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Company Reg. 2005/005372/07 | VAT number 4800255079

CHAMPIONING ECONOMIC GROWTH

Reg: 2005/005372/07

WRDA DRAFT ANNUAL REPORT

2020/2021

Non- Executive Directors
J. Mohlakoana - Board Chairperson
B. Friedman, E. Mokhine, L. Mpambani

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CHAPTER 1

1.1 CHAIRPERSON'S FOREWORD

The outgoing Board of Directors of the West Rand Development Agency was initially appointed in 2017 for a term period of 3years.
The overall objective of the Board was to drive the socio – economic development of the West Rand Region.
I personally believed that the successful discharge of that task would have resulted with the stimulation of economic growth, especially growth of small and medium sized businesses, increased job opportunities and the reduction of unemployment, poverty, and inequalities affecting communities of the West Rand.
The Board further appreciated the depth of dedication required of them and management to can pull off the overall objective of the WRDA.
We also acknowledged the concomitant collaboration with the community members, business stakeholders and service providers that was necessary to drive the economic and sustainable development needed to irradicate poverty, unemployment and inequality within the communities of the West Rand.
The first half of the year 2020 saw the WRDA achieving some important milestones in-terms of implementing it's overall objective. However, with the advent of the novel corona virus and Covid-19, it is safe to say that this has been not just a destructive and disruptive event, but a seminal one as well.
As the Board of WRDA, We truly felt privileged to have been part of the process in putting together the important partnership that saw the initial conceptualization and initiation of programmes such as Bokamoso Ba Rona, West Rand Mega Park, Special Economic Zone, West Rand academy and West City Accelerator being realized.
These mentioned programmes will contribute immensely in addressing most of the challenges affecting our Regional economy.

As chairperson of the Board that was tasked to oversee the unwinding of the agency, I would like to express my sincere gratitude to my fellow Board members, in particular, the acting CEO and his staff, for the sterling job that has been undertaken to deliver on the mandate given by the WRDM Council to the WRDA.

MMJ MOHLAKOANA
CHAIRPERSON OF THE BOARD

1.2 *ACTING CHIEF EXECUTIVE OFFICER'S OVERVIEW*

I am pleased to present to you my fourth Annual Performance repot for the West Rand Development Agency. It has been long journey filled with challenges, however the bumpy rod has been made easy to travel by collective effort from both the staff and the board of directors who each has played their pivotal role of either oversight or implementation of the policies to the best their abilities. The success or failure to deliver can therefore not be attributed to one but the entire collective. The new mandate given to the entity by the parent municipality left us no choice but to deliver hence this final report.

We have continued alongside working on the disestablishment, to monitor and facilitate the programmes identified in the previous years and there has been tremendous progress as will be reflected in the report. The transitional arrangements for the staff to be transferred to the WRDM has not been easy but well executed. The notification of all stakeholders of the unwinding of the agency has also been concluded on time.

The continued financial constraints and understaffing coupled with the unprecedented covid-19 has created serious challenges to continue with the agency hence the decision by council to disestablish it. It is at least comforting to realize the different economic initiatives facilitated will continue to be supported through the parent municipality otherwise the war against the high unemployment and poor economic performance of the region will never be won.

Lastly I would like to express my sincere appreciation to the remaining four (4) board of directors whose term has come to an end by the 30th March 2021. It has been a long and difficult journey but with your unwavering support and dedication, we managed to pass through the troubled waters. I can only wish you nothing but good luck in your future endeavours.

ZEBLON MPHAPHULI
ACTING CHIEF EXECUTIVE OFFICER

CHAPTER 2: CORPORATE GOVERNANCE

2.1 CORPORATE PROFILE

The West Rand District Municipality (WRDM) established the West Rand Development Agency (WRDA) during 2006, with the purpose of facilitating economic growth within the West Rand Region and to ensure economic, efficient and effective projects to the benefit of various communities. In January 2008, a Three Year Business Plan was developed and amongst others it identified the following strategic objectives to be addressed:

- The generation of economic growth and diversification in the West Rand District economy through the conceptualisation, design and implementation of turnkey projects that will build on the unique strengths of the West Rand District and will facilitate employment creation, entrepreneurial development and poverty alleviation.

- The creation and fostering of partnerships and cooperative networks between all relevant stakeholders on programme- and project based initiatives that will promote local economic development. The WRDA will strive to incorporate organisational expertise in the field of local economic development that will make it a most suitable vehicle through which economic initiatives could be implemented and managed.

- The leveraging of public and private resources for development around opportunities that offer economic, social and spatial development potential.

- The creation of a business environment conducive to public and private sector investment, operational efficiency, business confidence and productivity.

In terms of Section 73 of the Systems Act, the WRDM must ensure that its municipal services are regularly reviewed and must be financially sustainable. Once a service has been reviewed, the WRDM must decide either to provide the municipal service through an internal mechanism or an external mechanism. The criteria for evaluating whether a municipal service must be executed through internal or external mechanisms, are provided for in Section 78 of the Systems Act. At the Municipal Managers Forum held in July 2009 it was agreed and resolved that a process of inclusion of Local Municipalities as Shareholders to the West Rand Development Agency (WRDA) should be initiated. This resolution was

taken in line with section 78 of the municipal Finance Management Act (MFMA) number 32 of 2000. This resolution of the Municipal Managers Forum should be read in line with the WRDM resolution signed by Executive Mayors of all the then four local municipalities in the West Rand, which stated that:
"All Executive Mayors of the West Rand support the principle of establishing the Agency."

The following municipalities undertook to make contributions in terms of assets and other needs once all the legislative requirements pertaining to the establishment have been complied with, specifically section 93C of the Municipal Systems Act (MSA) 32 of 2003 and once the Integrated Master Plan and Business Plan have been approved:

- West Rand District Municipality
- Randfontein Local Municipality
- Westonaria Local Municipality
- Mogale City Local Municipality
- Merafong Local Municipality

Notwithstanding the above commitment and being the shareholders, none of the local municipalities made their annual contribution which was agreed upon. The district municipality has continuously submitted invoices inclusive of what is owed to the agency without any success. Several attempts were made during the previous regional conferences for local municipalities to recommit to honour their commitment for the effective operations of the agency without success. It has been the district municipality that single handedly timeously carried the agency with the provision of an annual subsidy transferable to the agency.

The WRDA is thus wholly dependent on the operational grant from the WRDM, which is transferrable on a quarterly tranches of about R1.1m and therefore R4.4m per annum.

In view of all of the above challenges the agency developed a business plan which was aimed at ensuring its financial viability without depending on the shareholder/s. The business plan stipulated that the WRDA needed to secure a capital budget allocation year-on-year to implement identified capital projects (game-changes projects within the Western Development Corridor) from the Provincial government, thus taking advantage of the envisaged 5% development fee (revenue) for purposes of funding its operational costs. This was aimed at creating an alternative revenue stream that will circumvent its dependency on the WRDM grant. In order for the plan to achieve its intended objectives, the local municipalities where expected to transfer their Infrastructure projects to the agency for implementation after which the agency would then charge a 5% management fee. This has never happened consequently leading to the duplication of the very functions.

The WRDM had signed a service delivery agreement during its inception and the agreement was further augmented with a business plan that was approved by council in 2017. The approved plan identified strategic projects to be implemented by the agency unfortunately as earlier indicated the local municipalities held on to those projects and could not enable the agency to generate its own revenue. The only projects that the agency facilitated where in partnership with the private sector and could therefore not charge the 5% management fee. The lack of support from local municipalities has also impacted negatively to the success of the agency and the agency has been seen more as a competition than a complementary institution.

Taking the above-mentioned into account, it was found that the municipal functions currently executed by the WRDA, is not executed to the satisfaction of the WRDM and to the benefit of the community and also not in an unsustainable manner. In terms of Section 81 of the Systems Act, the WRDM remains responsible for ensuring that the municipal services are provided to the local community to the satisfaction of the WRDM. Therefore, the services could better be better executed by the internal directorate of Local Economic Development, where the WRDM could coordinate the function concerned in collaboration with the Local Municipalities within its area of jurisdiction.

Furthermore, the WRDM and the WRDA entered into a service delivery agreement, which provisions of the service level agreement have not been met satisfactory. In terms of Section 81 of the Systems Act, the WRDM remains responsible for ensuring that the municipal services are provided to the local community to the satisfaction of the WRDM.

In terms of Section 81(2) (d) of the Systems Act the WRDM must ensure continuity of service delivery if the WRDA is for any reason unable to continue performing its functions in terms of the service delivery agreement and in terms of Section 81(2) (e) of the Systems Act, where applicable, take over the municipal service, including all assets, when the service delivery agreement is terminated. The WRDA is wholly owned by the WRDM. The disposal of the municipal entity or equity interest in the company, is authorised by the provisions of Section 86G of the Systems Act. Section 86G of the Systems Act provides that the provisions of Section 14 of the MFMA must be followed in such a disposal of the entity or equity interest.

The WRDM council resolved to disestablish the WRDA and for the entire process to be conclude by the 30th March 2021. Council further resolved to retain four (4) of the board members to oversee the disestablishment process. The remaining board members were J Mohlakoana as the chairperson, E Motau, B Friedman as well as L Mpambani.

LOCATION

The West Rand Development Agency is located in Mogale City and the physical address is:
25 Boshoff Street, Krugersdorp, 1739
Postal Address:
P O Box 109, Randfontein, 1760

VISION AND MISSION OF THE WEST RAND DEVELOPMENT AGENCY

The Vision of WRDA is to build an integrated region with a diversified economy, creating new industries, new economic nodes and new cities.

The mission is to plan, implement, manage and facilitate development projects in an efficient and equitable manner and the values are:

- Accountability: to the shareholder and key stakeholders;
- Good governance: Compliance with relevant Legislation principles of corporate governance;
- Results-driven: Creation of value to both shareholders and external stakeholders and
- Empowerment: Through progressive procurement

The strategic goal of WRDA is to assist the WRDM to achieve its developmental mandate. The WRDM has adopted an integrated and seamless development planning strategy based on the following principle:

"ONE REGION, ONE PLAN, ONE ACTION, ONE SYSTEM"

The end goal is to achieve a coherent development for the entire district for purposes of creating a single united municipality of the future.

THE MANDATE OF WRDA

The Gauteng Provincial Government has developed the Gauteng Spatial Development Framework 2030 (GSDF) and has divided the entire Gauteng into different development corridors in line with the Gauteng City Region plan as follows:

- Western Development Corridor: Anchored around West Rand for the creation of new industries, new economic nodes and new cities.
- Central development Corridor: Anchored around City of Johannesburg as a hub of finance, services, ICT and pharmaceutical industries
- Eastern Development Corridor: Anchored around Ekurhuleni Aerotropolis as a hub of manufacturing, aviation, logistics and transport industries

- Northern Development Corridor: Anchored around the City of Tshwane as a hub for automotive sector, research development, innovation and knowledge bases economy
- Southern Development Corridor: Anchored around Sedibeng area for the creation of new industries, new economic nodes and new cities.

After an intense feasibility study of the economic situation in the West Rand, the GSDF has determined that the Western Corridor should consider the socio-economic development in the following focus areas:

1) An alternative and diversified economy with the creation of new industries, new economic nodes and new cities
2) Focus on the green and blue economy initiatives, tourism, agro-processing and logistics
3) Lanseria Airport and Maropeng World Heritage Site as the main anchors of a new city
4) Inclusion of communities that were previously excluded from services and facilities through urban restructuring, regeneration and consolidation
5) Functionally linking main growth centres to one another and to the regional economy of the Gauteng City Region
6) A more consolidated settlement structure for cost effective and sustainable infrastructure

WRDA is an implementing entity to drive the economy of the Western Corridor on behalf of the West rand district Municipality.

