arising from straight lining of the above lease expenditure		
Current	42 252	19 772
Non - current	21 403	18 732
	63 655	**38 504**

Buildings

A lease contract that was entered into in November 2010 was renewed in the current year for another three years ending November 2016 which escalates at prime rate plus 2% per annum.

Office equipment

A photocopier rental agreement was cancelled and replaced with a new agreement that ends on 30 September 2016 at a future cost of R38 313 (2014: R34 830). A telephone rental agreement was in place till 30 November 2014 and has been continued indefinitely until either party gives 90 days notice to terminate.

The amount payable per month on these leases is R78 563 (2014 - R65 165) There are no special restrictions by lessors as a result of these leasing arrangements.

13. Contributions from owner

	2015	2014
Authorised		
1 000 ordinary shares of R 1 each	1 000	1 000
Issued		
1 000 ordinary shares of R 1 each	1 000	1 000
Share Capital Reconciliation		
Balance at beginning of the year	1 000	1 000
Issued this year	-	-
Balance at end of the year	**1 000**	**1 000**

14. Interest revenue

	2015	2014
Interest received		
Standard Bank Call Account	397 232	258 476
ABSA Current bank account	19 757	10 676
SARS Account	15 230	5 545
	432 219	**274 697**

Notes to the Annual Financial Statements

	2015	2014
	R	R

15. Other operating income

Income from tender documents	7 500	14 900
Discount Received	103	149
Sundry income	-	9 000
Implementers Fees	44 404	-
	52 007	**24 049**

16. Total expenditure

Auditor's remuneration		
Audit fees - current year	572 187	528 299
Administrative expenses		
Rental of premises	867 867	720 804
Rental other	104 938	72 434
Repairs and maintenance	10 268	11 303
Travel and subsistence	627 885	403 922
Other expenses	5 514 249	3 236 008
	7 125 208	4 444 471
Board and sub-committee expenditure		
Non-Executive board members		
Ms. NEP Loyilane	149 813	90 280
Dr. V. Mkosana	181 108	182 705
Mr. S Mpambani	67 833	163 219
Mr. A Qunta	119 500	138 500
Ms. S Madala	241 593	98 392
Mr. S Mabandla	243 518	100 825
	1 003 365	773 921
Audit committee members that are non-directors		
Mr. S Mbewu	47 465	36 609
Mr. MS Panicker	64 401	29 429
	111 866	66 038
Non-Executive board members	1 115 230	839 959

Notes to the Annual Financial Statements

	2015	2014
	R	R

Depreciation, amortisation and impairment loss

Depreciation		
Computer equipment	69 642	63 964
Office equipment	14 142	9 685
Furniture and fittings	58 166	55 329
Amortisation		
Computer software	33 797	72 122
	175 747	201 100

Interest and penalties paid

South African Revenue Service		
Interest- Current Year	983	-
Penalties - Current Year	22 815	-
Workmen's compensation		
Penalties - Prior Years	2 989	
	26 787	-

The interest and penalties from SARS relate to the PAYE return for June 2015 which was paid late while the penalties incurred on Workmen's compensation relates to returns for 2010 to 2014 which were all submitted and paid in the current year.

Project expenditure

The Agency accounts for project expenditure on a per project basis as outlined below.
Refer to note 10 for grant income released to the Statement of Financial Performance.

Bedford regeneration	-	186 034
Alternative Crops	-	87 719
Adelaide regeneration	-	186 034
Hamburg regeneration	239 472	707 849
Peddie regeneration	-	214 035
Town Enhancement	-	156 416
Amabele & blueberry Farming	11 992	134 353
Abenzi Woodhouse	-	400 000
Stutterheim regeneration	-	100 389
Keiskammhoek regeneration	-	200 433
Ndakana zero waste business cluster	29 950	170 000
Dutywa regeneration	690 583	174 706
Butterworth regeneration	-	467 042
Corridor expenditure	-	31 922
NRM Project expenditure	1 460 640	-
Adopt a Spot Project expenditure	772 899	-
BCM Waste Management systems	2 263	-
	3 207 800	3 216 932

