Annual Report 2020/21

mandela bay
DEVELOPMENT AGENCY
RENEW • REVIVE • INSPIRE

Acronyms & Abbreviations

AFS	Annual Financial Statements
BAC	Bid Adjudication Committee
BEC	Bid Evaluation Committee
CBD	Central Business District
CCI	Cultural and Creative Industries
CEO	Chief Executive Officer
CPF	Community Policing Forum
CSI	Corporate Social Investment
DBE	Department of Basic Education
DSD	Department of Social Development
dtic	Department of Trade, Industry and Competition
ECPHRA	Eastern Cape Provincial Heritage Resources Authority
EDTA	Economic Development, Tourism and Agriculture
EIA	Environmental Impact Assessment
EMEs	Exempted Micro Enterprises
FY	Financial Year
HURP	Helenvale Urban Renewal Programme
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
KfW	German Development Bank
MBDA	Mandela Bay Development Agency
NMB	Nelson Mandela Bay
NMBM	Nelson Mandela Bay Municipality
NMBSTC	Nelson Mandela Bay Science and Technology Centre
NMB Stadium	Nelson Mandela Bay Stadium
NMU	Nelson Mandela University
SAPS	South African Police Service
SDA	Service Delivery Agreement
SSIF	Strategic Spatial Implementation Framework
SMMEs	Small, Medium and Micro-sized Enterprises
SPUU	Safety and Peace through Urban Upgrading
SPV	Special Purpose Vehicle
SRA	Special Ratings Area
SSIF	Strategic Spatial Implementation Framework

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Introduction and Organisational Overview

1.1 Foreword by the Executive Mayor

of Nelson Mandela Bay

On behalf of the Nelson Mandela Bay Municipality, I extend my heartiest congratulations to the Mandela Bay Development Agency on the progress made in achieving its strategic mandate over the year under review. The achievements recorded in this Annual Report are especially laudable, given the fact that the review period was partially dominated by the Covid-19 pandemic, which had far-reaching consequences for our city, both societally and economically. Considered against this backdrop, the MBDA's achievements in the review period are testimony to the resolve and tenacity of all its role players and associates.

The approximately 17 years (since 2003) that the MBDA has served as the developmental arm of the Nelson Mandela Bay Municipality have seen great strides made in the urban regeneration of the City and some township areas, as well as the creation of economic opportunities for, and the economic upliftment of local communities.

I salute the MBDA for this.

My Mayoral Committee, administration and I are eager to work with you in 2022 to help secure the further achievement of your vital strategic goals.

Cllr Eugene Johnson
Executive Mayor

"My Mayoral Committee, administration and I are eager to work with you in 2022 to help secure the further achievement of your vital strategic goals."

Introduction and Organisational Overview

1.2 Chairperson's Report

It is my privilege to table this Annual Report as an account of our activities for the period 01 July 2020 to 30 June 2021. Firstly, I want to thank the shareholder, the Nelson Mandela Bay Municipal Council, for entrusting us with a collective responsibility of providing strategic oversight over the MBDA. I also thank all Board colleagues, past and present, for their commitment and service to the city. I would like to single out Mr Goduka, he served four months of the period we are reporting on as Chairperson of the Board. The handover was seamless and effective, thank you Sir. To the Chief Executive Officer the Management team, and all employees across all our operations, I thank you for your cooperation and commitment to the work of the Agency during the period in review. We have made it through an incredibly challenging period and we can hold our heads high, knowing that we are emerging stronger and more resilient, together.

As a new Interim Board appointed in November 2020, the key objective was to establish a sense of stability to see through a persistent pandemic, compounded by a deteriorating economic climate. Collectively, as Board members, we took the view that we would stay the course with the already approved business plan to see the year through. Working collaboratively with Management, we were able to create room for agility and flexibility within this plan when it became necessary to do so; we reprioritised certain initiatives as the environment dictated.

It is now a well-established fact that the year in review is the first complete financial period under Covid-19 lockdown regulations. Also, during this period, South Africa experienced what is considered as the severest wave of the pandemic. Rather than fold our arms, the Board and Management had to develop and adopt new policies and procedures to enable the organisation to navigate and function under limiting lockdown regulations.

During this period, we were able to hold twenty-two (22) Committee, and eleven (11) Board meetings, where thirty-five (35) strategic items for approval were tabled and considered. Of the items approved, eleven (11) were new or policy amendments designed to mitigate conditions presented by the pandemic, while five (5) related to budgetary amendments. It is worth noting that all these Board engagements were conducted virtually with more than 90% of members in attendance.

The Board is encouraged by the continued tradition of obtaining unqualified audit outcomes from the Auditor General of South Africa. We are pleased with this outcome, a significant improvement from the 2019/2020 period. This outcome would have been difficult to achieve without the support of the shareholder and fellow Board members for their oversight role. I also thank Management and all employees of the MBDA for maintaining ambitious standards of accountability and credibility as demonstrated by the audit outcomes.

"The onset of the Covid-19 highlighted areas that need forward-thinking, long-term refocusing for the MBDA to effective in fulfilling its man

Long Term Planning

Stability and predictability are a fundamental driver for long-term investments into impactful social and capital programmes. Issues such as the tenure of directors, budget commitments and a consistent Shareholder voice will go far in enabling the Board and Management to have a clearer view of the future, and work alongside the NMBM to resolve blockages and overcome constraints. One of the major challenges we have faced during this period relates to the short-term mandate to operate the Nelson Mandela Bay Stadium. The uncertainty of tenure as a managing agent is a deterrent to beneficial sponsorship agreements, and long-term lease negotiations. The negative impact also extends to employees who at times have no idea if they will be around from month to month. The Board and Management consistently raised this risk with the Shareholder, as it impedes the attainment of key performance targets as far as revenue and maintenance programmes are concerned.

Shareholder Relations

As the Board, we recognise the value and importance of maintaining cooperative, collaborative, and professional relations between the MBDA and the NMBM. This obligation is not only placed on us collectively by various legislation such as the Municipal Systems Act, Municipal Structures Act, Municipal Finance Management Act, and Companies Act, but it is also placed on us by the spirit of positive Inter-governmental Relations. After all, we exist to fulfil a mandate given by the citizens via their electoral choices, and public participation avenues. As an Interim Board, we are driven by the desire to see the MBDA succeed, and by implication, our city succeeding.

In conclusion, the Covid-19 pandemic has dealt nations and our city a serious blow in terms of economic activity. Our city's economy, as we know, is highly dependent on an industrial base which is dominated by manufacturing, agriculture, and tourism. The pandemic-induced hard lockdowns and subsequent restriction levels have left the economy fragile; and unemployment is at its highest in Nelson Mandela Bay. The current severe water shortages have also compounded the challenges we face as a city. The labour-intensive tourism sector is on its knees and to overcome all these challenges, the city requires fresh thinking, innovative approaches, and agility. The MBDA is suitably placed to work alongside the Municipality in tackling these challenges and turning around this City's fortunes. We stand ready to put shoulder to the wheel.

Finally, I want to thank my friends and immediate family for the unwavering support during exceedingly challenging times, your prayers and thoughts carried me through, thank you.

Mandlakazi Skefile
MBDA Board Chairperson

pandemic has also attention, more planning and be successful and date into the future."

Introduction and Organisational Overview

1.3 Chief Executive Officer's Report

The reflection on the period 01 July 2020 to 30 June 2021 is somewhat of a bittersweet moment. Sweet in that even though we faced several challenges, we lived to tell the tale. Bitter in that along the way, many amongst us have lost colleagues, associates, family members, as well as development opportunities due to an unprecedented pandemic.

Covid-19 has highlighted the glaring inequalities faced by various sectors of society, and more especially women. Crime statistics indicate that the reporting of Gender Based Violence has increased significantly during this period. As an organisation that is people-centric, these societal issues are important to us. At the MBDA, women make up the majority of our staff, therefore any challenges they face in society have a direct impact on wellbeing and performance.

The work-from-home and shop online trend has also placed a huge spotlight on the commercial property market in city centres. They are after all, big contributors to rates in the inner cities of Gqeberha and Kariega. Such challenges call for a reimagination of how inner-city spaces can be transformed to finally achieve inclusive spatial planning.

With that in mind, we have a once-in-a-lifetime chance to rethink our workplaces and the way we work. The traditional notions of work and how to get the most out of employees simply no longer make sense. As the MBDA, we will not waste this unique opportunity. We are intentional about re-inventing the future of "work"- whether employees are working from home, remotely or a hybrid arrangement.

Further into this Annual Report, we dedicate significant space reporting on major capital, area management, arts and psychosocial programmes undertaken during the period under review. These programmes span the Bay, including, the Inner City, Korsten-Schauderville, New Brighton, Kariega (Uitenhage), Lower Baakens, Happy Valley and Helenvale.

Audit Outcomes

We are encouraged by the progress we are making with year-on-year improvements in our audit outcomes. For the 2020/2021 period, the AG finds that there are no material findings on the Audit of Performance information, compared to the one in 2019/2020. Findings on Compliance continue to reduce year-on-year, but more encouraging is that the AG had no findings on the critical areas of Supply Chain Management, and Expenditure Management. This result is a significant vote of confidence in the robustness of the systems we have put in place. The integrity of the Agency's books is also confirmed by the AG, finding that there are no material misstatements on the Annual Financial Statements emanating of the MBDA.

We believe that our adherence with the audit action plan we initiated at the conclusion of the 2019/2020 period has borne fruit. Throughout the 2020/2021 period we put greater emphasis on improving the auditability of the Annual Financial Statements within the quality control processes. In addition, the move to improve adherence with best practices in preparing performance information is also a contributing factor to the improved audit outcomes.

As we get closer to the ultimate goal, which is a clean audit report, we have prioritized three areas of focus. The first is to ensure that an audit action plan is put in place to deal with all issues identified in the AG report. The second is the automation of the Annual Financial Statements preparation. The third giving priority to Consequence Management for items identified by the AG.

In conclusion

As we are currently in year three of a five-year strategy, we acknowledge that recent environmental events have overtaken some elements of the plan, and circumstances call for a review, and that process is already underway.

**At the time of submitting this annual report for publication, certain issues were raised with the Auditor General of South Africa, and depending on the outcome of that process, certain aspects of this report may be updated.*

Out of that consultative process, we believe a reenergized, refocused post-pandemic programme will emerge. Although we embrace, and accept the attainment of yet another unqualified audit outcome, we know that much still needs to be done to improve performance on KPI's and greater collaboration with partner departments locally, provincially, and nationally. I would like to thank all our stakeholders and partners who support, collaborate and partner with us on the work we do. I also thank my team, Management, and all employees of the MBDA, without whose contribution this humble achievement would have been impossible.

Ashraf Adam
Chief Executive Officer

1.4 Vision, Mission and Strategic Objectives

Vision

- To develop an iconic world-class ocean city showcasing its diversity of people, culture, heritage, and environment.