On 29 June 2020 Council resolved that:

1. The unwinding of the WRDA be approved effectively immediately but for administrative purposes, the date of the unwinding be recorded as 30 June 2020.
2. The functions currently performed by the WRDA including personnel, assets and other resources must be transferred to the WRDM.
3. The Service Delivery Agreement entered into between the WRDA and the WRDM, in terms of Section 76(b) of the Local Government: Municipal Systems Act, 2000, for the promotion of economic development in the West Rand, be terminated in terms of the provisions of the Service Delivery Agreement.
4. The Department of Planning and Re-industrialisation be the lead Department for the unfolding of the necessary processes and the transfer of the function back into the WRDM.
5. A maximum period of 6 months i.e. up to the end of 31 December 2020 is provided/allowed for the transfer of personnel and other resources from the WRDA to the WRDM. This period may be extended at the end of the period depending on the progress of the unwinding process.

6. Cognisance be taken that the current Board of Directors' term of office expires and/or ends on 30 June 2020.
7. Approval be granted for the extension of 4 board members' term of office up to 31 December 2020 to allow the board to function during the unwinding process.
8. Council approve an amount of R2.5 million to cater for the unwinding process of the West Rand Development Agency.

THE PREPARATION OF THE WRDA ANNUAL REPORT

The 2020/2021 Annual Report was compiled in accordance with WRDM Council Resolution on 29 June 2020. The purpose of this report is to provide feedback on activities related to the de-establishment of the WRDA.

This Annual Report includes:

- Municipal Entity's annual performance report;
- Annual Financial Statements of the municipal entity;
- The Auditor General's report on municipal entity performance.

In terms of the processes prescribed by the MFMA Section 127(1), the Accounting Officer of a municipal entity must, within six (6) months after the end of a financial year, or on such earlier date as may be agreed between the entity and its parent municipality submit the entity's annual report for that financial year to the municipal manager of the entity's parent municipality.

BOARD OF DIRECTORS

Introduction

The WRDA has a unitary board which comprises of non-executive directors. Joseph Mohlakoana is the chairperson of the board and a non-executive director. The WRDA sole shareholder is the West Rand District Municipality (WRDM). The board is accountable to WRDM. The shareholder is represented by two representatives (A Councillor and an Official), on the entity's board meetings. These members have no voting rights on the entity's board meetings, as per Municipal Systems Act, 32 of 2000 (93D). The directors' appointments are based on their ability to contribute appropriate skills and time required to assist in its operations and future development of the agency. The adequacy of the Board and appointment of new directors are reviewed on a three year basis by the shareholder.

A service level Agreement and shareholder compact concluded in accordance with the provisions of the Municipal Systems Act governs the relationship between WRDA and WRDM. The board provides annual reports on its performance and service delivery to the parent municipality as prescribed in the service delivery agreement, the MFMA and the Municipal Systems Act.

Non-executive directors maintain an independent stance to matters under consideration and add to the board's depth of experience. The roles of the chairperson and acting CEO are separate with responsibilities divided between them. The acting CEO and members of the board have unlimited access to the chairperson who acts as an advisor on matters of corporate governance, compliance with company rules and procedures, statutory requirements, regulations and best corporate governance. The WRDA directors bring together a range of complementary skills and experience that benefit the entity, including accounting, finance, legal, business management, human resources, labour relations, marketing, and agriculture and development management. The Board meets regularly on at least a quarterly basis. The Board monitors management, ensuring that material matters are subject to Board approval.

The board committees have their terms of reference and their evaluation are based on their terms of reference.

Composition of the board

The appointed Board of Directors of the WRDA consisted of 11 members, each member being assigned a responsibility/portfolio as follows:

Name	Position	Date of appointment
Terrence Mokale	Non-executive director	1 March 2017
Patuxolo Nodada	Non-executive director	1 March 2017
Lindikhaya Mpambani	Non-executive director	1 March 2017
Emingard Motau (Mokhine)	Non-executive director	1 March 2017
Lynn Hibbert	Non-executive director	1 March 2017
Joseph Mohlakoana	Non-executive director	1 March 2017
Barry Friedman	Non-executive director	1 March 2017
John Edward Sloan	Non-executive director	1 March 2017
Alfred Masiu	Additional Non-executive director	1 March 2017
Gofaone Masobe	Additional Non-executive director	1 March 2017

Council resolved that at least 4 members are required to form a quorum to take binding decisions. The term of office of the Board of Directors came to an end on 30 June 2020 and it was resolved that only 4 of the Board Members' term of office be extended for a period not exceeding 9 months to allow the board to function whilst the unwinding process unfolds.

The following 4 members were selected by Council to assist with the unwinding process:

Name	Position	Date of appointment
Joseph Mohlakoana	Non-executive director	1 March 2017
Barry Friedman	Non-executive director	1 March 2017
Lindikhaya Mpambani	Non-executive director	1 March 2017
Emingard Motau (Mokhine)	Non-executive director	1 March 2017

EXECUTIVE MANAGEMENT

Zeblon Mphaphuli: Acting Chief Executive Officer

A. Incorporation

The entity was incorporated on 17 February 2005 and obtained its certificate to commence business on the same day.

B. Review of Activities

The entity is engaged as a municipal entity constituted as a private company to enhance local economic development in the region and operated principally in South Africa,

The operating results and the state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

C. Going concern

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

The ability of the entity to continue as a going concern is dependent upon a number of factors. The most significant of these is that the directors continue to procure funding for the on-going operations for the entity where a number of projects have been identified and agreements entered into which will ensure sustainability of the entity. The entity also depend upon annual grants from the parent municipality which are paid over on a quarterly basis.

On 29 June 2020 West Rand District Municipality Council resolved that the WRDA be disestablished from 1 April 2021.

D. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

E. Directors interests in Contracts

The directors of the company do not have any interests in contracts entered by the company during this financial year.

F. Accounting Policies

The annual financial statements have been prepared in accordance with South African Generally Recognised Accounting Practices (GRAP) including interpretations, guidelines and directives issued by the Accounting Standards Board as the prescribed framework by National Treasury.

G. Share Capital and Share Premium

There were no changes in the authorised or issued share capital of the entity during the year under review.

The entire shareholding of the company is held by the West Rand District Municipality.

H. Non-Current Assets

There were no major changes in the physical nature of noncurrent assets during the year.

I. Dividends

No dividends were declared or paid to the shareholder during the year.

Business Address
25 Boshoff Street
Krugersdorp
1739

Postal Address
PO Box 109
Randfontein
1760

K. Auditors

The Auditor General (Gauteng) will continue auditing the agency for the next financial period.

2.2 *CORPORATE GOVERNANCE STATEMENT*

The West Rand Development Agency is a Municipal Entity which is regulated by the Local Government Legislation (MFMA). WRDA is registered as a private company and therefore has also to comply with the Companies Act.

2.3 *ROLES AND RESPONSIBILITIES OF DIRECTORS*

The board has ultimate responsibility for the oversight, management and strategic direction of the agency. Accountability to the shareholder remains paramount in Board decisions.

To assist the Board in discharging its collective responsibility for corporate governance, Board Committees have been established, to which certain Board responsibilities have been delegated. These committees operate with written terms of Board and Committee Charters and they are comprised of non-executive directors. The chairperson of each committee is a non-executive director. The accounting Officer also forms part of each subcommittee. After the decision was taken to disestablish the agency only the chairpersons of these committees remained as board directors, tasked with the responsibility to oversee the disestablishment process.

The board's main mandate for this financial year is to assist with the dis-establishment process.

2.4 *BOARD COMMITTEES AND MEMBERS*

With the new mandate given to the board i.e. of overseeing the disestablishment of the agency, two subcommittees / task teams were established in line with the recommendations of the Closure plan. The task team teams identified were as follows:

AUDIT, FINANCE AND RISK MANAGEMENT TASK TEAM	**HUMAN RESOURCES AND REMUNERATION COMMITTEE**
L Mpambani: **Chairperson** S Ramaele: **CFO WRDM**	E Mokhine: **Chairperson** R Mokebe: **Executive Manager: Corporate Services WRDM** M Reyneke: **IMATU Representative**

AUDIT, FINANCE AND RISK MANAGEMENT COMMITTEE REPORT

The Finance, Audit and Risk Committee consisted of all four non-executive directors, and should meet at least 4 times per annum as per its approved terms of reference.

The Responsibilities of the Finance, Audit and Risk Management Committee:

- We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of section 166(2) (a) of the MFMA. We further report that we have conducted our affairs in compliance with this charter.

- *The Effectiveness of Internal Control*
  The system of internal controls applied by the company over financial and risk management is adequate, effective, efficient and transparent. In line with the MFMA and the King IV Report on Corporate Governance requirements, WRDM and as arranged with WRDM management, Internal Audit provides the Audit Committee and management with assurance that the internal controls are

appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management letter of the Auditor General South Africa, it was noted that matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from. Accordingly, except for deficiencies highlighted on the internal audit, audit report and management letter we can report that the system of internal control over financial reporting for the period under review was efficient and effective.
We are satisfied with the content and quality of monthly and quarterly reports prepared and issued by the management of the company during the year under review.

- *Evaluation of the Annual Financial statements*
  We will:
  - Review and discuss the audited annual financial statements to be included in the annual report, with the Auditor General and the auditors;
  - Review the Auditor General of South Africa's management letter and management's response thereto;
  - Review changes in accounting policies and practices;
  - Review the entities compliance with legal and regulatory provisions;
  - Review significant adjustments resulting from the audit.

- *Internal Audit*
  Under the circumstances, we are satisfied that the internal audit function as shared services (since the WRDA does not have its own Internal audit, the entity requested the parent municipality to perform the function) between WRDM and WRDA is operating effectively and that it has addressed the risks pertinent to the company and its audits.

- *Auditor General of South Africa*
  We have met the Auditor General of South Africa to ensure that there are no unresolved issues. Previous audit findings has been adequately addressed as reported in the Operation Clean Audit plan (OPCA).

- *Other Matters*
  We also acknowledge that the agency could not appoint a company secretary due to financial constraints however all the corporate governance challenges faced by the Agency were addressed.

2.5 *RELATIONSHIPS WITH MUNICIPAL ENTITIES AND IGR*

The West Rand Development Agency has been regularly reporting to the parent municipality through council committees such as Reindustrialization, Finance portfolio committees as well as directly to council. Reports are submitted to these committees before being processed through to council. The agency also has working relationships with entities from other spheres of government such as Gauteng Infrastructure Financing Agency (GIFA) and Gauteng Growth and Development Agency (GGDA). It also participates in the district Integrated Development Plan (IDP) fora in order to account to the communities on its performance.

The WRDA has also been participating in the District Intergovernmental Relations (IGR) in order to ensure that its focus is aligned to the regional priorities. On these platform the agency also form part of the decision making on the economic trajectory of the region.

2.6 *RISK MANAGEMENT*

The WRDA participates in the district risk management framework (RMF) which is the structured process used to identify potential threats to an organisation and to define the strategy for eliminating or minimising the impact of these risks, as well as the mechanisms to effectively monitor and evaluate this strategy. Risk is the main cause of uncertainty in an organization. Thus the WRDA increasingly focuses more on the identification of risks and manage them where possible before they even adversely affect the running of the entity. The ability to manage some of the risks helps the entity to act more confidently on the future of the business decisions. The knowledge of the risks the entity is facing gives it various options on how to deal with potential problems however some of these risks such as lack of finance or inability to raise its own funds has not been addressed thus far. This is due to the fact that such risks requires a total review of the funding model of the agency which unfortunately the local municipalities are not willing to address.

The WRDA risk register reflects the risks levels that the entity is exposed to and mitigates against those risks.

The three tops risks that we have identified are:

- Inability to access funding over and above that obtained from the WRDM
- Potential negative perception of the WRDA performance by stakeholders
- Inadequate human resource.

Although there proposals to mitigate against the inability of the agency to raise its own funding, this has could not be addressed simply because the municipalities could not transfer their projects to the agency for implementation whereby the agency would be able to charge a 5% management fee to augment the grant and become a viable institution. This major risk has led to the demise of the agency as financial instability is the main reason council decided to disestablish it.

2.7 FRAUD AND ANTI-CORRUPTION STRATEGY

The West Rand Development Agency has developed a Fraud and Anti-corruption strategy aimed at creation of a platform to report so as to prevent fraud and /or corruption from occurring. The WRDA board has established an audit committee which is a sub-committee of the board which plays an important oversight role and any detected or potential risk of fraud or corruption is reported by management to the subcommittee which then put mechanism in place to curb the problem. The Internal Audit unit of the parent municipality also audits the finances and assets of the entity and reports to the audit committee if there is any fraudulent activity taking place. During the year under review, no fraudulent activities have been identified and reported to the accounting officer or the board.