Notes to the Annual Financial Statements

	2015	2014
	R	R
Staff costs		
Basic salaries	10 493 869	6 651 151
Allowances	461 850	139 150
Bonus payments	475 269	-
Leave paid / accrual	146 446	273 516
Retirement benefits (note 22)	1 140 298	918 142
Medical aid	497 394	223 637
Unemployment insurance fund/Skills Development Levy	190 582	126 218
Workmen's compensation	44 247	-
	13 449 955	8 331 814
Contract expense	5 472 573	17 382 058
Total expenditure per Statement of Financial Performance	**31 145 487**	**34 944 633**

Included in the staff costs is the executive managers' remuneration below:

	2015	2014
Executive Managers' remuneration		
Chief Executive Officer		
- Salaries	1 414 192	1 579 021
- Allowances	60 000	-
- Bonus	199 873	-
- Company contributions to medical aid and provident fund	192 339	202 003
	1 866 404	1 781 024
Chief Operations Officer- Appointed in August 2014		
- Salaries	1 078 245	219 971
- Bonus	-	-
- Company contributions to medical aid and provident fund	38 885	-
	1 117 130	219 971
Director of Operations - Resigned in August 2013		
- Salaries	-	308 546
- Leave paid	-	57 112
- Company contributions to medical aid and provident fund	-	-
	-	365 658
Director of Finance - Resigned in December 2014		
- Salaries	352 844	706 099
- Allowances	24 000	50 000
- Leave encashment	85 212	32 462
- Bonus	95 404	-
- Company contributions to medical aid and provident fund	51 640	99 193
	609 099	887 754

Notes to the Annual Financial Statements

	2015	2014
	R	R
Acting Director of Finance - Appointed 12 January 2015		
- Acting allowance	141 008	-
	141 008	-
Director of Corporate Services		
- Salaries	828 574	756 099
- Bonus	84 413	-
- Company contributions to medical aid and provident fund	104 131	98 319
	1 017 117	854 418
Company Secretary		
- Salaries	886 258	439 651
- Bonus	35 650	-
- Company contributions to medical aid and provident fund	46 028	58 196
	967 936	497 847
Included in the staff costs under total expenditure above.	**5 718 694**	**4 606 672**

17. Taxation

	2015	2014
South African normal tax		
- Current tax	-	283 397
South African effective and nominal tax rate	28%	28%
Taxation asset		
- Amount paid / (payable) at beginning of the year	286 608	226 543
- Interest Earned	15 230	5 545
- Add: Paid during year	236 381	54 520
	538 219	286 608
Taxation liability		
- Amount payable at beginning of the year	283 397	-
- Less: Paid during year	-283 397	-
- Current tax	-	283 397
	-	283 397

Notes to the Annual Financial Statements

	2015	2014
	R	R

18. Financial Risk Management

The company's financial instruments consist primarily of cash deposits with Standard Bank of South Africa (SBSA), pre-payments, VAT receivable and accounts payable and provisions. The book value of financial instruments approximates fair value. The aging of receivables is disclosed under note 4.

19. 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 Amathole District Municipality, provincial and national departments and public entities. The aging of receivables is disclosed under note 4.

20. Related Party Transactions

	2015	2014
Amathole District Municipality (ADM)		
- Percentage shareholding	100%	100%
- Grants received	21 680 858	15 200 000
- Capital grant from NDPG received from ADM	11 257 000	-
	32 937 858	**15 200 000**

21. Notes to Cash Flow Statement

	2015	2014
Cash flows from operating activities		
Net /surplus before taxation	-1 289 842	1 012 132
Adjustment for non-cash items:		
- Depreciation, amortisation and impairment	175 747	201 100
- (Decrease) / Increase in operating lease smoothing	25 151	9 796
- (Profit) / Loss on disposal of property, plant and equipment	-18 348	-7 618
- Adjustment for Taxation	-	-283 397
- (Decrease) / Increase in revenue retained from non-exchange transactions	9 239 255	-15 420 605
Operating surplus before working capital changes	8 131 964	-14 488 591
(Decrease) / Increase in payables from exchange transactions	2 811 431	-8 361 473
Decrease / (Increase) in receivables from exchange transactions	-580 295	703 478
Net cash (outflow) / inflow from operating activities	**10 363 100**	**-22 146 587**

Notes to the Annual Financial Statements

	2015	2014
	R	R

22. Retirement benefits

The Amathole Economic Development Agency contributes to a Liberty Life Sanlam Provident Fund. The Fund is a defined contribution fund with compulsory membership for all permanent and fixed term contract employees. Contributions commenced from 1 September 2010 and were R1 140 298 for the period (2014: R918 142).