Mission

- To become a knowledge-based developmental agency that seeks to achieve social, spatial, and economic transformation in Nelson Mandela Bay.

Strategic Objectives

- To pioneer and implement people-centred catalytic programmes.
- To create spaces and places that inspire and transform Nelson Mandela Bay; and
- Develop and promote a creative culture in Nelson Mandela Bay.

Corporate Governance

Corporate Governance

2.1 Mandate

The MBDA was conceptualised by the Nelson Mandela Bay Municipality (NMBM) and the Industrial Development Corporation (IDC) and is a wholly-owned entity of the NMBM. The Agency was created in 2003 following an acknowledgement by the city's leadership of the urgent need to reverse a trend towards urban decay in the inner city and to drive urban regeneration in the Nelson Mandela Bay CBD and other designated areas.

The scope of the Agency's has widened over the years and now encompasses urban renewal in township areas, the beachfront, the Nelson Mandela Bay (NMB) Stadium precinct and Kariega (Uitenhage). In 2013, Council resolved to incorporate the Helenvale Urban Renewal Programme (HURP) into the MBDA to execute and implement the German Development Bank, KfW funded Safety and Peace through Urban Upgrading programme (SPUU).

As a municipal entity, the MBDA is governed primarily by the Municipal Systems Act 32 of 2000, the Municipal Finance Management Act 56 of 2000 and the Companies Act No 71 of 2008. It operates under a specific, approved mandate document, which outlines a focused approach to be followed in respect of services provided, catalytic infrastructure projects and liaison with other parastatals and government departments to create a conducive investment environment in its mandate areas.

The NMBM also has a Service Delivery Agreement with the MBDA that is reviewed every three years, the SLA formalises and governs the relationship between the two entities.

2.2 Ownership and Control

The MBDA, represented by its Board of Directors, receives its mandate from the NMBM, acting through the Executive Mayor, the City Manager and Council. The Agency is contractually accountable to the NMBM, to which it delivers compliance reporting in respect of its key performance indicator targets being achieved. The MBDA relies on the NMBM for service delivery direction in terms of its contractual obligations contained in the Service Delivery Agreement (SDA).

As controlling shareholder, the NMBM provides corporate governance-related support, such as sustainability and compliance reporting and review. The MBDA Board is responsible for providing strategic direction and guidance to Management, as well as ensuring oversight on corporate governance and performance matters. The MBDA management is responsible for operational aspects in line with the strategic planning and mandate documents of the Agency, as well as the Integrated Development Plan of its parent municipality.

2.3 Board of Directors

The Board provides strategic oversight to ensure that the MBDA reaches its objectives and delivers on its mandate.

Board Members as at 30 June 2021

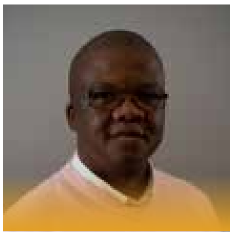
Mandlakazi Ruth Skefile
(Chairperson)
Appointed to the Board:
9 November 2020

Sithole Mbanga
Appointed to the Board:
9 November 2020

Mputumi Phil Goduka
Appointed to the Board:
9 November 2020

Masalamani Odayar
Appointed to the Board:
9 November 2020

Glenda Perumal
Appointed to the Board:
9 November 2020



Khwezi Gideon Ntshanyana
Appointed to the Board:
9 November 2020

Mxolisi Moolman
Appointed to the Board:
9 November 2020

Pinky Kondlo
Appointed to the Board:
9 November 2020

Vuyani Dyantyi
Appointed to the Board:
9 November 2020

Rajesh Dana
Appointed to the Board:
9 November 2020
(Resigned: 17 June 2021)

Company Secretary: **Mbulelo Matiwane**

Corporate Governance

Board Members as at 30 June 2021 continued...

The Board of Directors bring together a range of skills that benefit the Agency - including legal, finance, construction, local government, and facilities management. The Board retains full and effective oversight over the organisation and monitors the operations of all MBDA programmes assisted and guided by the Company Secretary and Board Legal Advisor.

Company Secretary

The Company Secretarial division acts as a link between Management, the Board of Directors and the MBDA's stakeholders. The unit is responsible for ensuring the flow of information (governance knowledge and advice) and sound corporate governance practice - ensuring corporate integrity takes precedence over short-term gain and personal benefit.

In addition to the various statutory functions, the Company Secretary provides appropriate guidance, advice, orientation, induction, and training to the Board of Directors on their roles, duties and responsibilities and ensures compliance with laws in the interests of good governance.

All Directors have access to the advice and services of the Company Secretary and external legal advice as and when required.

This unit comprises of a Company Secretary (Mr Mbulelo Matiwane) and an Administrator (Ms Zahra Serfontein).

Key responsibilities of the Company Secretary office include:

- Ensuring the Board is kept abreast of all laws, regulations and corporate governance developments relevant to the organisation, and ensuring that statutory deadlines are complied with;
- Preparing and reviewing the shareholder compact, delegations of authority and terms of reference of the Board; and
- Administration of Board operations, such as maintaining statutory records, registers, minute books and related documents.

2.4 Board Committees

The MBDA consists of three Board Committees who execute their duties as specified in the terms of reference.

Corporate Service Committee

- **Sithole Mbanga:** Chairperson
- **Vuyani Dyantyi**
- **Mxolisi Moolman**

Capital Programmes Planning and Implementation Committee

- **Mputumi Phil Goduka:** Chairperson
- **Glenda Perumal**
- **Vuyani Dyantyi**
- **Rajesh Dana** (Resigned: 17 June 2021)

Risk, Compliance and Finance Committee

- **Nomnikelo Pinky Kondlo:** Chairperson
- **Khwezi Ntshanyana**
- **Masalamani Odayar**

The MBDA currently do not have its own Audit Committee and uses the services of the NMBM Audit Committee and Internal Audit

2.5 Executive Management

The operations of the Mandela Bay Development Agency are a delegated function of the Chief Executive Officer and Management team. One of the primary responsibilities of Management is to coordinate the formulation of the Agency's Strategic Plan as well the annual Business Plan, for approval by the Board. Collectively, the CEO and the Management team are responsible for the attainment of annual targets, and effective management of the organisation.

Ashraf Adam
Chief Executive Officer

Koliswa Mgijima
Chief Financial Officer

Debbie Hendricks
Operations Executive

Mpho Mokonyama:
Nelson Mandela Bay Stadium Manager


3

Service Delivery Performance

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Service Delivery Performance

3.1 Active Precincts & Programmes

Inner City

- Govan Mbeki Precinct (ABM)
- Mermaids Precinct
- Baakens
- Vuyisile Mini
- South End Mixed Use
- St Peter's
- Pedestrian Bridge
- Telkom Park
- Bayworld

Uitenhage (Kariega)

- Science and Technology Centre
- Railways Sheds Upgrade
- Precinct Plan
- CBD Surrounds Upgrade (ABM)

New Brighton

- Singaphi Street Upgrade
- New Brighton Swimming Pool
- New Brighton Cultural Precinct

Korsten and Schauderville

- Neave Street Park
- Business Plan
- Improvements to Durban Road (ABM)

Helenvale

- SPUU Capital projects (Youth Centre, Victim Support Centre, Walkways)
- Safer Schools
- Employment Support

NMB Stadium

- Stadium
- Research and Development

3.2 Summary of Performance

The period under review covers 01 July 2020 to 30 June 2021. Period under review was truncated by various lockdown levels and regulations which all had some impact on the operation of the MBDA. The operations of the MBDA cover six precincts across Nelson Mandela Bay. The service delivery report below is an elaboration of the final Institutional Scorecard detailing performance of the organisation over the period.

Below is a synopsis of the MBDA's performance over the review period and reflected in greater detail in the 2020/21 Fourth Quarter Institutional Scorecard Performance Report. The final Key Performance Indicator result for the period is 33%.

Achievement Status Key:

Achieved Not Achieved

MBDA's 2020/21 FOURTH QUARTER PERFORMANCE (INSTITUTIONAL SCORECARD)							
KEY PERFORMANCE AREA	NO OF KPIS OVER-ACHIEVED	NO OF KPIS ACHIEVED	NO OF KPIS PARTIALLY ACHIEVED	NO OF KPIS NOT ACHIEVED	NO OF KPIS NOT APPLICABLE IN THIS QUARTER	TOTAL NUMBER OF KPIS	% PERFORMANCE (KPIS OVER-ACHIEVED AND ACHIEVED)
KPA 1: Basic Service Delivery	N/A	N/A	N/A	N/A	N/A	N/A	N/A
KPA 2: Municipal Institutional Development and Transformation	N/A	N/A	N/A	N/A	N/A	N/A	N/A
KPA 3: Local Economic Development	2	2	5	2	0	11	36%
KPA 4: Municipal Financial Viability and Management	0	0	0	1	0	1	0%
KPA 5: Good Governance and Public Participation	N/A	N/A	N/A	N/A	N/A	N/A	N/A
OVERALL PERFORMANCE	2	2	5	3	0	12	33%

3.1.1 Donkin Reserve Phase 4 Refurbishments

Location

The Donkin Park Development is part of the Inner-City Programme, located in Central Gqeberha – overlooking the Govan Mbeki city centre and Port Elizabeth Harbour.

Vision

The project is focussed on developing a world-class city and will include a 5-a-side soccer field, gym and play area. It also focusses on the rich culture and heritage of the city, by including upgrades on the artwork.

Mission

The project addresses social and spatial transformation.

Strategic Objectives

In developing the Donkin Park area to a people-centred space, the popular Donkin Reserve will continue to inspire and transform Nelson Mandela Bay. The artwork upgrades promote a creative culture in the city.

3.1.1 Donkin Reserve Phase 4 Refurbishments (continued)

Annual Target

The 2020/21 target was to commence with construction work on site, including the fencing of the facility.

Significant milestones

- Site drawings were prepared.
- Tender was advertised.
- Bid Evaluation Committee (BEC) processes were concluded.
- Draft supporting tender documents were prepared.

Outcomes

During the period under review, an objection was lodged in the third quarter and addressed through the internal Risk and Compliance Department. The objection processes were concluded on 14 May 2021 due to (a) an invalid objection being communicated to the bidder and (b) a lack of resultant response from the bidder within the stipulated timeframe. Due to the objection process, there was an unforeseen delay in the implementation of construction work on this project.

3.1.2 Completing the Helenvale Pedestrian Route

Location

The Safe Pedestrian Route forms a part of the Safety and Peace through Urban Upgrading (SPPU) Programme, which is jointly funded by KfW Bank of Germany. The project is located in Helenvale, Gqeberha.

Vision

The project is focused on providing security lighting in Helenvale, in order to develop a safer environment for the residents of Helenvale. This initiative aligns with the MBDA's vision for improving communities and their environment.

Mission

The project addresses social and spatial transformation.