2.8 SUPPLY CHAIN MANAGEMENT

Due to the entity's lack of human capacity, the entity utilises the services of the bid committees of the parent municipality for procurement of goods and services subject to its own supply chain management policy. However during the financial year no procurement of goods and services was done through tender/s as they were all below the minimum threshold. Goods procured were below R30 000 and therefore three (3) quotations were obtained. Procurement of PPE for covid-19 was only limited to the petty cash threshold due to its very small personnel.

2.9 WEBSITES

The website of the entity was revamped so as to comply with the relevant information as set out in sec 75(1) and (2) of the MFMA. The Website is www.wrda.gov.za

CHAPTER 3: PERFORMANCE REPORT

3.1 PERFORMANCE REPORT

Council resolved that the WRDA be dis-established from 1 April 2021. The functions performed by the WRDA including personnel, assets and other resources were transferred to the West Rand District Municipality.

The Service Delivery Agreement entered into between the WRDA and the WRDM, in terms of Section 76(b) of the Local Government: Municipal Systems Act, 2000, for the promotion of economic development in the West Rand, was terminated in terms of the provisions of the Service Delivery Agreement.

All the economic initiatives that were under the WRDA were transferred to Department of Planning and Re-industrialisation of the WRDM however in the 9 months of the disestablishment, the projects under the agency continued under its supervision and were regularly reported on in the committee of council as well as the board meetings, although the main focus was on the new mandate given to the board of overseeing the disestablishment.

WRDA is an implementing entity to drive the economy of the Western Corridor on behalf of the West Rand District Municipality.

WRDA IMPLEMENTATION STRATEGY

Four board members of the WRDA had their contracts extended to assist the Executive Mayor of WRDM in the closure of WRDA. The closure processes was as follows:

Phase 1: Preparation of the closure plan

Phase 2: Approval of the closure plan
- Steering Committee Approvals (Mphaphuli Z and L Mpambani)
- Board Approvals
- Council or Executive Mayors Approvals

Phase 3: Implementation of the closure plan
Financial Closure
Human Resource Closure
Logistical and Projects Closure
Legal Closure

WRDA was expected to complete this process by the end of December 2020, but was extended to end March 2021 to accommodate the extended AGSA audit process for the 2019/2020 audit period.
The Steering Committee, which has been established to oversee the closure process, has established a process of developing the closure plan before it goes to the board for approval. The final approval of the plan was done by Council.

The steering committee recommended that the implementation of the closure plan must be conducted by two task teams; Human Resources task team (HOD Corporate services and HR Chairperson), Finance and logistics task team (CFO and HR Chairperson). The task teams must report back to the steering committee.

STRATEGIC IMPERATIVES

- Acknowledgement and acceptance of the decision of the Shareholder to close WRDA, obviously subject to an acceptable plan and closure process.
- Project governance in the form of a Steering committee with mandate and authority to progress on the closure process.
- Approval of the closure plan within the timeframe for the achievement of the planned dates and milestone.
- The cost of closure was borne by WRDA to enabling smooth closure.
- The Shareholder's expectation is for comprehensive closure of WRDA by 31 December 2021, but was extended to end March 2021 to accommodate the extended AGSA audit process for the 2019/2020 audit year.

WRDA positioned itself as the primary coordinator of all economic development activities in the West Rand by assuming the LED functions of the constituent municipalities in the region. The agency is role is to facilitate and support the development of strategic projects in the region ensuring that the economy of the region is diversified by focussing mainly on the five sectors, i.e. manufacturing, tourism, agriculture, mining and renewable energy.

The economic development activities in the West Rand are mainly driven by government and private companies and WRDA is cognisant of the fact that it does not have the financial and technical ability to promote the industrial sectors of the Western Corridor on its own, hence WRDA adopted an implementation strategy for all economic sectors based on collaboration between government and private sector role players. Each economic sector has a driver in a form of Non Profit Company (NPC). The board of directors for each NPC were constituted by those specific private sector industry representatives, WRDA, Gauteng Provincial government, Development finance institutions and other strategic stakeholders.

There are different work streams for each economic sector as contained in the Western Corridor development plan wherein key stakeholders are participating to ensure that there is practical implementation of the plans and the report provide the status and progress on each of the economic workstream.

A. MANUFACTURING

The WRDA has partnered with BUSMARK Pty Ltd to create emerging suppliers in the manufacturing sector in the West Rand. Together with other key stakeholders namely WRDA, BUSMARK, Sibanye-Stillwater, Goldfields and the Gauteng Provincial government, an NPC has been created to implement the manufacturing development strategy for the West Rand. The NPC is called WESTERN ACCELERATOR NPC. This NPC will also promote the development of SMMEs in the renewable energy as well as the mining sectors. The NPC will be the implementing agent for the manufacturing strategy plan of the West Rand including the business hubs.

The main purpose of this NPC is to drive SMME development of the region, by sharing resources, including co-ordinating support like market access, product development, funding, and innovation support. The West Rand economy is also embedded within the following Pillars as espoused both in the provincial economic plan and the West Rand Economy.

- Radical economic transformation
- Decisive spatial transformation
- Accelerating social transformation
- Modernisation of the economy
- Re-industrialising West Rand as a Gauteng economic hub

These pillars constitute a vehicle through which the Sibanye Manufacturing Input Incubation Hub (SMIIH) seek to transform, modernise and re-industrialise the West Rand. Despite these pillars, the legacy of apartheid development system still continues to be manifested as follows:

- Regions that were marginalised by the apartheid government, mostly townships and other areas designated for blacks and Africans, still do not have the industrial eco-systems that are necessary to transform them into industrial production centres, and
- Black people still play a marginal role in the industrial production systems, except as the providers of unskilled and semi-skilled labour.

The inherent and structural nature of the West Rand Economy is also a testament to this reality and it is for this reason that the Sibanye Stillwater is initiating this Manufacturing Input Incubation Hub. In essence SMIIH is aimed at leveraging on light intensive industrial activities and manufacturing opportunities beyond the lifespan of the mining activities in the Westonaria and surrounding areas. SMIIH in its establishment is aimed to attract and empower a sizable number of local based SMMEs in the following technical areas:

- Manufacture of food packaging equipment for agro-processing industry
- Aluminium/steel fabrication and installation; bus components and farm weeder manufacturing

- Manufacture of brick making equipment and manufacturing of bricks - brick technology and brick manufacturing
- Carpentry – construction carpentry, furniture and coffin manufacturing
- Manufacturing of geyser and solar energy toilets, and
- Metal fabrication - manufacturing of bicycles and wheelbarrows

The establishment and designation of Special Economic Zones (SEZ)

WRDA and Busmark have worked tirelessly to lobby for the establishment of a Special Economic Zone (SEZ) in the West Rand. In July 2019, the Premier of Gauteng Provincial Government Mr. David Makhura announced that the Gauteng Provincial government will be establishing a Special Economic Zone (SEZ) in the West Rand District

A Special Economic Zone is an economic development tool to promote national economic growth and export by using support measures in order to attract targeted foreign and domestic investments and technology (see section 4 (1) of the Special Economic Development Zones Act No.16 of 2014).

The purpose of establishing Special Economic Zones includes:

a) facilitating the creation of an industrial complex, having strategic national economic advantage for targeted investments and industries in the manufacturing sector and tradable services;
b) developing infrastructure required to support the development of targeted industrial activities; attracting foreign and domestic direct investment;
c) providing the location for the establishment of targeted investments;
d) enabling the beneficiation of mineral and natural resources;
e) taking advantage of existing industrial and technological capacity, promoting integration with local industry and increasing value-added production;
f) promoting regional development;
g) creating decent work and other economic and social benefits in the region in which it is located, including the broadening of economic participation by promoting small, micro and medium enterprises and co-operatives, and promoting skills and technology transfer; and
h) The generation of new and innovative economic activities.

WRDA economic development strategy is aimed at the integration of the West Rand local economic development and the Gauteng Provincial Government growth strategy and as such welcomed the announcement to establish SEZ in the West Rand. In the light of this new development WRDA, started a process to bring together different key stakeholders both in the public sector and the private sector to ensure broad based participation in the conceptualization and the implementation of the SEZ in line with the purpose of SEZ referred to above.

In preparation for the implementation of the SEZ, WRDA has identified a land where the SEZ would be anchored and identified the economic precinct that will form part of the SEZ with specific focus on the following economic activities:

a) Bus and Truck heavy commercial hub;
b) Revitalisation of Industrial areas like Chamdor in Krugersdorp, Aureus in Randfontein and Carletonville industrial site;
c) Western Accelerator SMME incubation centre;
d) West Rand Logistics Centre and Food City Hub;
e) West Rand Logistics airport
f) West Rand Agri-Parks;
g) Bokamoso Ba Rona agricultural industrial initiative;
h) Services industry: New Skills Training Academy for the fourth industrial revolution;
i) Innovation: Admixture blending and the binder plant;
j) Renewable energy;
k) Eco-Industrial park;
l) West Rand Waste treatment.

A N12 Corridor Task Team has been established and had its first meeting on the 7 April 2021 and it is comprised of representatives from the Presidency, Premier Office, MEC Economic Development Office, DTIC (Deputy Minister Office, WRDM, Rand West City and GGDA. The team will coordinate the implementation of all Initiatives along the N12 Corridor including the West Rand Mega Park, SEZ, Bokamoso Ba Rona etc. The development of a Regional Master Plan was addressed is receiving immediate attention to an extent that the WRDM council after receiving the letters of support from the local municipalities, approved the submission of the application for grant funding to the DBSA.

B. MINING

Sibanye Stillwater and Goldfields are working together with WRDA to explore the possibilities of establishing a water reclamation plant with the view to reclaim the mine water and treat it for agricultural use as well as for potable human consumption in the West Rand. Rand Water and the Department of Water and Sanitation are also part of these discussions. This is work in progress.

Sibanye Stillwater, Goldfields and Busmark have pledged to fund the establishment of a training academy in the West Rand. In order to avoid duplication of TVET colleges in the West Rand, WRDA has been consulting with the industry players, National department of Higher Education and the institutions of higher learning with the view to solicit advice on the type of a suitable training academy to produce human capital to be absorbed by the five economic sectors we are promoting in the region. A consulting Engineer firm has been appointed by Sibanye on behalf of the funders who will project manage the construction process of the first phase of the academy. The consulting engineering firm is expected to appoint the construction company before the end of December 2021.

C. AGRICULTURE

Bokamoso Ba Rona Agri-Industrial Hub

Provincial government, National government, State Owned Enterprises and the private sector companies have partnered on agri-processing industrial cluster initiatives on the West Rand. Sibanye-Stillwater, Merafong Local Municipality and the Far West Rand Dolomitic Association have made available approximately 30 000 hectares of land to facilitate the development of this agri-industrial hub. The project name is BOKAMOSO BA RONA INITIATIVE.

We have identified two most important assets in the West Rand namely mining land and water pumped by the mines and as such a Steering Committee of key stakeholders has been established to leverage these assets to build a large scale agri-industrial cluster in the West Rand. This Committee includes Sibanye-Stillwater, the Far West Rand Dolomitic Association, the Gauteng Infrastructure Financing Agency, and the West Rand Development Agency.

The objectives of the programme are to:

a) Make West-Rand into the agri-industrial hub of Gauteng which drives continuous technical, commercial, institutional and developmental innovation.
b) Build a sustainable post mining economy and development framework.
c) Promote the export of high value, relatively labour-intensive agricultural produce, with a particular focus on downstream value addition.
d) Create jobs with agriculture skills transfer.
e) Promote Black Economic Empowerment including the development of entrepreneurs and industrialists.
f) Facilitate comprehensive local socio-economic development
g) Facilitate and promote community participation.

A preferred program manager and fund manager for the Program has been appointed following a public Request for Qualifications. A memorandum of agreement has been signed by all the four founding members who are WRDM, Sibanye Stillwater, Far West Rand Dolomitic Association and Gauteng Infrastructure Financing Agency (GIFA).