23. Capital Commitments

Authorised and contracted	11 132 354	21 915 478
Authorised but not contracted	-	700 000
	11 132 354	**22 615 478**

The committed expenditure relates to various contracts for projects yet to be completed. These and other projects will be completed over the coming months. The major projects include Alice CBD Upgrade.

24. Irregular, Unauthorised and Fruitless & Wasteful expenditure

Irregular		
Opening Balance	-	-
Incurred during the year	4 108 791	-
Less condoned by the Board	-	-
	4 108 791	**-**

The amount incurred relates to: (1) R388 847 paid for services rendered as a consultant in the position of Acting CEO without following the normal SCM processes. (2) R446 283 - expenditure incurred exceeding the contract amount where there was no approved deviation by the Board. (3) R1 803 290 for services rendered to an attorney where the contract was completed irregularly. (4) R1 469 831 for deviations not condoned by the Board for Q3 and Q4.

Unauthorised		
Opening Balance	-	-
Incurred during the year	2 347 250	-
Less condoned by the Board	-	-
	2 347 250	**-**

This relates to expenditure incurred in excess of the approved budget on various expense items.

Notes to the Annual Financial Statements

	2015 R	2014 R
Fruitless and Wasteful		
Opening Balance	46 195	46 195
Incurred during the year	3 187 978	-
Less condoned by the Board	-	-
	3 234 173	**46 195**

The opening balance of R46 195 relates to interest and penalties for 2012 Paid to SARS. The expenditure incurred during the year of R3.2 million relates to: (1) R2.1 million relating to legal fees as a result of the suspension of the CEO and the salary of the suspended CEO (R1.04 million) who was re-instated on 01 August 2015. (2) Interest and penalties paid to SARS with respect to the PAYE return for June 2015 which was paid late (R23 798) as well as penalties incurred on Workmen's compensation relating to returns for 2010 to 2014 which were all submitted and paid in the current year (R2 989).

25. Non-Compliance with Municipal Finance Management Act

Non-compliance with the MFMA occurred during the year in respect of no designated person appointed as a Chief Financial Officer for the periods 1-11 January 2015. and 2 July to 12 August 2015. The company also incurred unathorised, irregular and fruitless and wastefull expenditure (Note 24).

26. Contingent Liabilities

The Agency had no contingent liabilities at year end.

27. Subsequent Events

The CEO was re-instated on the 01 August 2015 in terms of a Council Resolution following suspension. Forming part of this agreement was the payment of her salary for June and July and the settlement of her legal fees incurred. Following the expiry of the former Board of Directors' term of office as at the 30 June 2015, the ADM Council resolved that the Muncipal Manager would act as the Accounting Authority until the date of appointment of a new Board of Directors.

An urgent High Court application involving certain former Board of Director members has been received which challenges the reinstatement of the suspended CEO.

28. Currency

The amounts are South African Rands rounded off to the nearest R 1.

Notes to the Annual Financial Statements

	2015	2014
	R	R

29. Capital Disclosures

The Company's objectives when managing capital are:

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

The company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the 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 amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt to adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, retained earnings)

The debt to adjusted capital ratios at 30 June 2014 and 30 June 2014 were as follows:

	2015	2014
Total Debt	18 395 555	6 322 388
Less: Cash and cash equivalents	-15 439 241	-5 266 639
Net Debt	**2 956 313**	**1 055 749**
Total Equity / Adjusted Capital	-587 756	701 086
Debt to Capital Ratio	-5	2

30. Revenue from Non-Exchange Transactions

	2015	2014
Amathole District Municipality	21 680 858	15 000 000
Industrial Development Corporation	-	2 100 432
NDPG – Capital Grant	5 436 411	16 770 594
Other grant income		
Development Bank of South Africa:	-	170 000
DEDEAT / ECDC - Emthonjeni Arts	-	629 849
Keiskamma Trust	-	846 913
Ngqushwa Municipality - Eskom deposit for Emthojeni	-	67 000
Department of Environmental Affairs - EC Adopt a spot	772 899	90
Natural Resources Management	1 460 640	-
BCM - Waste Management	2 263	-
	2 235 803	1 713 852
	29 353 072	**35 584 878**

31. Impairment Loss

All financial assets were tested for impairment at reporting date and there is no objective evidence that a financial asset or group of inancial assets is impaired.