Strategic Objectives

The Safe Pedestrian Route is a people-centred project, and forms part of the MBDA's strategic objective of creating spaces and places that transform the city. Helenvale is known for its high crime rate and a well-lit, safe pedestrian route will ensure a safer environment for the community.

Annual Target

The 2020/21 target was to achieve practical completion.

Significant milestones

- Bid Evaluation Committee (BEC) processes were concluded.
- Bid Adjudication Committee (BAC) processes were concluded.
- Contractor was appointed.
- Construction work commenced on site.

Outcomes

During the period under review, the site handover was completed on 3 May 2021 and construction work commenced thereafter. Despite this significant progress, the project was not completed in the targeted time period, due to SMME delays.

3.1.3 The Schauderville Moore Dyke Sport Precinct

Location

The project is part of the greater Korsten/Schauderville Programme, to encourage urban renewal and development in this important socio-economic hub of Gqeberha.

Vision

The project is focused on developing a world-class city - Nelson Mandela Bay - by improving all communities and their environment.

Mission

The project addresses social, spatial, and economic transformation in Nelson Mandela Bay.

Strategic Objectives

The Schauderville Moore Dyke Sport Precinct is a people-centred project that, once completed, has the power to inspire and transform this particular part of Nelson Mandela Bay. The communities of these suburbs and beyond will be uplifted through the power of sport by regularly gathering together in the planned precinct.

Annual Target

The 2020/21 target was to complete the planning, preparation and implementation stage of the project by March 2021 and to have 35% of construction completed by year-end.

Significant milestones

- 50% of the planning, preparation and implementation was completed.

Outcomes

During the period under review, an objection was received by one of the unsuccessful bidders. On 21 April 2021 during a meeting with the unsuccessful bidder no resolution could be reached. On 28 June 2021 the outcome of a legal opinion was received by the MBDA, which stated that the two parties had reached a deadlock and the dispute could not be resolved. Upon receipt of the Certificate of Deadlock, a decision was made by the MBDA to appoint the next successful bidder.

3.1.4 New Brighton Cultural Precinct Project

Location

The project forms a part of the New Brighton Programme, in particular the greater New Brighton Cultural Precinct Development. New Brighton is a vibrant residential area known for the many famous artists and performers the suburb has birthed.

Vision

The New Brighton Cultural Precinct Project aligns with the MBDA's vision to showcase the diversity of the people, culture, and heritage of Nelson Mandela Bay, in particular the cultural and political importance of a hub such as New Brighton.

Mission

The project addresses social and spatial transformation in Nelson Mandela Bay.

Strategic Objectives

The project is people-focussed as it plans to inspire and transform this historical part of Nelson Mandela Bay. Once completed, the New Brighton Cultural Precinct Project will also promote and develop a creative culture in Nelson Mandela Bay.

Annual Target

The 2020/21 target was to complete Phase 1 and undertake assessment of Phase 2 of the project. In addition, a request to acquire the site had to be submitted to the Nelson Mandela Bay Municipality, and the commencement of the Youth Centre renovations was planned.

Significant milestones

- Stakeholder engagements were concluded.
- Subcontractors' medicals and inductions were undertaken.
- Excavations and reinforced concrete work in Ward 14, 15, 16 and 17 commenced.
- Reinforced concrete work was completed in Ward 14, 15, 16 and 17.
- 225 benches were installed, and 128 trees planted.
- The Youth Centre site was identified, and stakeholder discussions were held.
- Conditional assessment was undertaken.
- The Youth Centre Concept Design was completed and approved by the MBDA.

Outcomes

Practical completion of this project was not reached due to the increased scope of the project. Further delays were caused by Exempted Micro Enterprises (EMEs)' interference on the project. Multiple meetings were held to resolve matters raised by the EMEs. In addition, national load-shedding affected the project negatively and the bench manufacturer experienced supplier delays. Alternative suppliers are being explored, while meetings with EMEs are continuing to find a way forward. The MBDA will continue co-planning with EDTA to renovate the Youth Centre.

3.1.5 Uitenhage Rail Sheds & NMB Science Centre Precinct

Location

This project is part of the Uitenhage (Kariega) Programme. Kariega is a town in Nelson Mandela Bay, situated 38km from Gqeberha (Port Elizabeth).

Vision

The project aligns with the MBDA's vision of developing a world-class Nelson Mandela Bay, which includes the outlying areas of the Metro. The Uitenhage (Kariega) Programme showcases the town's diversity of people, while focussing on the environment.

Mission

The project addresses social, spatial and economic transformation in Nelson Mandela Bay.

Strategic Objectives

The project forms part of a greater people-centred catalytic programme for Kariega. The Uitenhage Railway Sheds/ Science and Technology Centre Precinct is being developed into a space and place that will inspire the youth and transform this part of Nelson Mandela Bay.

Annual Target

The 2020/21 target was to complete Phase 1 and Phase 2 of the Uitenhage Rail Sheds Upgrade.

Significant milestones

- 45% of Phase 1 was achieved.
- 18% of Phase 2 was achieved.

Outcomes

Construction of the Uitenhage Rail Sheds was delayed by about two months (April and May 2021), due to a Construction Works permit that was outstanding. A deviation was submitted to the Bid Adjudication Committee (BAC) for the appointment of a Construction Health and Safety Agent (Pr CHSA) to ensure that work on site resumed from 31 May 2021.

3.1.6 St Peters Development Project

Location

The project forms a part of the Inner-City Programme, with a specific focus on the St Peters property rehabilitation. This area of South End is historically significant as it was one of the areas affected by the forced removals which took place during the apartheid years.

Vision

The project is focussed on developing an iconic world-class city, showcasing its diversity of people, culture and heritage. The St Peters ruins is a reminder of the multiracial old South End which existed before the forced removals.

Mission

The project addresses critical social and spatial transformation in Nelson Mandela Bay.

Strategic Objectives

The project is part of a people-centred catalytic programme and serves as a space and place that – although dealing with the painful history of apartheid – inspires hope for a transformed Nelson Mandela Bay.

Annual Target

The 2020/21 target was to have the filling and levelling works, as well as the timber decking construction work on site completed. Another target was to commence with the installation of water and sewer reticulation.

Significant milestones

- Phase 1 construction work was completed.
- Heritage application was submitted to the Eastern Cape Provincial Heritage Resource Authority (ECPHRA).
- The tender was advertised, BEC commenced, and the draft BEC report was concluded.
- Tree felling commenced.

Outcomes

The construction process of this project is dependent on approval by the ECPHRA, since the property is a heritage site. It should be noted that during the period under review the Provincial Department of Sport, Recreation and Culture (SRAC) had not appointed a permanent committee to oversee and resolve applications for work on provincial heritage sites. In the absence of the committee, the MBDA was given authority to implement only bulk services. Due to the committee not having a meeting to approve the MBDA application to work on the heritage site, work was unable to commence as planned. However, off-site work will continue up until the provincial committee has been elected to approve work on site.

3.1.7 Helenvale Safe Parks and Sport Field Project (SPUU)

Location

The Safe Parks and Sport fields project is part of the Safety and Peace through Urban Upgrading (SPPU) Programme jointly funded by KfW Bank of Germany, a project located in Helenvale, Gqeberha.

Vision

The project aligns with the MBDA's vision of developing a world-class city for the diverse residents who live in all parts of the city – including areas affected by poor socio-economic conditions. The Safe Parks and Sport fields initiative focusses on supporting and improving communities and their environment.

Mission

The project addresses social and spatial transformation. The 2020/21 target was to complete the project by March 2021.

Strategic Objectives

The Safe Parks and Sport fields project is a people-centred initiative focussed on creating spaces and places that inspire and transform Nelson Mandela Bay. Helenvale is being transformed from an area with little or no places for youth and residents to play sport and engage in positive recreational activities, to spaces where the sound of laughter and play can be heard.

Significant milestones

- Practical completion was achieved in the first quarter.
- Final completion was achieved by 1 October 2020.

Outcomes

The project was completed ahead of schedule because all contingency challenges were considered when setting the targets during the planning process for the project. Contractors were able to avoid obstacles, such as major gang violence and SMME protests which were initially anticipated, due to the lockdown period.

3.1.8 Bayworld and Happy Valley

Location

The project is a part of the Inner-City Programme, and deal specifically with the rehabilitation and redevelopment of Bayworld, a well-known tourist attraction situated in Beach Road at the Gqeberha beachfront.

Vision

The project aligns with the MBDA's vision of developing a world-class ocean city. Bayworld not only showcases its diversity of people, culture and heritage through the Bayworld Museum but also the natural maritime environment with the Bayworld Oceanarium. The MBDA is transforming Bayworld into a world-class tourist site for the 21st century.

Mission

The project addresses social, spatial, and economic transformation in Nelson Mandela Bay.

Strategic Objectives

In alignment with the MBDA strategic objective of creating spaces and places that inspire and transform Nelson Mandela Bay, the digitisation of Bayworld Museum propels the tourist destination into the future - offering world-class, interactive digital experiences for visitors.

Annual Target

The 2020/21 target was to rehabilitate the cafeteria for the Pilot Virtual Reality Project and the commencement of the Pilot Virtual Reality Project.

Significant milestones

- An agreement between Bayworld and the MBDA was concluded.
- The MBDA 's and Bayworld's respective project teams were established.
- Digital Strategy Specialist was appointed.
- Digitisation Strategy was completed.
- Cafeteria for the Pilot Virtual Reality Project was rehabilitated.
- Pilot Virtual Reality Project commenced.

Outcomes

During the period under review, the cafeteria for the virtual reality project was successfully rehabilitated with the following: plasterwork, painting and waterproofing; electrical work; plumbing; carpentry and aluminium works. Furthermore, a pilot of the Virtual Reality Project commenced. A quotation for the technology required for the next phase was received.

3.1.9 Baakens Zip Line

Location

The project forms a part of the Inner-City Programme, specifically the Baakens River Valley which geographically ends at the Port Elizabeth Harbour.

Vision

The project aligns with the MBDA's vision of developing a world-class ocean city, with attractions that showcase the incredible diversity of Nelson Mandela Bay's natural environment. The Baakens Valley is home to five of South Africa's seven biomes or climate-vegetation zones.

Mission

The project addresses spatial and economic transformation in Nelson Mandela Bay.

Strategic Objectives

The project is catalytic because of the economic injection this tourist attraction could have for the Valley, to create a place that inspires and transforms Nelson Mandela Bay.

Annual Target

The 2020/21 target was to have a close-out report submitted for a Heritage application.

Significant milestones

- The Heritage Impact Assessment (HIA) application was submitted and presented to the Eastern Cape Provincial Heritage Resource Authority (ECPHRA).
- A Close-out report was submitted to the MBDA.

Outcomes

During the period under review, all targets were achieved, and the Close-out report was submitted on 10 May 2021.