The program manager is currently busy with the mobilization of funds for the establishment of the project and have submitted applications amongst others to a number of potential funders such as Public Investment Corporation (PIC), DBSA, African Development Bank, Commercial Banks, Private Equity companies who have expressed interest in the project.

New quick win projects that are looked at is the Merafong Nursery and the Outgrower scheme (2 sites). The Merafong Bio Energy Plant and the Agri Park have received further development support from the African Development Bank and a RFQ will be issued in September 2021.

West Rand Mega Park

Maximum Group is planning to establish a unique industrial, International Agri City and Fresh Produce Market to be known as West Rand Mega Park in the West Rand. The Agri-City will include industrial and manufacturing to complement the development in order to enable value chain creation with local SMMEs.
The West Rand Mega park project is earmarked to be implemented along the N12 near Lenasia on the side of the West Rand. It will create about 50 000 jobs opportunities and obviously be a major catalytic project and enabler of future growth in the Rand West region.

The Food Hub will include:

- Fresh Produce market,
- Meat Market,
- Egg & Dairy market,
- Seafood market,
- Flower market and
- Liquor market.

Furthermore, the development will include:

- Cold Storage facilities,
- The Square - public square with a number of restaurants,
- Agri Processing and
- A 40 000 sqm Wholesale Mall.

Each one of the aspects above is a project in its own right and buyers or tenants for each can be discussed. The development will provide world-class Agri Processing and industrial facilities with the latest renewable energies and Hi-Tech technologies including block chain, monitoring and metering, Peer2Peer sales; transport sharing, space sharing, logistics sharing, Online Produce Trading, etc. at an affordable price. Being positioned at the Soweto's southern entrance - this would also set a positive and uplifting tone for the immediate area of Soweto and Rand West City. This Fresh

Produce Market will democratize access to produce market for emerging farmers. It will unlock opportunities for small-scale farmers. The development is designed to create Industrial Symbiosis and achieve zero-to-landfill. The project will be part of the Special Economic Zone for the region.

WRDM in partnership with Gauteng Financing Agency (GIFA) is coordinating the implementation of this project. When fully developed the project will create over 50 000 jobs.

Provision of bulk infrastructure is the biggest challenge. They have agreed with ESKOM on the way forward regarding electricity and shortage thereof.
This is a major milestone as the electricity is one of the major hurdles in the area and for development.

Maximum Group has partnered with AFRIBIX to develop the project together. Afribiz is doing a mega project of 13 000 residential units on the adjacent piece of land right next to West Rand Mega Park. The Maximum Group is looking for another piece of land where they can extend the West Rand Mega Park and extend the logistics hub as well as an agricultural hub and food city. A formal agreement between AFRIBIZ INVEST and MAXIMUM GROUP was finalised in April 2021.

Site Establishment is in process of being finalized. Rights, permits, costings, and design for a large billboard is being finalized. A professional team has been meeting regularly working on the project's designs. BlueIQ, appointed by Maximum Group and Afribiz consortium, has been coordinating West Rand Corridor developers into one coherent group.

D. TOURISM

Krugersdorp Game Reserve Project

The KGR conservation area was established in 1963 through a donation of the land to the Krugersdorp Municipality by Harmony Gold Mines on condition that it is kept in perpetuity as a nature reserve. The reserve currently holds a level 2 protection. Level 2 protected areas are proclaimed areas in terms of relevant legislation or where a management plan is in place with conservation of biodiversity as the priority management objective. The Reserve also includes a 100-hectare enclosed lion sanctuary, which attracts considerable interests with minimal marketing exposure.

The facilities at the KGR includes a restaurant, accommodation, conference facilities, a caravan park and other outdoor facilities. It also offers terrain for adventure activities such as a 4x4 track, running trails and mountain biking activities.

The reserve is located along a drainage corridor with noteworthy natural features including wetlands, waterfalls and deeply fissured valleys. The wildlife in the game reserve is considered an attraction in terms of tourism value, while contributing to the ecological and conservation importance of the reserve.

The Reserve has numerous biodiversity and tourism assets with catalyst potential to create jobs, economic opportunities and overall positive economic impact. The potential of the Reserve to attract tourists is enormous given the location in close proximity to Gauteng and the World Heritage Site, The Cradle of Humankind. It is generally served by well-developed infrastructure and is easily accessible through major national roads. The Reserve through intensive collaborations with various stakeholders, both private and public role-players in the tourism sector could potentially tap into a broad diverse market. These collaborations should aim to increase tourist volumes to Mogale City and ultimately improve the positioning of the Reserve in the market. The market positioning of the Reserve will be entrenched through an adequate mix of marketing activities, which could consist of below and above the line marketing activities. This potential market could extend to domestic and international tourists across various tourism market segments and could play an important role in the edu-tourism, mining tourism, agri-tourism and eco-tourism sectors. The Reserve could also play a critical role in the promotion of responsible tourism and advancing the principles of sustainable development through environmental stewardship of ecological resources.

The Krugersdorp Game reserve is owned by Mogale City Local Municipality and has been made available to West Rand Development Agency (WRDA) to facilitate investment and the development of the game reserve as one of the anchor projects that the Agency has to manage and turn it into a profitable tourism facility within the West Rand region. Advert for the Expression of Interest (EOI) was done through GIFA and submissions were evaluated. The next stage which is currently underway is the compliance with the Public Private Partnership (PPP) toolkit for property owned by a municipality.

The objectives are:

- To develop, upgrade and restore the game reserve to be a tourist attraction;
- To optimize the sustainable use of natural resources; and
- To form a partnership with the successful bidder through a lease agreement.

The WRDM with the support of GIFA have issued and published Expression of Interest (EIO) for the development of the game reserve. The process has taken longer than anticipated due to compliance to the PPP toolkit and GIFA is managing the procurement process.

A feasibility study must be undertaken to help the Institution to determine whether the proposed project is financially, legally and technically feasible for the Institution. The procurement of a Transaction Advisor to conduct a Feasibility Study in line with the National treasury Toolkit: "Use of municipal property for commercial purposes" was finalised and the appointment was made. The Transaction Adviser commenced the Feasibility Study. The Feasibility Study, consisting the following deliverables, is envisaged to be completed by the end of September 2021:

a) Needs analysis - A Market and Needs analysis report;
b) Project due diligence - Investigated the municipality's authority under the MFMA to enter into a PPP and the legal issues around ownership of the property;
c) Value Assessment - Valuation of entire property; Develop Business model; Value for Money and affordability.

E. SKILLS DEVELOPMENT

The West Rand Academy

Background

The West Rand Academy is located at Westonaria Borwa, within the West Rand District Municipality area. The West Rand Development Agency is the implementer of this project with the following partners:

1. Sibanye Stillwater
2. Gold Fields South Deep Gold Mine
3. Westonaria Community Trust
4. South Deep Education Trust
5. WestCol/Department of Higher Education
6. Rand West City Local Municipality (former Westonaria Local Municipality)

History and developments of the Westonaria TVET

The Westonaria Local Municipality, in conjunction with the Westonaria Community Trust and Western College for Further Education and Training (WestCol) announced the establishment of the Westonaria Technical and Vocational Education Training College (*Westonaria TVET*) during January 2015.

During 2015 and 2016, Gold Fields through the Westonaria Community Trust (WCT), invested in temporary facilities for the TVET West College ('Westcol') in Westonaria (on the sports ground). The temporary facility can currently host about 500 learners from the local host communities, in a range of vocational courses.

The Westonaria TVET is currently being managed as a satellite campus of WestCol. The Westonaria Municipality is leasing out both the buildings and land at the old Westonaria Sports Complex to WestCol for the exclusive use of the Westonaria TVET. In 2015 Sibanye-Stillwater started a process of identifying land to build a permanent facility. Subsequent to the identification of the land, geotech studies were conducted to establish the suitability for a completely new facility and the project was included in the 2012-2016 SLP cycle.

Project rationale

West Rand District Municipality (WRDM) has been identified for re-industrialization in line with the Gauteng provincial government's Transformation, Modernization and Re-industrialization (TMR) strategy. In order to realize this, the community of the WRDM needs to be trained in relevant skills to support the economic sectors that will emerge from the implementation of this strategy, which is driven by the WRDM. The WRDM, Sibanye-Stillwater, South Deep Mine together with other stakeholders have identified that an academy or college is required in Westonaria since there are no institutions of higher learning to provide skills that will support the vision of the region to be developing the agriculture sector and reducing reliance on mining. To support the municipality's development plan (IDP) construction of the West Rand Academy has been initiated in a phased approach. There will be different schools or faculties with the school of Agriculture and Engineering forming part of the first phase.

The project cost is an estimated amount of R 60 million for the total project and Phase 1 an estimated amount of R25 million. Sibanye Stillwater has donated the land for the Academy. The total area is 14 Ha of which 5 Ha will be used for Phase 1. The TVET designs have also been funded by Sibanye-Stillwater. South Deep Gold Mine and South Deep Education Trust are also partnering in the project which will commence during the 2019/20 financial year.
Consulting Engineers were appointed and will be managed through Sibanye Stillwater processes. The appointed consulting engineers are waiting for the final signed MOU to kick start the procurement process for the contractor. The MOU has gone through legal review with the Funders and must then be signed. The MOU will also form the basis of the contract with the Consulting Engineers. Land donation finalised; rezoning underway.

3.2 *PERFORMANCE SCORECARD*

This report highlights the performance of WRDA during 2020/2021 financial year, which only focused on the disestablishment of the WRDA. The annual performance report is prepared using the approved Closure Plan as new mandate given to the board in terms of council resolution. This, therefore no longer in line with the Service Delivery Agreement or the approved business plan of 2017.

The new mandate given to the four (4) member board is to ensure that the WRDA is disestablished hence the reduction of the number from the original eleven (11).

For the 2020/2021 Financial Year ended 30 June 2020, the entity achieved 100% of the planned targets set on the board approved 2020/2021 scorecard.

STRATEGIC IMPERATIVES

- Acknowledgement and acceptance of the decision of the Shareholder to close WRDA, obviously subject to an acceptable plan and closure process.
- Project governance in the form of a Steering committee with mandate and authority to progress on the closure process.
- Approval of the closure plan within the timeframe for the achievement of the planned dates and milestone
- The cost of closure will be borne by WRDA to enabling smooth closure.
- The Shareholder's expectation is for comprehensive closure of WRDA by 31 December 2020.
- The closure plan will be approved by the Executive Mayor before the 5 November 2020.