32. Budget Comparison

The entity's budget and financial reporting is on a comparable basis with regards to sundry income, interest received and expenditure. However, with regards to Grant income, the budget is prepared on a cash basis or alternatively when the grant will be allocated to the entity, whilst for financial reporting, grants are recorded as revenue from non-exchange transactions when they become receivable and are then recognised as income on a systematic basis over the periods necessary to match the grants with the related costs which they are intended to compensate.

The entity's adjusted budget was approved by the Board of Directors on 20 January 2014 and submitted to the parent municipality during May 2014. A comparison between the budget and actual financial performance is as follows:

Grant Income
The total variance of R 32.01 million (2014:R12.3 million) is attributed to the following:

· The grants are recognised to the extent expenditure is incurred, hence for the explanation refer to expenditure below.

· An income variation consists of R13.7 million on the NDPG capital grant allocation relating to the completion of Alice Pedestrian Bridge and the Park as well as final claims for Mlungisi Community Commercial Pack. A Variance of R12.2 million relates to income not realised from the implementation of special projects on behalf of DEA. R7.0 million funding from the Department of Rural Development and Land Reforms for the Berry projects was not transferred.

· Variance of R3.0 million was incurred on the IDC funding grant as a result of non transfer of the grant funding to ASPIRE.

A variance of R1.9 for the ADM funding relates mainly to a grant for EA Operations was not received at year end.

Notes to the Annual Financial Statements

	2015	2014
	R	R

Project Expenditure

The total variance of R 32.2 million (2014: R10.6 million) was caused by the following:

· Delayed completion of the Alice Pedestrian Bridge due to infrastructural issues resulting in the bridge collapse.

· Blue Berries funding transfer delayed by the department of Rural Development and

· Delayed transfer of IDC funding

· Delay in implementation of special projects which resulted in lower expenditure.

Administrative costs

The variance of R1.9 million (2014: R1.6 million) in Administration expenditure relates to mainly unbudgeted legal fees and board fees.

Property, Plant and Equipment

New office equipment, Computer equipment and Intangible assets to the value of R222 349 (2014:R115 675) was acquired. Equipment for staff in the special projects unit resulted in over-expenditure.

33. Deviation from the normal Supply Chain process

In line with section 36(2) of the Supply Chain Management Regulations; 30 May 2005 the Agency deviated on cases amounting to R453 411 (2014 : R216 920).

Notes to the Annual Financial Statements

	2015	2014
	R	R

34. Financial Instruments

34.1 Categories of financial instruments

Financial Assets

	Designated at fair vale through profit or loss	Loans and Receivables	Total Carrying Value
2015			
Trade receivables from exchange transactions	-	579 939	579 939
Receivables from non-exchange transactions	-	-	-
Cash and cash equivalents	15 439 241	-	15 439 241
Total	**15 439 241**	**579 939**	**16 019 180**
2014			
Trade receivables from exchange transactions	-	551 721	551 721
Receivables from non-exchange transactions	-	-	-
Cash and cash equivalents	5 266 639	-	5 266 639
Total	**5 266 639**	**551 721**	**5 818 360**

Financial Liabilities

	At amortised cost	At amortised cost
Accounts payable	**3 721 216**	**626 389**

34.2 Fair value of financial instruments

Financial instruments with short-term maturities

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

34.3 Risks arising from financial instruments

34.3.1 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 meet its its obligations as they fall due. This has been implemented from 1 July 2015.

Notes to the Annual Financial Statements

	2015	2014
	R	R

34.3.2 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 private sector entities.

Counterparty		
ABSA Bank Limited	1 140 946	71 996
Standard Bank	14 298 135	5 193 764
Other counterparties	-	1 395 284
Total	**15 439 080**	**6 661 044**

34.3.3 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.

35. Non Compliance with the Companies Act

Non-compliance with the Company's Act occurred during the year in respect of the organisation continuing to trade when it was factually insolvent.