3.1.10 Additional Works for Helenvale Projects (SPUU)

Location

The various projects form part of the Safety and Peace through Urban Upgrading (SPPU) Programme jointly funded by KfW Bank of Germany, and the projects are situated in Helenvale, Gqeberha.

Vision

The projects are focussed on developing this part of the city and providing services like playgrounds, landscaping, and water in support of the local community, who forms a part of the city's diverse people.

Mission

The projects address social and spatial transformation.

Strategic Objectives

The projects are people-centred as it supports various services and develops the local community to transform this part of Nelson Mandela Bay.

Annual Target

The 2020/21 target was to have variations presented to the Bid Adjudication Committee (BAC).

Significant milestones

- 3 Request for Quotations (RFQs) were advertised (in line with verified information).
- Work on site commenced for some of the projects.

Outcomes

Quotations were received for various projects, including wire fencing, landscaping, and the establishment of a borehole for the community. Construction started on various projects including the wire fencing and refurbishment at Hillcrest Primary School. A site was established for a borehole and the Extension 12 playground's concept designs were provided. It is anticipated that work against these various projects will continue to be implemented.

3.1.11 Baakens Parkway

Location

The project forms a part of the Inner-City Programme, specifically the Baakens River Valley which geographically ends at the Port Elizabeth Harbour.

Vision

The Baakens pedestrian bridge is a proud feature of the Valley, providing a much-needed safe transit facility for residents, workforce, and tourists. The Baakens bridge will in future link the Baakens parkway development to the city centre.

Mission

The project addresses social, spatial, and economic transformation in Nelson Mandela Bay.

Strategic Objectives

The project is people-centred as it provides safe transit for locals and tourists, and it is catalytic as the space – as can already be seen with the unique Baakens pedestrian bridge – will continue to become a place that inspires and transforms the Inner City of Nelson Mandela Bay.

Annual Target

The 2020/21 target was to have stakeholder consultation completed, as well as to finalise detailed designs.

Significant milestones

- Construction tender document was completed.
- Item was submitted to the Bid Selection Committee (BSC).
- Stakeholder consultations were completed ahead of schedule, by March 2021.
- Finalisation of detailed designs was completed.
- Workson site commenced for some aspects.

Outcomes

During the period under review, all required stakeholder consultations were concluded. Furthermore, the preliminary detailed designs had been completed and approved. All meetings were scheduled virtually which allowed the MBDA to expedite our targeted stakeholder consultations.

3.2 Nelson Mandela Bay Stadium

This report represents the first opportunity to report back on the organisation's newly defined strategic objectives, which were formulated in response to our current local and global context. The Nelson Mandela Bay Stadium is firmly embedded in the landscape and fabric of the city (Nelson Mandela Bay Municipality) as a multi-purpose stadium for sporting, entertainment, and special events. The Mandela Bay Development Agency is currently at the helm of the R2 billion asset as the operator (under the guidance of the municipality).

In the period under review (2020/2021), we were confronted with the outbreak and spread of the coronavirus, the long-term impact of on the economy remains quite uncertain at this moment in time. As an employer and service provider, we reacted quickly to try to safeguard the health of our staff and clients, while ensuring that services and some events continue to be provided within the stipulated Covid-19 regulations. Several (majority) of staff were working from home and providing stakeholders with advice through a wide range of phone and digital channels.

As an asset of the Government, and in an effort of taking proactive steps alongside the Department of Health to brace for the impact of the Covid-19 pandemic, the Nelson Mandela Bay Stadium was identified as one of the sites perfectly suited to respond to the current pandemic and was therefore converted to one of the city's isolation centres.

As such, all normal stadium operations/activities were ceased for an interim (from April 2020). This strategically positioned the facility as a multipurpose venue with community interests. The facility was reorganised to ensure coronavirus patients were separated. Two levels of the stadium were set aside for the isolation sites, with each level having the capacity to hold 200 beds. In the early operational stages of the quarantine/isolation facility, the number of occupants fluctuated daily with the peak occupation number being 150 at one time.

The stadium has resumed normal operations (effective since October 2020) and has hosted several "spectator free" events including the EP Elephants debut in the Preparation Series.

The impact of the coronavirus crisis on the other profit and loss lines in the current quarter was less pronounced as the facility was able to stage soccer and rugby fixtures. Ultimately, the goal remains the same: to ensure that stadium stakeholders remain at the center of everything that is done, something which the employees are committed to in their day-to-day work.

Events

Prior to Covid-19 - the facility staged a minimum of 100 events with an estimated 600 000 – 800 000 spectators voting with their feet. During the pandemic, the stadium has continued to stage events but at a smaller scale and have successfully delivered 40 events in the last year but with very minimum numbers due to the regulations observed. This has also afforded the facility the opportunity of exploring the digital sphere which led to successfully hosting the first of its kind e-gaming event.

Events staged during the period under review include:

- E-gaming Tournament
- Webinars focusing on the Business of Sports
- Cosafa Cup
- Rugby Championship Test Matches
- Comedy and Music Shows
- PSL Fixtures

Foremost Goal

A foremost goal of stadium development is in digital transformation which remains a need to address in many stadia in South Africa. The NMB Stadium team is currently in the process of examining how the sports world is changing to accommodate a new generation of digital and mobile fans, including the in-person and online sports experiences.

Covid-19 and Digital Innovation

The Covid-19 pandemic has led to an inevitable surge in the use of digital technologies due to the social distancing norms and nationwide lockdowns. People and organisations all over the world have had to adjust to new ways of work

3.2 Nelson Mandela Bay Stadium (continued)

and life. As part of the stadium and spectator experience enhancement, the NMB Stadium has implemented several ways in which to make the customer journey easier while achieving higher returns – and this is by the way of a touchless stadium. This was done through the existing stadium app, which provides fans with a wealth of information and accessibility. From providing a seamless digital ticket purchasing experience to personalising the hospitality ordering journey and marketing special offers, the recently launched app provides an intuitive and easy-to-use dashboard to manage and communicate directly with fans. This is one of the methods of ensuring that fans are kept safe during their visits to our facility.
Other technological systems that have been implemented to efficiently manage the facility (which form part of reshaping the stadium experience in the digital age) include advanced connectivity, smart lighting, smart security (anti-intrusion systems), enhanced experiences (triple play tv) and smart sustainability solutions (energy efficiency).

Structural Upgrades

The facility has aged in the last few years and an infrastructural review has revealed that an excess of R70-million would be required to complete the upgrade. Stadium innovation and infrastructure are crucial drivers for economic growth and sustainable development. It is, therefore, crucial to upgrade the sporting infrastructure with a much longer-term view. Whilst several projects are currently underway, other infrastructural upgrades required, include:

- Stadium Flood lights replacement
- Stadium Sound & PA System replacement
- Pitch Maintenance system
- Roof Rehabilitation
- Structural Rehabilitation
- Field and Mix Zone flooring replacement
- Network/ Fibre upgrade
- Auditorium
- Building of a E-gaming center
- Building of the three five-a-side multi-purpose facilities
- Building of a Hockey Astro-turf facility
- Sport Museum

Focusing on the Fans

Inc. magazine once articulated that “there’s a conventional school of thought that tells businesses to go after new potential customers. Track them down, inundate them with reasons to buy your product and push media spend against this objective. However, there’s another approach that involves a different methodology altogether: focusing on what you’ve got, including your employees. If you focus on making your fans your superfans then your brand will flourish in a way that feels organic and is genuinely sustainable.”
And as a facility, the stadium team has had to execute this approach to achieve enviable success.

To better understand the stadium’s perceived fan, the facility has mirrored the Bayern Munich strategy where our office has a staff member solely dedicated to fan service – from enquiries to hosting fan events and running competitions. The stadium team has also introduced stakeholder events where concepts were presented and executed by the stakeholder (be it a fan or an employee), and one such example is the Mountain Bike Challenge. This was a multi-level stadium race that took participants on various levels (five) of the Nelson Mandela Bay Stadium and around the North End Lake in Port Elizabeth. It was spectator friendly and family-oriented.

Forward and Upwards

The key to attracting more fans and to encourage them to increase their spending is to re-imagine the modern stadium as a technology and business platform that has significant implication for the sports and entertainment industry. The facility has sort ways of achieving this. Not only is the facility being converted to a smart stadium, but it is also finding ways of preserving the rich history of sports. The NMB Stadium team recently finalised and launched the sports museum which will play a vital role in highlighting the history of sports- espousing the legacy of many forgotten sporting heroes.

3.3 Nelson Mandela Bay Science and Technology Centre

The R30-million Nelson Mandela Bay Science and Technology Centre (NMBSTC) was launched in March 2013 with a mission to be a dynamic institution that provides access to Science, Technology, Engineering, Mathematics, and Innovation (STEMI) for all citizens through focused programmes. Located in the heart of Uitenhage's central business district, the centre is a ground-breaker and the first standalone science centre not affiliated to an institution of higher learning. A project of the MBDA, an entity of the Nelson Mandela Bay Municipality, the centre has programmes designed to build enthusiasm and affinity for STEMI through fun and interactive engagements between scientists and young people.

- Accredited as a level-2 science centre which recognises the Centre as an emerging science center. This means that the NMBSTC is officially a member of the South African Network of Science Centres (SANSC).
- Implemented a catch-up programme in partnership with the Department of Basic Education (DBE) to assist schools during the national shutdown.
- Launched the first-ever newsletter to keep our stakeholders up to date on the Science Centre programmes and emerging developments.
- Received $ 22,174.90 funding from the United States Consulate for the launch of virtual reality stations.
- Successfully launched 2 exhibit stations: the Virtual reality stations, and the Eskom Display station.
- Successfully launched the Science Centre website, to serve as a knowledge platform and as a digital platform for implementation of online programmes.
- Successfully hosted a webinar in partnership with the South African Astronomical Observation and Scifest Africa. Eight countries participated in the panel and over 810 people joined.
- Provided hand sanitisers to 26 schools around the Nelson Mandela Bay Metro.
- Awarded the First SA grant to implement the I-SET robotics programme. Five schools were selected as focus schools for the programme.
- Successfully hosted a workshop for 42 unemployed young people on Artificial Intelligence in partnership with Algorithm. The aim was to give young people the skills needed for the 4IR era and to prepare them for the future world of work.
- Trained 16 educators during the launch of the BOATS coding kits, supported by the Nelson Mandela University.
- Successfully hosted the 2nd Annual Career Summit in partnership with the VW Technical Learning Academy and the National Union of Metalworkers of South Africa (NUMSA).
- Successfully launched the Virtual Reality Programme in partnership with the US Consulate and NASA. So far 133 learners were reached through this programme.