CORPORATE SCORECARD 2020/2021

Performance scorecard

GDS PILLAR / OUTCOME SUPPORTED	WRDA STRATEGIC GOAL	SO No:	WRDA STRATEGIC OBJECTIVES PER GOAL	Expected Result	Performance Measure / Indicator	Baseline	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Planned	Achieved	Means of Verification	Reporting Period	Actual Result(s)	Reasons for target not being achieved in 2016/17	Measures to address non-achievement of target(s)
WRDA – Disestablishment	1. Council Resolution: Unwinding of the WRDA	A.	Council Resolution	1.A.1 Council Resolution – Disestablishment of WRDA: 31 December 2020	Council Resolution: June 2020		1				1	1	Copy of the Council Resolution: Disestablishment of WRDA – 31 Dec 2020	Annual	Achieved		
				1.A.2 Extension of 4 Board of Directors to assist with closing process	Signed contracts		4				4	4	Signed contracts	Annual	Achieved		
				1.A.3 Extension of closure to 31 March 2021	Council Resolution: December 2020			1			1	1	Copy of Council Resolution: Extension to 31 March 2021	Annual	Achieved		
				1.A.4 Establish Task Teams to facilitate closure	Identification of Task Teams		1				1	1	Identified Task Teams	Annual	Achieved		
		B.	Reports to Council	1.B.1 Handover Report	Handover report			1			1	1	Handover Report	Annual	Achieved		
				1.B.2 Closure Plan	Closure Plan			1			1	1	Closure Plan	Annual	Achieved		
				1.B.3 Notification to LM of Closure	Notice of Closure			1			1	1	Proof of notice to LM	Annual	Achieved		
				1.B.4 Progress Report to Council	Progress Report to Council					1	1	1	Progress Report to Council	Annual	Achieved		

GDS PILLAR / OUTCOME SUPPORTED	WRDA STRATEGIC GOAL	SO No.:	WRDA STRATEGIC OBJECTIVES PER GOAL	Expected Result	Performance Measure / Indicator	Baseline	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Planned	Achieved	Means of Verification	Reporting Period	Actual Result(s)	Reasons for target not being achieved in 2016/17	Measures to address non-achievement of target(s)
		C.	**Board Meetings**	1.C.1 Board Meetings	Minutes of Board Meetings		3	3	3		9	9	Minutes and attendance register of Board Meetings held	Quarterly	Achieved		
		D.	**Public Notice**	1.D.1 Public Notice for the disestablishment.	Advertisement for the disestablishment			1			1	1	Advertisement that was published	Annual	Achieved		
	2. Financial process for the Disestablishment of the WRDA	A.	**Bank Accounts**	2.A.1 Closing of Call Account	Notification of closure of Call Account and transfer of funds to Primary account				1		1	1	Notification Letter sent to bank.	Annual	Achieved		
				2.A.2 Closing of Primary Account and Online Banking.	Notification of the closure of the Primary account and online banking				1		1	1	Notification letter sent to bank.	Annual	Achieved		
				2.A.3 Cancellation of speedpoint	Notification of the cancellation of the speedpoint				1		1	1	Notification letter sent to bank.	Annual	Achieved		
				2.A.4 Transfer of funds to WRDM	Transfer all balances to WRDM account				1		1	1	Proof of payments and statements	Annual	Achieved		
				2.A.5 Deactivate Petty cash card.	Deplete and deactivate petty cash card				1		1	1	Proof of deactivation.	Annual	Achieved		
		B.	**SARS**	2.B.1 Notice to SARS for disestablishment of WRDA	Notification to SARS for disestablishment of WRDA				1		1	1	Notification Letter submitted to SARS.	Annual	Achieved		
		C.	**Property, Plant & Equipment**	2.C. Transfer of Assets	Transfer of Assets				1		1	1	Signed Transfer Agreement	Annual	Achieved		

GDS PILLAR / OUTCOME SUPPORTED	WRDA STRATEGIC GOAL	SO No:	WRDA STRATEGIC OBJECTIVES PER GOAL	Expected Result	Performance Measure / Indicator	Baseline	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Planned	Achieved	Means of Verification	Reporting Period	Actual Result(s)	Reasons for target not being achieved in 2016/17	Measures to address non-achievement of target(s)
		D.	**Trade and other payables**	2.D.1 Termination of Services	Notification of Termination of Services				4		4	4	Notification letters to: 1. Twin Knights, 2. Thusano, Huge Telecom 3. Auditor General	Annual	Achieved		
				2.D.2 Termination of Lease	Notification of Termination of lease				1		1	1	Notification letter to Life Line	Annual	Achieved		
				2.D.3 Employee leave days	Payment of outstanding leave days.				9		9	9	Proof of payment for outstanding leave days to employees	Annual	Achieved		
				2.D.4 Employee related cost	Payment of PAYE, SDL, UIF, final reconciliations and IRP5s				1		1	1	Proof of payments	Annual	Achieved		
				2.D.5 Board Remunerations	Payments of Board Members		3	3	3		9	9	Proof of Board Payments	Quarterly	Achieved		
				2.D.6 Payment of outstanding invoices for lease	Payment of last invoice.				1		1	1	Proof of payment	Annual	Achieved		
				2.D.7 Payment of outstanding invoices for all services	Payment of last invoices				1		1	1	Proof of Payment	Annual	Achieved		
				2.D.8 Payment of outstanding invoices for all operating costs	Payment of last invoices				1		1	1	Proof of Payment	Annual	Achieved		
		E.	**Revenue**	2.E.1 Extension of the contract with African Gold	Addendum to extend contract until June 2021				1		1	1	Signed contract for African Gold until June 2021.	Annual	Achieved		

GDS PILLAR / OUTCOME SUPPORTED	WRDA STRATEGIC GOAL	SO No:	WRDA STRATEGIC OBJECTIVES PER GOAL	Expected Result	Performance Measure / Indicator	Baseline	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Planned	Achieved	Means of Verification	Reporting Period	Actual Result(s)	Reasons for target not being achieved in 2016/17	Measures to address non-achievement of target(s)
				2.E.2 Closure of the Donaldson Dam receipt book	Issue Notice to close Donaldson Dam receipt book				1		1	1	Notice to close the Donaldson Dam receipt book	Annual	Achieved		
		F.	Unauthorized, irregular, fruitless and wasteful expenditure	2. F.1 UIFW expenditure and all contingencies to be written off.	UIFW expenditure and all contingencies must be written off.				1		1	1	Approved report on UIFW expenditure.	Annual	Achieved		
	3. Human Resource processes for the disestablishment of the WRDA.	A.	Implementation Plan	3.A.1 Implementation Plan	Implementation Plan				1		1	1	Approved implementation Plan	Annual	Achieved		
				3.A.2 Submit all employee information to WRDM	Populate employee form and submit with other information to WRDM.				1		1	1	Proof of information submitted	Annual	Achieved		
		B.	Employee Files	3.B.1. Audited employee files to be handed over to WRDM.	Audited employee files to be handed over to WRDM.				1		1	1	Proof of handover	Annual	Achieved		
		C.	Consultations with Labour Unions	3.C.1 Consultations with Labour Unions	Labour Unions involved with the transfer of employees.				1		1	1	Proof that Labour Unions were part of the transfer process.	Annual	Achieved		
		D.	Transfer of Employees	3.D.1 Transfer of employees	Appointment Letters from WRDM				8		8	8	Signed appointment letters from WRDM.	Annual	Achieved		
		E.	HR Meetings	3.E.1 HR Task Team Meetings	HR Task Team Meetings				4		4	4	Minutes of the HR meetings.	Annual	Achieved		

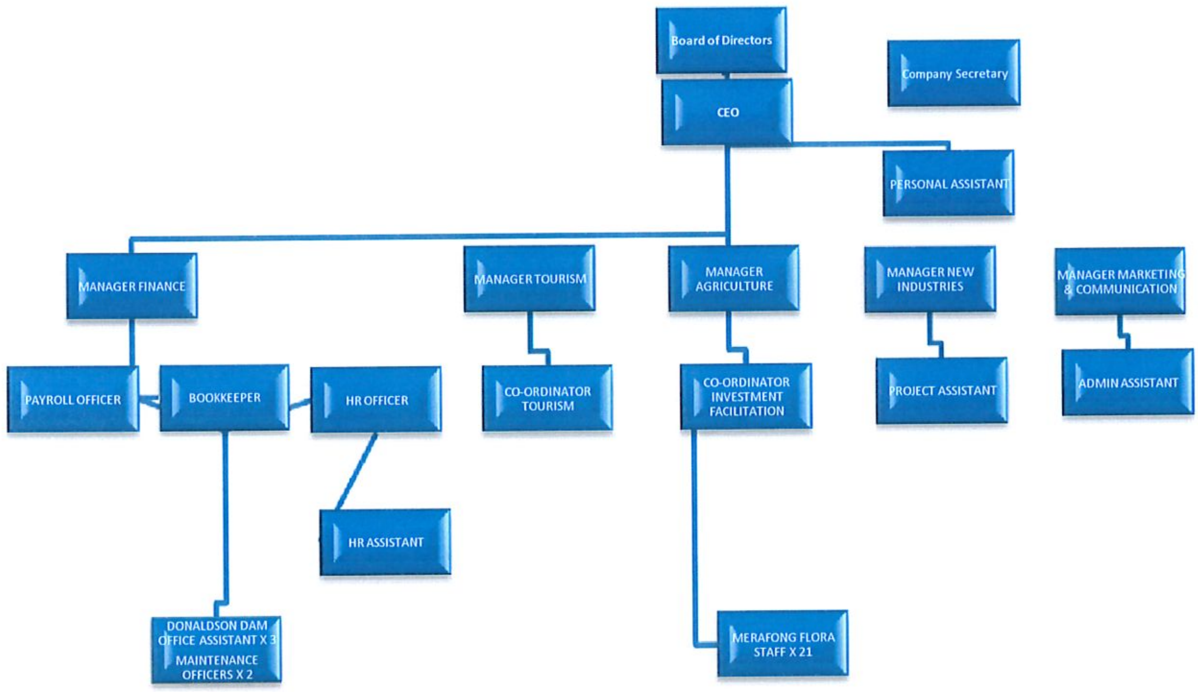
PERFORMANCE RATING

Total targets 2020/2021	Total targets achieved 2020/21	Total targets not achieved	Performance rating (targets)
34	34	0	100%

ZEBLON MPHAPHULI
ACTING CEO

CHAPTER 4

4.2 ORGANISATIONAL DEVELOPMENT PERFORMANCE 2020/2021



The approved WRDA organizational structure above (2018/19) has attempted to factor in key positions that needed to be filled on an ongoing basis. The organizational structure was amended (and approved by the WRDA board) to adequately reflect the human resources requirements necessary for the effective management of the agency's operations, in the short term and in line with its focus areas of development. Due to financial constraints, the vacant posts as reflected in the organogram could not be filled.

The entity has its own HR policies which was reviewed during the 2019/20 financial year.

There has not been any injury on duty during the year under review and records of sick leave are kept and monitored regularly to check if there might any abuse of the leave facility.

Furthermore there has not been any suspension and financial misconduct during the year.

No provision has been made for performance rewards again due to the financial constraints of the parent municipality which has a domino effect on the entity

Skilled workforce is capable of being more productive thereby increasing productivity. No provision has been made to support in the form of financial aid for the staff due the serious financial constraints.

CHAPTER 5

5.1 FINANCIAL PERFORMANCE

5.1.1 ANNUAL FINANCIAL STATEMENT

Audited Annual Financial Statement

Planning by	Reviewed	Performed by	Final review
KL		KL	

West Rand Development Agency

(Registration number 2005/005372/07)

Annual Financial Statements

for the Nine (9) months ended 31 March 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The West Rand Development Agency (WRDA) was created as a focused response to the challenges faced by West Rand Regional municipalities in fulfilling their developmental local government role; and to be the economic development agency for the West Rand region. It was established for the express and sole purpose of assisting the West Rand District Municipality (WRDM) to achieve global standards of economic growth and development for all within the jurisdiction of the WRDM. The WRDA is regulated by the Municipal Systems Act (Act 32 of 2000) and the Municipal Finance Management Act (Act 56 of 2003). It was established through Council Resolution and in terms of the new Companies Act of 2008; the organization is a State Owned Company (SOC Ltd) with effect from 1 May 2011.
Management	
	Z. Mphaphuli (Acting Chief Executive Officer/ HOD: RPR)
	S Ramaele (Chief Financial Officer of the Parent Municipality)
Registered office	22 Stubbs Street Randfontein 1760
Business address	25 Boshoff street Krugersdorp 1740
Controlling entity	West Rand District Municipality
Bankers	First National Bank
Auditors	Auditor General - South Africa Chartered Accountants (S.A.) Registered Auditors
Company registration number	2005/005372/07
Tax reference number	9267870153
Preparer	The annual financial statements were internally compiled by: Karabo Lesenya Acting Accountant of Parent Municipality

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Board's Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the entity’s cash flow forecast for the nine (9) months to 30 June 2022 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the entity will not be a going concern in future and that the Council of the Parent municipality has approved an item to unwind the entity due to its financial challenges and being wholly dependant on the Parent municipality.

West Rand District municipality has been placed under Provincial intervention in terms of section 139 of MFMA. One of the critical requirements of the financial recovery plan is to suspend annual subsidy given to the entity, being a sole funding source of the entity's short term obligations.

Although the board are primarily responsible for the financial affairs of the entity, they are supported by the entity's internal auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 42, which have not been prepared on the liquidation basis, were approved by the board on 31 August 2021 and were signed on its behalf by:

Z. Mphaphuli
Acting Chief Executive Officer

Audit Committee Report

We are pleased to present our report for the financial nine (9) months ended 31 March 2021.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 3 times per annum as per its approved terms of reference. During the current year four (4) number of meetings were held.