Notes to the Annual Financial Statements

	2015	2014
	R	R

35. Construction Contracts

	Mlungisi Community Commercial Park	Alice Regeneration	Hamburg CBD upgrade	Hamburg Artist Retreat	Total	Total
Contract revenue recognised	49 455 033	10 569 159	15 944 274	35 454 007	111 422 473	134 414 152
Contract expenses recognised	49 455 033	10 569 159	15 944 274	35 454 007	111 422 473	134 414 152
Expected deficits recognised	-	-	-	-	-	-
Recognised surpluses less recognised deficits	-	-	-	-	-	-
Contract costs funded by appropriation	-	-	-	-	-	-
Construction costs incurred in the period	1 135 092	3 938 599	362 720	36 161	5 472 573	17 382 059
-Recognised as expenses	1 135 092	3 938 599	362 720	36 161	5 472 573	17 382 059
-Recognised as an asset	-	-	-	-	-	-
Advances	-	-	-	-	-	-
Project completion status	100%	50%	100%	100%		

Detailed Statement of Financial Performance

	Note(s)	2015 R	2014 R
Revenue			
Revenue from exchange transactions			
- Interest revenue	14	432 219	274 697
- Other operating income	15	7 603	24 049
		439 822	298 746
Revenue from non-exchange transactions	31		
- Amathole District Municipality		21 680 858	15 000 000
- Industrial Development Corporation		-	2 100 432
- NDPG Capital Grant		5 436 411	16 770 594
- Profit on disposal of property, plant and equipment		18 348	7 618
- Implementing fees		44 404	-
- Other grant income		2 235 804	1 713 852
- Sponsorships		-	65 523
		29 415 824	35 658 019
Total Revenue		**29 855 646**	**35 956 765**
Expenditure			
Audit Fees		572 187	528 299
Internal Audit Fees		34 152	189 646
Accounting Fees		10 887	9 175
Advertising & Promotions		84 548	11 449
Bank Charges		37 327	27 481
Board expenditure		1 115 230	839 959
Cleaning		25 050	21 337
Computer Expenses		36 520	10 300
Consulting Fees		726 069	34 878
Courier & Postage		4 391	9 255
Depreciation		175 747	201 100
Electricity & Water		39 028	38 208
Entertainment Expenses		14 073	6 471
General Expenses		2 850	4 263
Insurance		88 676	77 891
Interest & Penalties		26 787	-
IT Support expenditure		38 829	59 425
Internet usage charges		-	421
Legal Fees		2 257 897	638 579
Printing & Stationery		210 291	200 981
Project Expenditure		3 207 800	3 216 932
Contract Expenses		5 472 573	17 382 058
Website development		-	1 980
Strategy promotion		1 680	-
Promotional Tools		-	411
Branding Development		6 780	16 440
Brand promotion		41 176	76 764
Advertising		22 206	23 310
Annual Report		114 145	107 860
General marketing		-	67 825

Detailed Statement of Financial Performance

	Note(s)	2015 R	2014 R
Promotions and PR Presentations		39 410	17 727
Strategic Projects		708 479	623 934
Workshops		-	8 280
Rent		972 805	795 070
Recruitment expenditure		312 410	379 042
Relocation expenses		-	7 450
Repairs & Maintenance		10 268	11 304
Salaries & Wages		13 449 955	8 331 814
Security expenses		19 487	20 154
Software / programming expenses		40 009	41 275
Staff development - consultants		-	59 386
Staff training		191 442	87 483
Staff Welfare		29 957	19 254
Subscriptions		44 446	79 912
Telephone & Fax		287 208	214 123
Teas and staff meals		44 826	37 187
Travel & Accommodation		627 885	403 922
Website maintenance		-	4 619
Total Expenditure		**31 145 487**	**34 944 633**
Surplus / (deficit) before tax		**-1 289 841**	**1 012 132**
Taxation @ 28%		-	-283 397
Surplus / (deficit) for the year		**-1 289 841**	**728 735**

General Information

Registered Name	:	Amathole Economic Development Agency SOC Limited
Registration Number	:	2005 / 030812 / 07
Auditors	:	Office of the Auditor – General, Eastern Cape
Bankers	:	ABSA Bank Limited – East London Standard Bank Limited - East London
Physical Address	:	6 Princes Road, Vincent, East London
Postal Address	:	PO Box 500, East London
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.