No	Project/Programme	Learners	Educators/ Adults	Schools
2020				
1	Curriculum-aligned Practicals	102	2	2
2	In-house Programme: Walk-ins	87	331	-
3	Webinar: Best Practices for Science Communication using Digital Platforms	-	810	-
4	Waste Management Research	-	104	-
5	Holiday Edutainment: Online	1044	-	-
a	Sanitiser Programme	1440	-	24
	Subtotal	**2673**	**1247**	**26**
2021				
1	First Grant SA Lego League	30	5	5
2	Second Annual Learner Career Summit: In-house & Online	2535	15	13
3	Virtual Reality Programme	133	1	1
4	Easter Programme: Online	157	-	-
5	Autumn Open Day/ Eskom Expo Camp	14	-	3
6	Curriculum-aligned Practicals	277	2	2
7	Second Annual Village Science & Technology Career Development Festival: Online	62	-	1
8	Artificial Intelligence Training Workshop	-	42	-

No	Project/Programme	Learners	Educators/ Adults	Schools
2021				
9	BOATS Coding Kit Launch	1	16	7
10	Holiday Edutainment: Online	1327	-	-
11	In-house Programme: Walk-ins	41	340	-
a	Sanitiser Programme	40	-	2
	Subtotal	**4617**	**421**	**34**
	TOTAL	**7290**	**1668**	**60**

3.4 Corporate Services

The Corporate Services unit is home to Human Resources Management, Information Technology, Risk Management, as well as Marketing and Communications. The position of Corporate Services Executive has been vacant throughout this reporting period, with the Chief Executive Officer assuming the responsibilities.

3.4.1. Human Resources

The MBDA aims to be the employer of choice in its field. This is supported by the Agency's overall objective, as set out in its Employment Policy, to ensure that its employment practices and remuneration policies motivate and retain talented employees and create an attractive work environment.

The Human Resources (HR) office provides a service to Management and employees that embraces the organisation's vision and mission. The department suggests to Management how to strategically manage people as business resources. This includes recruiting and hiring employees with specific skills sets to meet the organisation's goals. The HR Department is committed to delivering an "excellence" service-orientated culture that seeks to promote employee wellness which is performance-driven. The unit upholds the tenets of confidentiality, accountability, and trust.

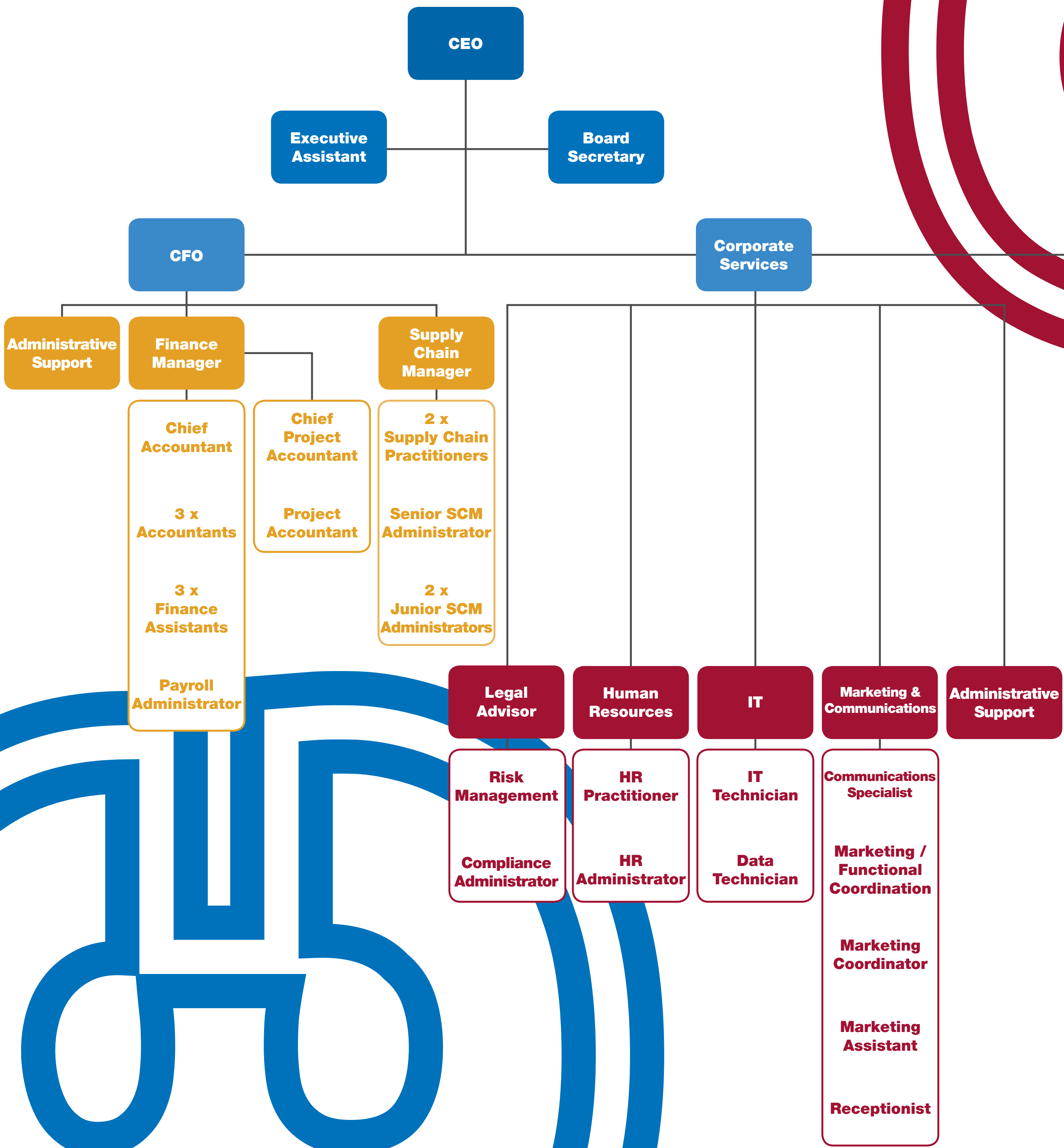
The MBDA entered into a Recognition and Procedural Agreement in the 2018/19 financial period with the South African Municipal Workers Union which seeks to regulate the relationship between the MBDA and the Union. In so doing, the Agreement seeks to strive for an effective cooperative relationship through consultation and negotiation on all matters of mutual concern. This Agreement does not contain any bargaining rights. For the financial year in question, there were no formal disputes declared by the Union. There was no planned expansion or retrenchment.

The HR division consists of an HR Manager, Practitioner and Administrator which services a staff complement of 60 members at the Tramways and Nelson Mandela Bay Science and Technology Centre (NMBSTC).

Staff Establishment

Description	2021/21			
	Approved No. of posts	No. of employees	No. of vacancies	% of vacancies
Executive Management	5	4	1 (unfunded)	25%
Middle Management	21	17	4 (unfunded)	19%
Skilled Technical Staff	32	25	7 (unfunded)	21,8%
Semi-skilled	14	9	3 (unfunded)	21,4%
Unskilled	5	5	0	0%
Learners and temps	0	-	0	0%
Total	**75**	**60**	**15**	**20%**

Organisational Structure



- **Corporate Services**
  - **PRA**
    - Project Managers:
      - Infrastructure Development
      - Quantity Surveying
      - Urban Design
      - Architecture
      - Engineering
      - Creative Industries
      - Psycho-Social Projects
      - Social Facilitator
      - Health and Safety Agent
      - 3 x Project Administrators
      - EPWP Corordinator
  - **UTS**
    - F/AM PE
      - Facilities Coordinator
      - 3 x Town Rangers
      - Caretaker: Tramways
      - 2 x General Assistants
    - F/AM U&D
      - Facilities Coordinator
      - Town Ranger
      - 2 x General Assistants
      - Caretakers: STC
  - **STCM/R&I**
    - Outreach Coordinator
    - Educations & Programmes Coordinator
    - Receptionist: STC
    - Programmes Administrator & Research Coordinator
  - **Administrative Support**
- **Nelson Mandela Bay Stadium**

3.4.2 Risk Management

Risk identification and assessment is an ongoing process, and the Risk and Compliance Department ensures that there are effective risk systems in place. The core function of the Risk and Compliance Department is to assist the MBDA in identifying and assessing both strategic as well as operational risks, including the financing, risk returns and profiles; and reporting these to the governing bodies of the Audit Committee, Board of Directors and Parent Municipality.

The Roles and Responsibilities of the Department include:

- Facilitating institutional reporting to the Board of Directors, as well as the Parent Municipality.
- Identifying new and innovative ways of reporting.
- Administering the commercial insurances of the MBDA; and
- Providing compliance-related guidance to the various internal stakeholders (departments).

Effective risk management is fundamental to the MBDA's business activities. The department evaluates various processes within the organisation to identify efficiencies to drive performance.
By reinforcing a culture of risk awareness, the department encourages that when considering performance, risk must be thoroughly evaluated as failing to manage risk associated with objectives will result in the non-achievement of objectives.

The MBDA conducts an annual strategic risk assessment workshop to ensure that there is a link between risk management and the business planning processes.

3.4.3 Marketing and Communications

The Marketing and Communications Department fulfils a supportive and proactive role in assisting the Agency towards fulfilling its mandate. As a support service, the department receives briefs from various arms of the MBDA and executes them accordingly. Proactively, the department plans, conceptualises, initiates, and implements marketing and communication programmes.

Notable Marketing Activities

Some of the notable marketing programmes and events undertaken during this period include:

- Enhancement of the MBDA's digital platforms (Social Media Platforms & Website)
- Conclusion of a Customer Satisfaction Survey
- Conducted an MBDA Brand Audit
- With support of SCM, embarked on a process to appoint a panel of service providers on time
- Continued use of the public participation platform – www.mbdaengage.co.za
- Secondment to various tasks at the NMBM i.e., IDP, Water Crisis, Transnet relocation
- Project Management of the Transnet relocation process through the Executive Mayor's Office
- Greater participation in sector forums and stakeholder bodies i.e., SA Cities Network
- Planned, promoted and hosted successful webinars (social media, radio, web, etc.)
- Established a Content Hub (studio) facility at the Tramways
- Successfully recruited a new tenant, Dream Finders Academy
- Successfully, and in partnership with the NMB Stadium team & NMBM, hosted the first ever NMB Sport Summit as a hybrid event

Communications and Media Coverage

During the period July 2020 to June 2021, the MBDA received 388 media clippings, a 30% drop from 519 in 2019/2020. This drop is attributable to the scaling down of operations during the periods under stricter lockdown levels.