Name of member	Number of meetings attended
L. Mpambani (Audit committee chairperson)	4
J. Mohlakoana (Member- Board chairperson)	4
E. Mokhine (Member)	4
B. Friedman (Member)	4

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

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 effectiveness of internal control

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

Evaluation of annual financial statements

The audit committee has:
- reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General and the board;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

L. Mpambani
Chairperson of the Audit Committee

Date: 31 August 2021

Director's Report

The directors submit their report for the Nine (9) months ended 31 March 2021.

1. Incorporation

The entity was incorporated on 17 February 2005 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

3. Non going concern

The ability of the entity to unfold the process of winding up is based on the item approved by Council of the Parent municipality on 29 June 2020 to cease in doing business as usual due to its negative financial siatuation. Its sole purpose has been to liquidate its current assets, pay off creditors, and distribute any remaining assets and transferring the outstanding creditors to its shareholder (Parent Municipality).

4. Subsequent events

The directors have taken all events, matters and /or circumstances arising after year end in preparing and presenting the annual financial statements.

5. Directors' interest in contracts

The director's did not have interest in any contracts of the entity.

6. Accounting policies

The annual financial statements prepared in accordance prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

7. Share capital / contributed capital

There are material chnages on the share capital of the entity during the nine (9) months under review due to the process of winding up the entity.

The share premium of R14 578 428 which arose in 2008 when 100 ordinary shares with a par value of R1 per share were subscribed for at a value of R14,578,528 has been transferrd back to the Parent Municipality through the winding up process.

Director's Report

8. Board Members and Executive Managers Emoluments

Whole owned subsidiary

	Total package 2021	Total package 2020
Non-Executive Members		
J. Mohlakoana (Chairperson of the board committee)	47 500	66 000
L. Mpambani (Chairperson of Audit, Finance & Risk Committee)	47 500	78 000
E. Mokhine (Chairperson of Human Resources & Remuneration Committee)	44 000	79 000
B. Friedman (Chairperson of Economic Development & Investment Committee)	40 000	80 500
L. Hibbert (Non-Executive Director)	-	70 500
T. Mokale (Former chairperson of the board committee)	-	45 000
J. Sloan (Non-Executive Director)	-	67 500
A. Masiu (Member of sub-committee)	-	46 500
L. Brits (Member of sub-committee)	-	3 000
G. Masobe (Member of sub-committee)	-	28 500
	179 000	**564 500**
Executive Managers		
Z. Mphaphuli (Acting Chief Executive Officer	513 748	658 651

9. Controlling entity

The entity's controlling entity is West Rand District Municipality incorporated in (If not in the RSA).

10. Bankers

The entity primarily banks with First National Bank.

11. Auditors

Auditor General - South Africa will continue in office for the next financial period.

Statement of Financial Position as at 31 March 2021

Figures in Rand	Note(s)	31 March 2021	30 June 2020
Assets			
Current Assets			
Cash and cash equivalents	4	-	3 435 878
Non-Current Assets			
Property, plant and equipment	5	-	12 100 165
Intangible assets	6	-	1
		-	**12 100 166**
Total Assets		**-**	**15 536 044**
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	-	3 597 436
Transfers payable (non-exchange)	9	-	2 000 000
VAT payable	10	-	1 629 820
		-	**7 227 256**
Total Liabilities		**-**	**7 227 256**
Net Assets		**-**	**8 308 788**
Share capital / contributed capital	11	-	14 578 528
Accumulated deficit		-	(6 269 740)
Total Net Assets		**-**	**8 308 788**

Statement of Financial Performance

Figures in Rand	Note(s)	9 months ended 31 March 2021	30 June 2020
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	13	195 216	275 308
Interest income	14	54 149	232 484
Total revenue from exchange transactions		**249 365**	**507 792**
Expenditure			
Employee related costs	16	(1 716 694)	(2 392 082)
Board remuneration	16&17	(179 000)	(564 500)
Depreciation and amortisation	18	(84 423)	(148 071)
Interest costs	21	(222 280)	(287 605)
Lease rentals on operating lease	22	(130 500)	(174 000)
Contracted services	23	(181 883)	(225 030)
Operating costs	24	(525 562)	(672 188)
Total expenditure		**(3 040 342)**	**(4 463 476)**
Operating deficit		**(2 790 977)**	**(3 955 684)**
Loss on disposal of assets and liabilities	19	-	(2)
Impairment loss	20	-	(462 298)
		-	**(462 300)**
Deficit for the Nine (9) months from continuing operations		**(2 790 977)**	**(4 417 984)**
Discontinued operations	27	(5 517 817)	-
Deficit for the Nine (9) months		**(8 308 794)**	**(4 417 984)**

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Share premium	Total share capital	Accumulated deficit	Total net assets
Balance at 01 July 2019	**100**	**14 578 428**	**14 578 528**	**(1 851 756)**	**12 726 772**
Changes in net assets					
Deficit for the year	-	-	-	(4 417 984)	(4 417 984)
Total changes	-	-	-	(4 417 984)	(4 417 984)
Balance at 01 July 2020	**100**	**14 578 428**	**14 578 528**	**8 308 794**	**22 887 322**
Changes in net assets					
Derecognition	(100)	(14 578 428)	(14 578 528)	-	(14 578 528)
Net income (losses) recognised directly in net assets	(100)	(14 578 428)	(14 578 528)	-	(14 578 528)
Deficit for the year	-	-	-	(8 308 794)	(8 308 794)
Total recognised income and expenses for the Nine (9) months	(100)	(14 578 428)	(14 578 528)	(8 308 794)	(22 887 322)
Total changes	(100)	(14 578 428)	(14 578 528)	(8 308 794)	(22 887 322)
Balance at 31 March 2021	**-**	**-**	**-**	**-**	**-**
Note(s)	11	11	11		

Cash Flow Statement

Figures in Rand	Note(s)	9 months ended 31 March 2021	30 June 2020
Cash flows from operating activities			
Receipts			
Sale of goods and services		201 675	339 430
Grants and subsidies		-	2 200 000
Interest income		54 148	232 484
		255 823	2 771 914
Payments			
Employee costs		(1 856 897)	(3 074 316)
Suppliers of goods and services		(727 277)	(1 025 155)
		(2 584 174)	(4 099 471)
Net cash flows from operating activities	28	**(2 328 351)**	**(1 327 557)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	5	-	1
Cash flows from financing activities			
Loan to Parent municipality		-	(5 000 000)
Repayment of loan from Parent municipality		-	5 000 000
Net cash flows of discontinued operations		(1 107 527)	-
Net cash flows from financing activities		**(1 107 527)**	**-**
Net increase/(decrease) in cash and cash equivalents		**(3 435 878)**	**(1 327 556)**
Cash and cash equivalents at the beginning of the year		3 435 878	4 763 434
Cash and cash equivalents at the end of the year	4	**-**	**3 435 878**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	450 000	(271 000)	**179 000**	195 216	**16 216**	A
Interest income	-	68 000	**68 000**	54 149	**(13 851)**	B
Total revenue from exchange transactions	**450 000**	**(203 000)**	**247 000**	**249 365**	**2 365**	
Expenditure						
Personnel	(2 614 000)	357 000	**(2 257 000)**	(1 716 694)	**540 306**	C
Board remuneration	(700 000)	502 000	**(198 000)**	(179 000)	**19 000**	D
Depreciation and amortisation	(523 000)	301 000	**(222 000)**	(84 423)	**137 577**	E
Finance costs	-	-	**-**	(222 280)	**(222 280)**	F
Lease rentals on operating lease	(180 000)	50 000	**(130 000)**	(130 500)	**(500)**	
Contracted Services	(231 000)	48 000	**(183 000)**	(181 883)	**1 117**	G
Operating costs	(321 000)	192 000	**(129 000)**	(525 562)	**(396 562)**	H
Total expenditure	**(4 569 000)**	**1 450 000**	**(3 119 000)**	**(3 040 342)**	**78 658**	
Deficit before taxation	**(4 119 000)**	**1 247 000**	**(2 872 000)**	**(2 790 977)**	**81 023**	
Deficit for the Nine (9) months from continuing operations	**(4 119 000)**	**1 247 000**	**(2 872 000)**	**(2 790 977)**	**81 023**	
Discontinued operations	-	-	**-**	(5 517 817)	**(5 517 817)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(4 119 000)**	**1 247 000**	**(2 872 000)**	**(8 308 794)**	**(5 436 794)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

A- over collection on rental of facilities relates to Donaldson Dam revenue where there was a venue hire of more than R70,000 for Golden West.

B- over collection on interest received relates to interest on call account investments at the investment rate of 5.5% and interest on favourable bank balance at the rate of 2.5%.

C- under spending on employee related cost relates to decrease in number of employees as one of the highest paid employees died in December 2019 and the reduction on number of leave days for existing employees due to leave days taken.

D- under spending on board remuneration relates to the limited number of board meetings held during 2020/2021 financial year.

E- uner spending on depreciateion relates to number of assets with life span coming to end and needs to be reviewed as per the accounting policy..

F- over spendong on finance cost relates to interest charged on overdue account by Rand West City Local municipality and the entity is presently disputing the amount owed to the municipality for municipal levies..

G- over spending on other expenditure relates to the municipal levies account being disputed by the municipality, cost of bereavement due to the employee who died on 31 December 2019 and cost of audit fees which were not budgeted for.

H- non spending of capital assets relates to computer equipment which was budgeted for but was not spent due to the impact of COVID-19 pandemic.

The accounting policies on pages 16 to 27 and the notes on pages 28 to 42 form an integral part of the annual financial statements.

Appropriation Statement

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
2021											
Financial Performance											
Investment revenue	-	68 000	68 000	-		68 000	54 149		(13 851)	80 %	DIV/0 %
Other own revenue	450 000	(271 000)	179 000	-		179 000	195 216		16 216	109 %	43 %
Total revenue (excluding capital transfers and contributions)	**450 000**	**(203 000)**	**247 000**	**-**		**247 000**	**249 365**		**2 365**	**101 %**	**55 %**
Employee costs	2 614 000	(357 000)	2 257 000	-	-	2 257 000	(1 716 694)	-	(3 973 694)	(76)%	(66)%
Remuneration of councillors	700 000	(502 000)	198 000	-	-	198 000	(179 000)	-	(377 000)	(90)%	(26)%
Depreciation and asset impairment	523 000	301 000	824 000			824 000	(84 423)	-	(908 423)	(10)%	(16)%
Finance charges	-	-	-	-	-	-	(222 280)	-	(222 280)	DIV/0 %	DIV/0 %
Other expenditure	732 000	(290 000)	442 000	-	-	442 000	(6 355 762)	-	(6 797 762)	(1 438)%	(868)%
Total expenditure	**4 569 000**	**(848 000)**	**3 721 000**	**-**	**-**	**3 721 000**	**(8 558 159)**	**-**	**(12 279 159)**	**(230)%**	**(187)%**
Surplus/(Deficit)	**5 019 000**	**(1 051 000)**	**3 968 000**	**-**		**3 968 000**	**(8 308 794)**		**(12 276 794)**	**(209)%**	**(166)%**
Surplus (Deficit) after capital transfers and contributions	**5 019 000**	**(1 051 000)**	**3 968 000**	**-**		**3 968 000**	**(8 308 794)**		**(12 276 794)**	**(209)%**	**(166)%**
Surplus/(Deficit) for the year	**5 019 000**	**(1 051 000)**	**3 968 000**	**-**		**3 968 000**	**(8 308 794)**		**(12 276 794)**	**(209)%**	**(166)%**

Appropriation Statement

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
Cash flows											
Net cash from (used) operating	-	-	-	-		-	(2 328 351)		(2 328 351)	DIV/0 %	100 %
Net cash from (used) financing	-	-	-	-		-	(1 107 527)		(1 107 527)	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	**-**	**-**	**-**	**-**		**-**	**(3 435 878)**		**(3 435 878)**	**DIV/0 %**	**DIV/0 %**
Cash and cash equivalents at the beginning of the Nine (9) months	-	-	-	-		-	3 435 878		3 435 878	DIV/0 %	DIV/0 %
Cash and cash equivalents at Nine (9) months end	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2020				
Financial Performance				
Investment revenue				232 484
Other own revenue				275 308
Total revenue (excluding capital transfers and contributions)				**507 792**
Employee costs	-	-	-	(2 392 082)
Remuneration of councillors	-	-	-	(564 500)
Depreciation and asset impairment	-	-	-	(610 369)
Finance charges	-	-	-	(287 605)
Other expenditure	-	-	-	(1 071 220)
Total expenditure	**-**	**-**	**-**	**(4 925 776)**
Surplus/(Deficit)				**(4 417 984)**
Surplus/(Deficit) for the year				**(4 417 984)**
Cash flows				
Net cash from (used) operating				(1 327 557)
Net cash from (used) investing				1
Net cash from (used) financing				-
Net increase/(decrease) in cash and cash equivalents				**(1 327 556)**
Cash and cash equivalents at the beginning of the Nine (9) months				4 763 434
Cash and cash equivalents at Nine (9) months end				**3 435 878**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual 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 (Act 56 of 2003).

These annual 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. They are presented in South African Rand.

The entity has complied with Municipal standard chart of accounts (mSCOA) in terms of mSCOA regulations. The primary objective of mSCOA is to achieve an acceptable level of uniformity and quality from the collection of data. The data is then used to compile both budgets and financial statements. Budget and financial transactions are captured in the system using seven segments code. All municipalities andmunicipal entities were expected to comply from the 1st July 2017.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy.

1.1 Going concern assumption

These annual financial statements were not prepared based on the expectation that the entity will be able to continue to operate as a going concern for at least the next 12 months. Accordingly assets are measured at their liquidation values (representing the impaired values thereof) and liabilities are measured at their exit values. The going concern difficulties faced by the entity are further explained in note 34.

1.2 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.

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 entity; and
- the cost of the item can be measured reliably.

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, it's 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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Accounting Policies

1.2 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

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

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	30
Plant and machinery	Straight line	4 - 15
Furniture and fixtures	Straight line	4 - 18
Office equipment	Straight line	10
IT equipment	Straight line	5 - 17
Security	Straight line	10 - 25
Roads	Straight line	20
Emergency Equipment	Straight line	5

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising 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.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

Accounting Policies

1.3 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. 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, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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 or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. 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 at each reporting date.

Reassessing the useful life of an intangible asset with a finite 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:

Item	Amortisation method	Average useful life
Computer software	Straight line	3-5 years

1.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A derivative is a financial instrument or other contract with all three of the following characteristics:
- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Accounting Policies

1.4 Financial instruments (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Loan1	Financial asset measured at amortised cost
Loan2	Financial asset measured at amortised cost
Loan3	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Loan1	Financial liability measured at amortised cost
Loan2	Financial liability measured at amortised cost

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Accounting Policies

1.4 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

1.5 Tax

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

Accounting Policies

1.7 Impairment of cash-generating assets (continued)

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

Useful life is either:
- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgements made]

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset’s fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

[Specify judgements made]

1.8 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.9 Provisions and contingencies

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.

Accounting Policies

1.9 Provisions and contingencies (continued)

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.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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 surplus (deficit).

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.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

1.9 Provisions and contingencies (continued)

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.10 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.11 Revenue from exchange transactions (continued)

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Accounting Policies

Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

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

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Grants and subisidies in-kind

Grants and subsidies in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.12 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.13 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.14 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current nine (9) months.

1.15 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Accounting Policies

1.15 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the nine (9) months that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the nine (9) months that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Irregular expenditure

Irregular expenditure as defined in chapter 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the Municipal Systems Act 32 of 2000, or any regulations made in terms of the Act; or
- (c) the Public Office-Bearers Act, 1998 (Act No. 20 of 1998), or any regulations made in terms of the Act; and a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law

Irregular expenditure that was incurred and identified during the current financial 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 also 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.

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.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

1.18 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

Accounting Policies

1.18 Budget information (continued)

The approved budget covers the fiscal period from 2020/07/01 to 2021/03/31.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.19 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity’s financial statements to understand the effect of related party transactions on its annual financial statements.

1.20 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

Figures in Rand	31 March 2021	30 June 2020

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior twelve (12) months except for the adoption of the following new or revised standards.

- Annual financial statements being prepared on the non going concern basis.

3. New standards and interpretations

3.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	435
Bank balances	1 107 527	25 632
Short-term deposits	(53 483)	3 409 811
Transferred to Parent municipality (1)	(1 107 527)	-
	(53 483)	**3 435 878**

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 March 2021	30 June 2020	30 June 2019	31 March 2021	30 June 2020	30 June 2019
First National Bank - Cheque account	-	24 322	(2 322)	-	25 632	(2 322)
First National Bank - Cheque account	-	3 409 811	-	-	3 409 811	-
Standard Bank - Current account	-	-	114 160	-	-	254 619
Standard Bank - Call account	-	-	4 510 789	-	-	4 510 789
Petty cash	-	-	-	-	435	351
Total	**-**	**3 434 133**	**4 622 627**	**-**	**3 435 878**	**4 763 437**

Notes to the Annual Financial Statements

Figures in Rand

5. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	-	-	-	10 693 880	-	10 693 880
Buildings	-	-	-	5 902 992	(5 153 388)	749 604
Plant and machinery	-	-	-	237 253	(223 681)	13 572
Furniture and fixtures	-	-	-	516 714	(455 173)	61 541
IT equipment	-	-	-	282 645	(274 229)	8 416
Security	-	-	-	3 972 545	(3 710 931)	261 614
Leased Assets	-	-	-	88 164	(88 164)	-
Roads	-	-	-	1 683 600	(1 409 915)	273 685
Electrical reticulation	-	-	-	325 590	(287 737)	37 853
Total	**-**	**-**	**-**	**23 703 383**	**(11 603 218)**	**12 100 165**

Notes to the Annual Financial Statements

Figures in Rand

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Transfers	Depreciation	Total
Land	10 693 880	(10 693 880)	-	-
Buildings	749 604	(725 266)	(24 338)	-
Plant and machinery	13 572	(8 777)	(4 795)	-
Furniture and fixtures	61 541	(40 133)	(21 408)	-
IT equipment	8 416	(2 742)	(5 674)	-
Security	261 614	(250 665)	(10 949)	-
Roads	273 685	(258 018)	(15 667)	-
Electrical Reticulation	37 853	(36 285)	(1 568)	-
	12 100 165	**(12 015 766)**	**(84 399)**	**-**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	10 693 880	-	-	-	-	10 693 880
Buildings	782 168	-	-	(32 564)	-	749 604
Plant and machinery	20 330	-	-	(6 758)	-	13 572
Furniture and fixtures	91 572	(1)	-	(30 030)	-	61 541
IT equipment	23 645	(2)	-	(15 227)	-	8 416
Security	764 273	-	(15 227)	(25 134)	(462 298)	261 614
Roads	294 716	-	-	(21 031)	-	273 685
Electrical Reticulation	39 954	-	(2 101)	-	-	37 853
	12 710 538	**(3)**	**(17 328)**	**(130 744)**	**(462 298)**	**12 100 165**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

Notes to the Annual Financial Statements

Figures in Rand

6. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	-	-	-	111 815	(111 814)	1

Reconciliation of intangible assets - 2021

	Opening balance	Transfers	Total
Computer software	1	(1)	-

Reconciliation of intangible assets - 2020

	Opening balance	Total
Computer software	1	1

Notes to the Annual Financial Statements

Figures in Rand	31 March 2021	30 June 2020

7. Deferred tax

Deferred tax liability

Deferred tax asset

Reconciliation of deferred tax asset \ (liability)

	31 March 2021	30 June 2020
At beginning of year	-	-
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	-	95 136
Increases (decrease) in valuation allowance of deferred tax asset	-	(95 136)
	-	-

Make up of Deferred Taxation Balance 2020	Balance at the beginning off year	Charge/ (credit) for the year	Balance at end of year
Property, plant and Equipment	264 509	(166 183)	98 326
Provision for leave pay	(16 392)	13 202	(3 190)
Estimated tax loss utilised	(248 117)	152 981	(95 136)
	-	-	-

8. Payables from exchange transactions

	31 March 2021	30 June 2020
Trade payables (1)	3 822 049	3 415 080
Leave pay provision	199 752	159 531
Income received in advance (2)	-	22 825
Transferred to Parent municipality	(4 021 801)	-
	-	**3 597 436**

(1) Included in trade payables is R3 405 640 accrued for municpal levies from Rand West City Local Municipality. This account reflected a payable of R3 million at 01 July 2019. The account is presently under dispute as it does not reflect the consumption made by the entity at Donaldson Dam. The entity engaged with officials at Rand West City Local Municipality and Gauteng Provincial Treasury has intervened on the matter.

(2) Amount included under income received in advance relates to rental received from AfriGold for the months from July to November 2020.

9. Transfers payable (non-exchange)

	31 March 2021	30 June 2020
Transfers payable	2 000 000	2 000 000
Transferred to Parent municipality	(2 000 000)	-
	-	**2 000 000**

The grant was originally gazetted to West Rand District Municipality from Gauteng Department of Agriculture and rural development. West Rand Development Agency was therefore appointed to be an implementing agent through the Council resolution of the Parent Municipality. The Parent municipality refunded the transferring department the whole grant since the project could not be implemented and has invoice the entity to pay back the amoiunt.

Notes to the Annual Financial Statements

Figures in Rand	31 March 2021	30 June 2020

10. VAT payable

VAT payables	1 582 236	1 629 820
Transferred to Parent municipality	(1 582 236)	-
	-	**1 629 820**

The total vat payable balance at year end comprise of the following:		
VAT on Subsidies from WRDM	2 674 793	2 674 793
Other VAT on income and expenses	(1 092 557)	(1 044 973)
Transferred to Parent Municipality	(1 582 236)	-
	-	**1 629 820**

11. Share capital / contributed capital

Issued		
Ordinary	100	100
Share premium	14 578 428	14 578 428
Transferred to Parent municipality	(14 578 528)	-
	-	**14 578 528**

The share premium comprises the equity contribution by the WRDM when assets were transferred on establishment of WRDA.

The assets transferred were identified during transitional provision application of GRAP 17 and Directive 4. The value of the assets was correctly accounted for in accordance with Directive 7: The application of deemed cost on the adoption of standards of GRAP.

Share capital and premium has been derecognised due to the unwinding process.

12. Revenue

Rental of facilities and equipment	195 216	275 308
Interest income	54 149	232 484
	249 365	**507 792**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental of facilities and equipment	195 216	275 308
Interest income	54 149	232 484
	249 365	**507 792**

13. Rental of facilities and equipment

Premises		
Premises	43 043	51 173
Venue hire	-	60 650
	43 043	**111 823**

Facilities and equipment		
Rental of facilities	152 173	163 485
	195 216	**275 308**

Notes to the Annual Financial Statements

Figures in Rand	31 March 2021	30 June 2020

14. Interest income

Interest revenue		
Call account	53 483	137 010
Favourable bank balance	666	68 796
Loans to Parent municipality	-	26 678
	54 149	**232 484**

Interest income relating to inter-company loans, calculated using the effective interest rate of 10.25%, is based on financial assistance provided to Parent municipality on 15 November 2019 and the loan was repayed on 13 December 2019.

15. Government grants and subsidies

16. Employee related costs

Basic	790 121	1 245 051
UIF	7 337	11 346
SDL	12 708	23 035
Leave pay provision charge/ (savings)	40 221	94 448
Bargaining council	1 572	1 876
Acting allowances	864 735	1 016 326
	1 716 694	**2 392 082**

Remuneration of directors and executive managers

Board fees - non-executive directors	179 000	564 500
Acting allowances - executive managers	513 748	658 651
	692 748	**1 223 151**

Included above is the remuneration to the Acting CEO and non-executive directors, disclosed below. Further details of directors remuneration is set out on page 6.

17. Board remuneration

Board members	179 000	564 500

18. Depreciation and amortisation

Property, plant and equipment	84 423	148 071

19. Gain (loss) on disposal of assets and liabilities

Carrying amount of asset at the date of a write off	-	(2)

Notes to the Annual Financial Statements

Figures in Rand	31 March 2021	30 June 2020

20. Impairment of assets

Impairments		
Property, plant and equipment	-	462 298
Due to the perpetual vandalism at the Donaldson Dam, the Palisade wall (asset number: X05913) in the Fixed Asset Register has been proposed for impairment.		