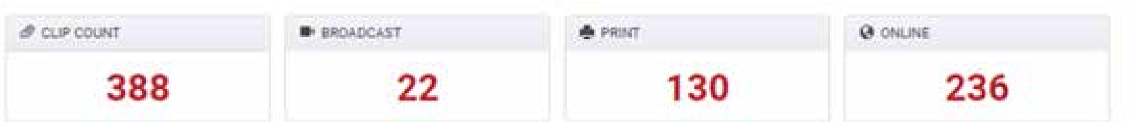
The drop in media coverage has been largely countered by a significant rise in social media and webinar activities. During this period, the MBDA's following has grown to record numbers:

- YouTube, established after January 2021 – 90+ subscribers
- Instagram, established after January 2021– 1400 followers
- Twitter, established pre onset of Covid-19 – 1300 followers
- LinkedIn, established in 2017 – 2600+ connections
- Facebook, established in 2012 – 11000 followers

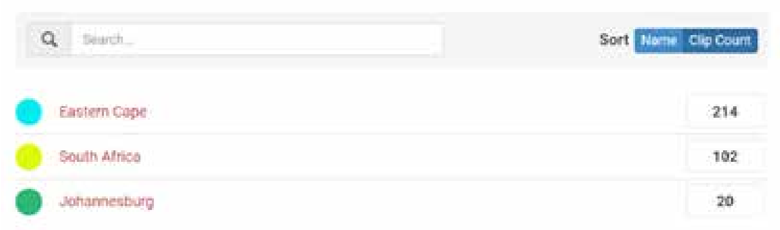
In conclusion, 2020-2021 and the advent of Covid-19 has yielded unprecedented shifts and innovation in how entities and government engage with society. For a long time, communications depended on human contact, but that all changed in March 2020. The MBDA didn't start on the back foot, we merely accelerated plans that were at an early stage.

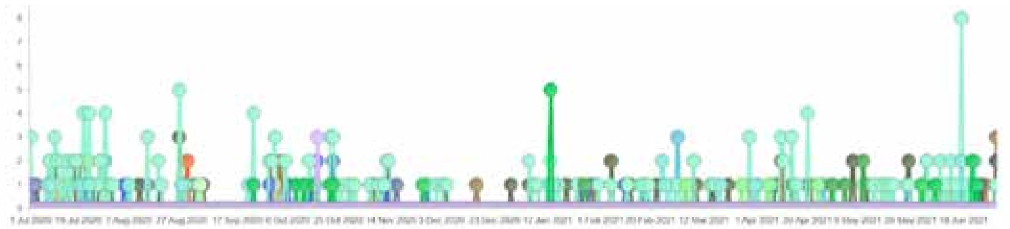
We implemented digital tools that also helped and supported our parent municipality (MBDAengage.co.za). Through integration, we established a benchmark in bringing together digital and traditional platforms. For example, we hosted webinars on ZOOM, livestreamed them via YouTube and Facebook, and then we connected radio stations to carry the same live event on air during prime time. The result was an exponential growth in reach and audience.

Total Traditional Media Coverage 1 July – 30 June



Region

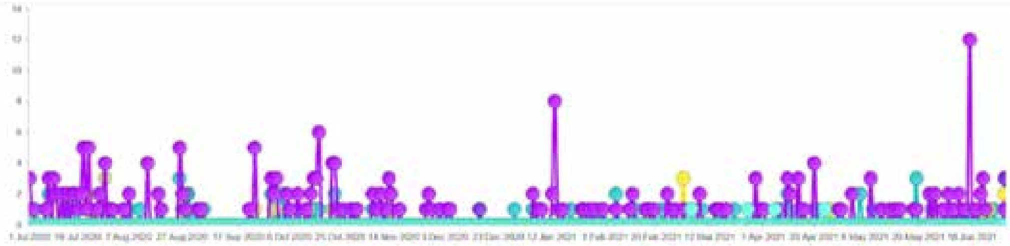




Search... Sort Name Clip Count

Media Type

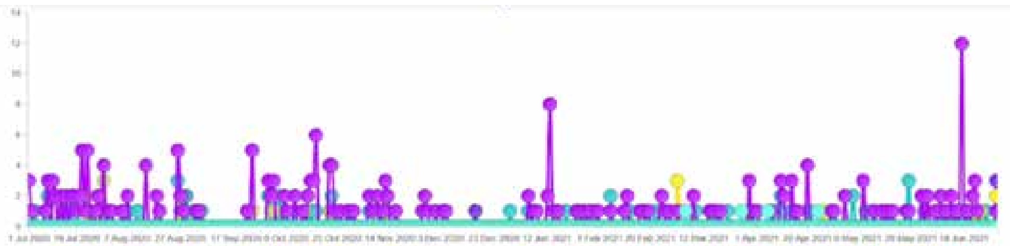
Current Affairs	162
Daily Newspaper	82
Entertainment	19
Community	19
Service	14
Community	13



Search... Sort Name Clip Count

Media Group

Article Websites	232
Daily	100
Radio	20
Community	19



Search... Sort Name Clip Count

Media Group

Article Websites	232
Daily	100
Radio	20
Community	19

3.4.5. Information Technology

The Information Technology (IT) Department is in its third year of existence at the MBDA, ever since the role was insourced. Since establishment, the unit has been instrumental in the development of the Nelson Mandela Bay Science and Technology Centre website, including a virtual tour of the facility.

The IT Department also facilitated and coordinated the development of the MBDA e-Tendering system. The system was accelerated partly in response to the pandemic, allowing the MBDA to process tenders efficiently during the pandemic.

The department is also currently busy with MSCOA, as per National Treasury requirement, in conjunction with our Parent Municipality. To that end, several modules have already been installed. The push (FTP) facility from MBDA to NMBM is currently being worked on to ensure NT requirements before the system becomes operational.

3.5 Supply Chain Management Report

The MBDA reports on the B-BBEE and SMME share of both actual expenditure and contractual commitments for all active contracts. The tables below show the B-BBEE and SMME share of expenditure. During this period, the MBDA also launched the e-Tendering system which has already gained over 300 company registrations. The portal makes the management of tenders efficient and paperless, and also avoids unnecessary contact.

ANNUAL B-BBEE SUMMARY MBDA 2020-2021				
B BBEE LEVEL	**Total**	**Amount**	**Percentage of B-BBEE Spend**	**Percentage of Total Value Spend**
B BBEE LEVEL 1	30	8 891 319	58%	67%
B BBEE LEVEL 2	7	2 826 663	13%	21%
B BBEE LEVEL 3	1	581 673	2%	4%
B BBEE LEVEL 4	6	787 356	12%	6%
B BBEE LEVEL 5	0	0	0%	0%
B BBEE LEVEL 6	0	0	0%	0%
B BBEE LEVEL 7	0	0	0%	0%
B BBEE LEVEL 8	0	0	0%	0%
Non-Compliant B-BBEE Contributor	6	213 469	12%	2%
Organ of State	2	21 827	4%	0%
TOTAL	**52**	**13 322 307**	**100%**	**100%**

ANNUAL B-BBEE SUMMARY NMB Stadium 2020-2021				
B BBEE LEVEL	**Total**	**Amount**	**Percentage of B-BBEE Spend**	**Percentage of Total Value Spend**
B BBEE LEVEL 1	67	10 925 114	41%	29%
B BBEE LEVEL 2	33	17 780 714	20%	47%
B BBEE LEVEL 3	14	1 890 560	8%	5%
B BBEE LEVEL 4	32	1 402 235	19%	4%
B BBEE LEVEL 5	2	40 780	1%	0%
B BBEE LEVEL 6	5	73 481	3%	0%
B BBEE LEVEL 7	1	6 260	1%	0%
B BBEE LEVEL 8	1	18 458	1%	0%
Non-Compliant B-BBEE Contributor	8	5 770 799	5%	15%
Organ of State	2	27 032	1%	0%
TOTAL	**165**	**37 935 431**	**100%**	**100%**

Annexure A

2020/21 Fourth Quarter Performance (Institutional Scorecard)

mandela bay
DEVELOPMENT AGENCY
RENEW • REVIVE • INSPIRE

3.6 Institutional Performance Report (Key Performance Indicators)

Key Performance Area	Key Performance Indicator	2020/21 Annual Target	Performance Information for the Fourth Quarter		Achievement Status
			4th Quarter Planned Target 1 July 2021 - 30 June 2021)	Actual Quarterly Performance (1 July 2021 - 30 June 2021)	
KPA 1: Basic Service Delivery	N/A	N/A	N/A	N/A	N/A
KPA 2: Municipal Institutional Development and Transformation	N/A	N/A	N/A	N/A	N/A
KPA 3: Local Economic Development	Completing the Donkin Reserve Phase 4 Refurbishments	Refurbishment completed Amend to: Construction work commenced on site: Gym equipment installed 5-a-side soccer field built Play equipment installed Donkin Facility fencing completed Modularised Toilet installed Artwork upgraded	Refurbishment completed Amend to: Construction work commenced on site: Gym equipment installed 5-a-side soccer field built Play equipment installed Donkin Facility fencing completed Modularised Toilet installed Artwork upgraded	BEC Concluded Draft supporting tender documents prepared	Partially Achieved
KPA 3: Local Economic Development	Completing the Helenvale Pedestrian Route	Practical Completion Achieved	Practical Completion Achieved	Site Handover completed Construction work commenced on site	Partially Achieved
KPA 3: Local Economic Development	Percentage of the Schauderville Moore Dyke Sport Precinct Upgrades and Renovation completed	100% (Planning, Preparation and Implementation stage) by March 2021 30% (construction stage) Amend to: 100% (Planning, Preparation and Implementation stage) by March 2021 35% (construction stage)	Practical Completion Achieved	50% Planning, Preparation and Implementation stage 0% (construction stage)	Not Achieved
KPA 3: Local Economic Development	Completing the Safe Parks and Sportfields Variation project	Final Completion Achieved by March 2021	Final Completion Achieved by March 2021	Final Completion Achieved by 1 October 2020	Over-Achieved

Achievement Status Key:

Over Achieved | Achieved | Partially Achieved | Not Achieved

Key Performance Area	Key Performance Indicator	2020/21 Annual Target	Performance Information for the Fourth Quarter		Achievement Status
			4th Quarter Planned Target 1 July 2021 - 30 June 2021)	Actual Quarterly Performance (1 July 2021 - 30 June 2021)	
KPA 3: Local Economic Development	Upgrading of the Bayworld Museum	Pilot 1 virtual project utilizing digitization of the collection. Amend to: Cafeteria for the Pilot Virtual Reality Project rehabilitated Pilot Virtual Reality Project Commenced	Pilot 1 virtual project utilizing digitization of the collection. Amend to: Cafeteria for the Pilot Virtual Reality Project rehabilitated Pilot Virtual Reality Project Commenced	Cafeteria for the Pilot Virtual Reality Project rehabilitated Pilot Virtual Reality Project Commenced	Achieved
KPA 3: Local Economic Development	Constructing the Baakens Zip Line	Close-out report submitted for the Heritage application	Close-out report submitted for the Heritage application	Close-out report submitted to MBDA for the Heritage application	Achieved
KPA 3: Local Economic Development	Completing the Additional Works for Helevale projects	Variations presented to BAC Work on site commenced	Variations presented to BAC Work on site commenced	In progress No Variations presented to BAC Work on site commenced for some aspects	Partially Achieved
KPA 3: Local Economic Development	Upgrading of the Baakens Parkway	Stakeholder consultation completed Finalisation of detailed designs completed	Stakeholder consultation completed Finalisation of detailed designs completed	Stakeholder consultations completed by March 2021 Finalisation of detailed designs completed	Overachieved

3.6 Institutional Performance Report (Key Performance Indicators) continued...

Key Performance Area	Key Performance Indicator	2020/21 Annual Target	Performance Information for the Foruth Quarter		Achievement Status
			4th Quarter Planned Target 1 July 2021 - 30 June 2021)	Actual Quarterly Performance (1 July 2021 - 30 June 2021)	
KPA 3: Local Economic Development	Completing of the beautification of the New Brighton Cultural Precinct Project	Practical completion achieved Amend to: Practical completion achieved (Phase 1) Conditional assessment undertaken (Phase 2) Request to acquire site submitted to NMBM (Phase 2) Youth Centre Concept Design completed and approved by MBDA (Phase 2). Site renovation and upgrade to Youth Centre commenced (Phase 2)	100% (Planning, Preparation and Implementation stage) by March 2021 30% (construction stage) Amend to: 100% (Planning, Preparation and Implementation stage) by March 2021 35% (construction stage)	In progress Reinforced Concrete work completed in ward 14, 15, 16 and 17 (Phase 1) 225 / 352 Benches installed (Phase 1) 128 Trees planted (Phase 1) Youth Centre sites for Wards 14 identified (Phase 1) Conditional assessment undertaken (Phase 2) Youth Centre Concept Design completed (Phase 2)	Partially Achieved
KPA 3: Local Economic Development	Percentage completion of the Uitenhage Railway Sheds / Science Centre Precinct development	100% Amend to: 100% (Phase 1) 100% (Phase 2)	Practical completion achieved Amend to: Practical completion achieved (Phase 1) Conditional assessment undertaken (Phase 2) Request to acquire site submitted to NMBM (Phase 2) Youth Centre Concept Design completed and approved by MBDA (Phase 2). Site renovation and upgrade to Youth Centre commenced (Phase 2)	45% Phase 1 18% Phase 2	Not Achieved

Achievement Status Key:

Over Achieved | Achieved | Partially Achieved | Not Achieved

Key Performance Area	Key Performance Indicator	2020/21 Annual Target	Performance Information for the Fourth Quarter: 4th Quarter Planned Target 1 July 2021 - 30 June 2021)	Performance Information for the Fourth Quarter: Actual Quarterly Performance (1 July 2021 - 30 June 2021)	Achievement Status
KPA 3: Local Economic Development	Completing the St Peters Development Project	Filling and levelling works on site completed Timber decking construction completed Containers positioned on site Amend to: Filling and levelling works on site completed Timber decking construction completed Installation of water and sewer reticulation commenced Tree felling commenced	100% Amend to: 100% (Phase 1) 100% (Phase 2)	In progress Heritage application submitted to Eastern Cape Provincial Heritage Committee Tender advertised, BEC commenced, Draft BEC report concluded Site visit for tree felling completed Approval from ED:PH requested for tree felling	Partially Achieved
KPA 3: Local Economic Development	Completing the Safe Parks and Sportfields Variation project	Final Completion Achieved by March 2021	Final Completion Achieved by March 2021	Final Completion Achieved by 1 October 2020.	Over-Achieved
KPA 3: Local Economic Development	Upgrading of the Bayworld Museum	Pilot 1 virtual project utilizing digitization of the collection. Amend to: Cafeteria for the Pilot Virtual Reality Project rehabilitated Pilot Virtual Reality Project Commenced	Pilot 1 virtual project utilizing digitization of the collection Amend to: Cafeteria for the Pilot Virtual Reality Project rehabilitated Pilot Virtual Reality Project Commenced	Cafeteria for the Pilot Virtual Reality Project rehabilitated Pilot Virtual Reality Project Commenced	Achieved
KPA 3: Local Economic Development	Constructing the Baakens Zip Line	Close-out report submitted for the Heritage application	Close-out report submitted for the Heritage application	Close-out report submitted to MBDA for the Heritage application	Achieved

3.6 Institutional Performance Report (Key Performance Indicators) continued...

Key Performance Area	Key Performance Indicator	2020/21 Annual Target	Performance Information for the Fourth Quarter		Achievement Status
			4th Quarter Planned Target 1 July 2021 - 30 June 2021)	Actual Quarterly Performance (1 July 2021 - 30 June 2021)	
KPA 3: Local Economic Development	Completing the Additional Works for Helevale projects	Variations presented to BAC Work on site commenced	Variations presented to BAC Work on site commenced	In progress No Variations presented to BAC work on site commenced for some aspects	Partially Achieved
KPA 4: Municipal Financial Viability and Management	Percentage of Mandela Bay Development Agency's Capital Budget Actually Spent	95%	95%	26%	Not Achieved
KPA 5: Good Governance and Public Participation	N/A	N/A	N/A	N/A	N/A

Achievement Status Key:

Over Achieved | Achieved | Partially Achieved | Not Achieved

Audit Outcomes and Annual Financial Statements

mandela bay
DEVELOPMENT AGENCY
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4.1 Report of the Auditor General

Report of the auditor-general to Eastern Cape Provincial Legislature and council on Mandela Bay Development Agency

Report on the Audit of the Annual Performance Report

Opinion

1. I have audited the financial statements of the Mandela Bay Development Agency set out on pages 70 to 96, which comprise the statement of financial position as at 30 June 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the 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 Mandela Bay Development Agency as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Act of South Africa, 2003 [Act no. 56 of 2003 (MFMA)].

Basis for 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.

Emphasis Matter

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

Irregular Expenditure

7. As disclosed in note 28 to the financial statements, the municipal entity incurred irregular expenditure of R4.5 million as a result of non-compliance with section 87 (6) of the MFMA identified in the current year.

Other matter

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

Unaudited Disclosure Notes

9. In terms of section 125(2)(e) of the MFMA, the municipal 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 board of directors, which constitutes the accounting officer, is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 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 objectives 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 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 objectives presented in the municipal entity's annual performance report for the year ended 30 June 2021:

Key Performance Area Objective	Pages
Local economic development	**52 to 53**

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 identitfy any material findings on the usefulness and reliability of the reprted performance information for this objective:

- Local economic development

19. I draw attention to the matter below.

Achievement of Planned Targets

20. Refer to the annual performance report on pages 52 to 53 for information on the achievement of planned targets for the year. This information should be considered in the context of the conclusion expressed on the usefulness and reliability of the reported performance information in paragraphs 17 to 19 of this report.

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. The material findings on compliance with specific matters in key legislation are as follows:

Consequence Management

23. Irregular expenditure incurred by the municipal entity was not investigated to determine whether any person was liable for the expenditure, as required by municipal budget and reporting regulation 75(1).

24. Fruitless and wasteful expenditure incurred by the municipal entity was not investigated to determine whether any person was liable for the expenditure, as required by municipal budget and reporting regulation 75(1).

Other Information

25. 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 those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

26. 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.

27. 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 objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Other Information

28. I have nothing to report in this regard.

Internal Control Deficiencies

29. 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. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and the findings on compliance with legislation included in this report.

30. Progress made in investigating cases of irregular, fruitless and wasteful expenditure has been slow and some of the amounts incurred in prior years were not investigated.

31. Management's review and monitoring processes over compliance were not effective to ensure compliance with legislative requirements.

Auditor-General

East London
28 February 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annual Financial Statement

For the Year Ended
30 June 2019

mandela bay
DEVELOPMENT AGENCY
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General Information

Country of Incorporation and Domicile:
South Africa

Nature of Business and Principal Activities:
Urban renewal and rejuvenation of economic activity within the central business districts, townships and any other emerging nodes as designated by the Nelson Mandela Bay Municipality.

Directors:
Mandlakazi Ruth Skefile (Chairperson)
Rajesh Dana
Sithole Mabi Mbanga
Masalamani Odayar
Nomnikelo Kondlo
Glenda Perumal
Mandlakazi Ruth Skefile
Vuyani Galen Dyantyi
Mxolisi Moolman
Khwezi Gideon Ntshanyana

Accounting Officer:
Ashraf Adam (Chief Executive Officer)

Chief Finance Officer (CFO):
Koliswa Mgijima

Registered Office:
1st Floor, Tramways Building
Corner Lower Valley Road & South Union Street
Port Elizabeth
6000

Business Address:
1st Floor, Tramways Building
Corner Lower Valley Road & South Union Street
Port Elizabeth
6000

Postal Address:
P.O. Box 74
Port Elizabeth
6000

Financial Year End:
30 June

Financial Statements are Presented as at:
30 June 2021

Comparative Period Presented as at:
30 June 2020

Controlling Entity:
Nelson Mandela Bay Municipality (NMBM)

Bankers:
Nedbank Ltd (South Africa)

Auditors:
The Auditor-General of South Africa

Company Secretary:
Mbulelo Matiwane

Company Registration Number:
2003/017900/08

Table of Contents

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

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4.2 Directors' Responsibilities & Approval

The Directors have a pleasure of submitting their report for the entity, which forms part of the annual financial statements of the Non Profit Company for the period ended 30 June 2021.

Establishment

The Mandela Bay Development Agency (MBDA) was formed in 2004 with its initial objective, i.e. the urban regeneration of the Central Business District (CBD). It commenced with its work through the development of an Inner-city Local Spatial Development Framework Plan (LSDF) in 2006. During this period, the company evolved from an inner city Mandate Area focus, extending to other emerging and developing nodes and precincts which now includes township areas.

The MBDA has over the past 12 months undergone a challenging transition period that has seen the strategic direction of the organization being reviewed with a view to becoming a forward looking agency dealing with the complexities that are associated with development work. This is particularly difficult during this time of COVID-19 and its related lockdowns.

The MBDA was mandated by the Nelson Mandela Bay Metropolitan Municipality (NMBM) as a trans-disciplinary implementing agent for programmes, projects and events which have a number of defined objectives which include inter alia:

- Enabling social, spatial and economic transformation;
- Implementing existing and identify new projects, programmes and events within its mandated areas referred to as "designated localities, nodes and precincts (of different scales)" which are to be aligned to the various plans of the NMBM which include the following:
- To leverage existing or acquired resources such as assets, property and provide for skills development to ensure the successful implementation.
- To deliver catalytic programmes, special defined projects and events

Over the past seventeen years, the MBDA has implemented a number of urban renewal projects, precinct upgrades, security and cleansing programmes as well as other strategic assignments that are collectively changing the face of Nelson Mandela Bay and reinvigorating the economic life in key developing nodes and precincts which has resulted in an expansion of its mandate and strategic objectives in line with the Integrated Development Plan (IDP) of its parent municipality NMBM. The NMBM mandated the MBDA to take over the operations and management of its Science Centre in Uitenhage with effect from 01 July 2017. The 3–year mandate for the MBDA managing the NMB Stadium operations terminated on 31 December 2019. The Council reviewed the mandate for a month to month basis that continued during the period under review.