The main classes of assets affected by impairment losses are:

Security Assets

The main events and circumstances that led to the recognition of these impairment losses are as follows:

There was vandalism at the Donaldson Dam, the Palisade wall classifed as Security Assets has been proposed for impairment.

21. Interest costs

Interest on municipal account	222 280	287 605

22. Lease rentals on operating lease

Premises		
Contractual amounts	130 500	174 000

23. Contracted services

Outsourced Services		
Security Services	179 100	222 000
Contractors		
Maintenance of Buildings and Facilities	2 783	3 030
	181 883	**225 030**

Notes to the Annual Financial Statements

Figures in Rand	31 March 2021	30 June 2020

24. Operating costs

Auditors remuneration	345 008	325 876
Bank charges	10 064	15 204
Consumables	5 946	16 627
Entertainment	-	759
Conferences and seminars (1)	-	25 443
Fuel and oil (2)	-	1 931
Printing and stationery	1 015	5 127
Telephone and fax	1 213	51 470
Utilities (3)	162 316	224 751
Bereavement (4)	-	5 000
	525 562	**672 188**

(1) Conference and seminars relates to the workshop concerning special economic zone workshop.

(2) Fuel and oil expense relates to fuel used by grass cutters machine at Donaldson dam.

(3) Utilities relates to municipal levies charged by Rand West City Local Municipality at Donaldson dam. Previously the estimates were used to determine service consumption. There is presently an investigation of the readings which were taken to to bring the account to the level it is currently in order to confirm that consumption indeed occurred at Donaldson Dam. This may be due to possible water theft and losses, however the account is presently under dispute.

25. Auditors' remuneration

Fees	345 008	325 876

26. Taxation

Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense.

Accounting deficit	(2 790 977)	(4 417 984)
Tax at the applicable tax rate of 28% (2020: 28%)	(781 474)	(1 237 036)
Tax effect of adjustments on taxable income		
Tax losses carried forward	781 474	1 237 036
	-	-

27. Discontinued operations

The entity has decided to discontinue its operations in the West Rand Development Agency due to a Council decision to unwind the entity. The assets and liabilities of the entity are transferred back to the Parent municipality.

The decision was made by the Council of the Parent municipality to discontinue these operations in the entity due the lack of return on investment.

Surplus / Deficit

Assets transferred to Parent municipality	13 123 293	-
Liabilities transferred to Parent municipality	(7 605 476)	-
Post-tax surplus or deficit of discontinued operations	**5 517 817**	-

Notes to the Annual Financial Statements

Figures in Rand	31 March 2021	30 June 2020

28. Cash used in operations

Deficit	(8 308 794)	(4 417 984)
Adjustments for:		
Depreciation and amortisation	84 423	148 071
Loss /(gain) on sale of assets and liabilities	-	2
Net impairment charge	-	462 298
Transfer of Property, plant and equipment	12 015 848	-
Other non-cash item	(1 434)	6
Transfer of cash balance	1 107 427	-
Changes in working capital:		
Other receivables	-	2 229 997
Payables from exchange transactions	(5 597 436)	302 781
VAT	(1 628 385)	(52 728)
	(2 328 351)	**(1 327 557)**

Notes to the Annual Financial Statements

Figures in Rand	31 March 2021	30 June 2020

29. Financial instruments disclosure

Categories of financial instruments

2020

Financial assets

	At fair value	Total
Cash and cash equivalents	3 435 878	3 435 878

Financial liabilities

	At fair value	At amortised cost	Total
Trade and other payables from exchange transactions	3 597 436	-	3 597 436
Taxes and transfers payable (non-exchange)	-	2 000 000	2 000 000
	3 597 436	**2 000 000**	**5 597 436**

30. Commitments

Authorised operational expenditure

Already contracted for but not provided for		
• Twin Knights- Security services	-	119 400
• Huge Telecom- Telephone services	-	8 990
• Sasfin- Internet services	-	17 785
	-	**146 175**

Total operational commitments		
Already contracted for but not provided for	-	146 175

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	-	130 500

Operating lease payments represent rentals payable by the entity for certain of its office properties in Krugersdorp over indifinite life. No contingent rent is payable.

Rental expenses relating to operating leases		
Sublease payments	-	130 500

The figures disclosed for both operational and lease commitments in 2019/2020 financial year were projected for the nine (9) months (1 July 2020 to 31 March 2021).

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	-	23 912

Certain of the entity's facilities are held to generate rental income. Rental of equipment is expected to generate rental yields of -% on an ongoing basis. Lease agreement with AfriGold is non-cancellable and have terms from 3 to 6 years. There are no contingent rents receivable.

Notes to the Annual Financial Statements

Figures in Rand	31 March 2021	30 June 2020

31. Contingencies

Contingent liabilities

The Development Agency cannot reliably determine the amount of penalties or interest that would be payable to the Receiver of Revenue as a result of errors made in accounting for VAT in prior years. The VAT treatment has accordingly been reported and accounted for in prior year audited annual financial statements.

Vodacom Services were provided for telephone and mobile. The account has been long outstanding and has been written off per the statement of account however the debt might be handed over to third party for collection.	-	33 069
Aurecon *Services were provided for legal issues. The account has been long outstanding and has been written off per the statement of account however the debt might be handed over to third party for collection.*	-	10 130
	-	**43 199**

32. Related parties

Relationships	
Directors	Refer to directors' report note
Controlling entity	West Rand District Municipality

Related party balances

Transfers Payable		
West Rand District Municipality	-	2 000 000

Related party transactions

Subsidy received from related party		
West Rand District Municipality	-	2 200 000

33. Risk management

Liquidity risk

The entity’s risk to liquidity is a result of the funds available to cover future commitments. The entity has high liquidity risk due to unwinding process of disestablishment.

Credit risk

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

Notes to the Annual Financial Statements

Figures in Rand

34. Non going concern

Annual financial statements were not prepared based on the expectation that the entity will not be able to continue to operate as a going concern for at least the next 12 months.

The Council of the Parent municipality approved an item on 29 June 2020 to disestablish the entity through an unwinding process. The Service Delivery Agreement entered into between the entity and its Parent municipality,

in terms of Section 76(b) of the Local Government: Municipal Systems Act, 2000, for the promotion of economic development in the West Rand, was terminated in terms of the provisions of the Service Delivery Agreement. The functions currently performed by the entity including personnel, assets and other resources had been transferred to the Parent municipality.

A maximum period of six (6) months i.e. up to the end of 31 December 2020 was provided/allowed for the transfer of personnel and other resources from the entity to the Parent municipality. This period was extended to nine (9) months due to extention AFS submission to Auditor General granted by the Minister of Finance..

The Department of Planning and Re-industrialisation was the lead Department for the unfolding of the necessary processes and the transfer of the function back into the Parent municipality. Approval was granted for the extension of four (4) board members' term of office up to 31 March 2021 to allow the board to function during the unwinding process.

35. Events after the reporting date

The going concern is no longer appropriate and the effect is pervasive that a fundamental change on the basis of accounting disclosure for the going concern and the different basis has been applied.

36. Fruitless and wasteful expenditure

Opening balance as previously reported	381 582	381 582
Opening balance as restated	**381 582**	**381 582**
Less: Amount written off - current	(381 582)	-
Closing balance	**-**	**381 582**

36. Fruitless and wasteful expenditure (continued)

Amounts written-off

After the board committee investigations, board adopted the sub-committee recommendation to write-off an amount of R 381 582 from the total fruitless and wasteful expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

37. Irregular expenditure

Opening balance as previously reported	214 940	214 940
Opening balance as restated	**214 940**	**214 940**
Less: Amount written off - current	(214 940)	-
Closing balance	**-**	**214 940**

Amounts written-off

After the board committee investigations, the board adopted the sub-committee recommendation to write-off an amount of R 214 940 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

38. Additional disclosure in terms of Municipal Finance Management Act

Companies and Intellectual Property Commission

Current year subscription / fee	100	100
Amount paid - current year	(100)	(100)
	-	-

Payment to Companies and Intellectual Property Commission relates to the filing of annual returns which were outstanding in prior years.

Notes to the Annual Financial Statements

Figures in Rand

38. Additional disclosure in terms of Municipal Finance Management Act (continued)

Audit fees

Opening balance	6 515	4 655
Current year subscription / fee	345 008	374 602
Amount paid - current year	(237 707)	(372 742)
Transferred to Parent municipality	(113 816)	-
	-	**6 515**

PAYE and UIF

Opening balance	-	129 922
Current year subscription / fee	286 075	455 097
Amount paid - current year	(286 075)	(585 019)
	-	**-**

SARS instructed a debit order from the entity's FNB bank account on 28 February 2020. A query was lodged with SARS and this is due to the revised statements sent to the entity on amount owed in prior years.

VAT

VAT receivable	(4 905 521)	(4 510 451)
VAT payable	4 905 521	6 140 271
	-	**1 629 820**

39. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the board and includes a note to the annual financial statements.

40. Segment information

Notes to the Annual Financial Statements

Figures in Rand

40. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

	Economic Development/ Planning	Total
Revenue		
Revenue from exchange transactions	161 739	161 739
Interest revenue	53 483	53 483
Other	168 198	168 198
Total segment revenue	**383 420**	**383 420**
Entity's revenue		**383 420**
Expenditure		
Total segment expenses	(1 840 479)	(1 840 479)
Depreciation and amortisation	(84 423)	(84 423)
Interest expense	(222 280)	(222 280)
Total segment expenditure	**(2 147 182)**	**(2 147 182)**
Total segmental surplus/(deficit)		**2 530 602**

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

5.1.2 FINANCIAL RESOURCES.

During the financial year the WRDA was wholly dependent on grant funding from the West Rand District Municipality and the IDC. This impacted negatively on sustainability of the WRDA. The grant funding is transferred in tranches of R1.1m per quarter and it mainly covers the operational costs incurred by the agency. The Financial recovery plan imposed to the WRDM by treasury due to its inability to meet all its financial obligations recommended amongst others the review of the WRDA. The WDRA board has also highlighted the fact that the agency cannot continue and be viable under the current financial model. In view of the above, the WRDM council resolved the disestablishment of the agency within a period of six months and further extended by another three months pending the finalisation of the audit process by the AGSA and reduced the number of non-executive members to only four. They were tasked with the responsibility of overseeing the disestablishment process.

CHAPTER 6

6.1 AUDITOR GENERAL AUDIT FINDINGS

Auditor General Opinion of Financial Statement.

Report of the auditor-general to Gauteng Provincial Legislature and the Council of the West Rand District Municipality on the West Rand Development Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the West Rand Development Agency set out on pages ... to ..., which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement, statement of comparison of budget information with actual amounts for the period then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the West Rand Development Agency as at 31 March 2021, and its financial performance and cash flows for the period then ended in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP), and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act of South Africa,2008 (Act No. 71 of 2008 (Companies Act).

Basis for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Material uncertainty relating to going concern

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

7. As disclosed in note 36 to the financial statements, the annual financial statements are not prepared on the basis of accounting policies applicable to a going concern. The council of the parent municipality approved the disestablishment of the entity on 29 June 2020. This event and condition, along with the other matters as set out in note 36, indicate that the entity will not continue as a going concern.

Other matter

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

Unaudited disclosure note

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

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA, 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.

11. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected strategic goal presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipal entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipal entity's enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic goal presented in the municipal entity's annual performance report for the period ended 31 March 2021:

Strategic goal	Pages in the annual performance report
Council Resolution: Unwinding of the WRDA	x – x

17. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic goal:

- Council Resolution: Unwinding of the WRDA

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

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

Report on the audit of compliance with legislation

Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipal entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

22. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

23. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008 (Companies Act). The other information does not include the financial statements, the auditor's report and the selected strategic goal presented in the annual performance report that has been specifically reported in this auditor's report.

24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic goal presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

28. I did not identify any significant deficiencies in internal control.

Auditor-General

Johannesburg

30 November 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected strategic goal and on the municipal entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

   - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
   - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the West Rand Development Agency to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

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