General Review

The MBDA mandate includes the rejuvenation of neglected township areas, from the initial focus on the inner city and its surrounds only and this initiative has now gained much momentum as the challenges of inequalities in townships and other previously disadvantaged areas are addressed by the NMBM. To date the MBDA has played a key role particularly in addressing the urban decay and degeneration in the inner cities of Port Elizabeth and Uitenhage and the municipal infrastructure and environmental upgrading projects that it has been implementing in the townships have been widely welcomed and positively received by various key stakeholders. The mandate received from the NMBM to manage the NMB Stadium is expected to be for a limited duration until the NMBM decides how to deal with this key asset in the future.

Legislation framework

The entity complied with all the relevant sections of:

(a) Companies Act 71 of 2008
(b) Companies Amendment Act 3 of 2011
(c) Local Government: Municipal Finance Management Act 56 of 2003
(d) Local Government: Municipal Systems Act 32 of 2000

Financial results

The financial results are set out in the attached annual financial statements and are aligned closely with the classification used by the NMBM.

Key activities

The table below depicts the 2020/21 capital programmes which were implemented by the MBDA. The performance of capital projects yielded an overall spending of 29%.

Programmes	Projects
Baakens River Valley Programme	South End Mixed Use Precinct, Refurbishment of St Peters Church, Baakens Parkway, Baakens Zip Line
Happy Valley / Bayworld / Telkom Park Programme	Bayworld Rehabilitation / Redevelopment
Uitenhage / Despatch Programme	Refurbishments of Uitenhage Railway Sheds
Goven Mbeki Avenue / CBD Port Elizabeth Programme	Development of an Infrastructure plan for the Govan Mbeki Avenue Refurbishments)
New Brighton / Red Location Precinct Programme	New Brighton Swimming Pool, New Brighton Cultural Precinct Development
Korsten / Schauderville	Moore Dyke Stadium Redevelopment
Helenvale SPUU Programme	Pedestrian Walkway, Security lighting, Safer school, Safe parks and sportsfield, Victim support Centre, Youth Centres

St Peters Church

- The church is a historical part of South End. The Church itself is a heritage site , left in a state of ruin. Phase 1 includes the upgrading of surrounding church. The Filling and levelling works on site, Timber decking construction, and Installation of water and sewer reticulation was planned. However this could not be done due to issues with heritage approvals.
  Tree felling commenced

South End Mixed Use

- The South End mixed use project aims to transform the south bank of the Baakens into a new, post apartheid neighbourhood which will acknowledge the injustice which was done by the forced removals in the early 1970's while providing an opportunity for mixed use development. Construction tender was awarded in the current year, including the completion of stakeholder engagement and detailed designs.

Baakens Parkway

- Baakens pathway comprises of a walkway from the Baakens pedestrian bridge along Lower valley road and ceases at the open space along Ellis Street. This project includes land scaping and improving the vicinity to unlock tourism potential. The construction tender document was completed and various stakeholder engagements were concluded in the current year.

Bayworld Redevelopment

- The Smart Industrial Academy will be a state-of-the-art, interactive facility that will offer the following to industrial companies within Nelson Mandela Bay Metropolitan Municipality and South Africa. The Strategic Plan for a Virtual Bayworld has been completed. The rehabilitation of the old cafeteria as a digital hub, known as the Killer Whale Café, has commenced in the current year.

Uitenhage Railway Sheds

- The purpose of the project is to redevelop the existing Uitenhage Railway Sheds and contribute to spatial and social transformation of a potential commercial, leisure and tourism precinct. The aim is to upgrade the existing Railway Sheds that are a part of the Science Centre Building. Construction currently underway. Once completed it will have similarities to the Tramways building which is a multi-purpose facility. The existing structure of the Railway shed will be preserved with structural stabilisation being done on the inside of the facility.

Moore Dyke Sportsfield Upgrade

- Project includes upgrade of existing fields and facilities at the Moore Dyke Fields precinct, planning and construction of additional fields, vehicle access and parking. The facility will be multi code facility with the construction of a new clubhouse, refurbishing of the old facility including the caretakers cottage, reconfigure the sport codes attain optimal use of the facility. Delays were experienced in the appointment of the construction tender due to a procurement objection.

Cultural Programmes Conducted

- Creative and cultural content development has been affected as an experience that physically connects people. In this year we needed to be creative and explore the digital new way of working. This meant cultural work continues but in the digital space.

Psycho-Social Programmes

- Youth services in Helenvale is back in operation from the HRC. New Brighton food gardens are in implementation phase. Uitenhage stakeholders has requested for covid-19 awareness again as the second wave is problematic in the area. Psycho social programs as an interventions is a challenge as the stakeholders are primarily focused on capital projects as a priority. Teenage pregnancy and mother programs are being finalised in Schauderville Korsten.

New Brighton Development

- Project scope includes planting of trees, public benches and plaques. All work to be done by EME's. A consultant was appointed to compile a business plan. This Programme compiles a list of project through social engagements with the community to develop a business plan where clear objectives can be attained and translated into projects. The initiative of this programme is Beautify the area and unlock the creative sector in the area.

New Brighton Swimming Pool

- Phase 1 & 2 of the project completed, currently the facility is closed due to lockdown. The facility will be handed over to NMBM SRAC Project is completed but the facility is closed due to water restrictions. The intended purpose of the pool was learn to swim initiatives and teach children from area water safety.

SPUU:Safer Schools

- The SPUU programme is fund in collaboration by the KfW Bank and the metro. The project consisted of rehabilitation and upgrading of the existing school sporting facilities to promote activities that will address the objective of the Programme. 4 schools sports facilities in Helenvale were revamped, the works comprising of Netball, cricket pitches, cricket practice nets, rugby/soccer field upgrades and building of 5 a-side soccer field.

SPUU: Safer Sportfield

- Practical Completion was achieved on the Project with only the additional works that required completion. The upgraded facility initially had 1 field but with the upgrade the existing field was refurbished, a new club house built, an additional soccer with 2 fenced 5 aside soccer pitches and a caretakers cottage constructed.

SPUU: Safer Electrification

- This project is linked with the Pedestrian route that will be completed in the 20/21 Financial year. The project comprised of installation of vandal proof lighting to all existing and new lights that traverse the play route. The purpose of these lights is light up dark alleyways where children walk to school where crime is prevalent.

SPUU: Victim Support Centre

- Service Provider Appointed.
- Project is under progress.
- Prefab units completed off-site, exact position to be finalised between MBDA, SAPS and DPW. The facility will serve as an access point for domestic violence victims, where they can be accommodated and taken of.

SPUU: Youth Facilities

- Refurbishing and delivery of containers to completed.
- Joining and sealing of containers on site completed.
- Landscaping and service connections outstanding. The project comprises of modularised container facilities. This will be designed and activate in a manner where youth can congregate is a safe space with alternative to violence programmes being implemented.

Govan Mbeki Avenue: Donkin Reserve Phase 4

- Negotiations with existing consultant was appointed to implement the works. Initial project was terminated and a new SLA had to be put in place for the consultant. The project once completed will consist of an outdoor gym, kiddies play area and an international size 5 a-side field.

Directors

Non-executive directors of the company as at 30 June 2021 were:

Mandlakazi Ruth Skefile (Chairperson)
Rajesh Dana
Sithole Mabi Mbanga
Masalamani Odayar
Nomnikelo Kondlo
Glenda Perumal
Mputumi William Goduka
Vuyani Galen Dyantyi
Mxolisi Moolman
Khwezi Gideon Ntshanyana

Senior Management

During the period under review none of the two senior managers completed the minimum finance competency level requirements for senior officials within the MBDA. This requirement is in terms of a National Treasury Regulation (Government Gazette 29967). In line with exemption notice 91 subsequently issued in February 2017, affected employees were granted a further 18 months within which to meet these requirements, with newly appointed affected employees granted 18 months within which to meet these requirements from date of their appointment.

Preparer of Annual Financial Statements:
Zimbali Khwela (Finance Manager)

The company secretary is Mbulelo Matiwane whose business and postal addresses are:

Postal Address:
Mandela Bay Development Agency
P.O. Box 74
Port Elizabeth, 6000

Business Address:
1st Floor
Tramways Building
Corner Lower Valley Road and South Union Street
Central,Port Elizabeth, 6001

The Annual Financial Statements set out on pages 6 to 52 were tabled for Board of Directors approval on 30 August 2021.

Statement of Financial Position

Figures in Rand	Notes	2021	2020
Assets			
Current Assets		**152 392 772**	**113 533 656**
Cash and cash equivalents	1	65 487 576	43 834 280
Receivables from exchange transactions	2	84 660 005	67 673 829
Receivables from non-exchange transactions	3	2 100	2 100
Inventory	4	178 765	148 598
VAT Receivable	12	2 064 326	1 874 849
Non-Current Assets		**21 242 289**	**20 926 761**
Intangible Assets	5	1 002 585	312 051
Property, Plant & Equipment	6	19 989 204	20 364 211
Heritage Assets	7	250 500	250 500
Total Assets		**173 635 061**	**134 460 417**
Liabilities			
Current Liabilities		**149 053 861**	**111 024 784**
Payables from exchange transactions	8	54 066 531	37 136 552
Payables from non-exchange transactions	9	209 798	197 428
Provisions	10	6 330 435	5 309 524
Unspent grants	11	88 447 097	68 381 280
Non-Current Liabilities		**905 950**	**84 707**
Payables from exchange transactions	8	905 950	84 707
Total Liabilities		**149 959 811**	**111 109 491**
Net Assets		**23 675 250**	**23 350 926**
Accumulated surplus		23 675 250	23 350 926
Total Net Assets		**23 675 250**	**23 350 926**

Statement of Financial Performance

Figures in Rand	Notes	2021	2020
Revenue			
Revenue from exchange transactions		**23 388 373**	**15 387 204**
Transfers and subsidies		23 386 895	14 441 641
Other Revenue		1 478	945 563
Revenue from non-exchange transactions		**104 710 618**	**147 197 581**
Transfers and subsidies		104 710 618	147 197 581
Other Revenue		-	-
Total Revenue	13	**128 098 991**	**162 584 785**
Other Income	14	**2 534 762**	**3 553 676**
Finance Income		1 400 487	2 015 740
Sundry Income		1 134 274	1 537 936
Total Income		**130 633 753**	**166 138 46**
Expenditure			
Employee Related costs	15	-36 545 884	-35 453 543
Remuneration of Directors	16	-1 355 076	-1 312 000
Depreciation and Amortisation	6/5	-879 866	-1 112 744
Debt Impairment	2	-700 437	-495 015
Contracted Services	17	-11 069 734	-13 655 089
Capital projects costs	18	-26 416 829	-34 769 534
Other Operating costs	19	-53 333 207	-77 300 539
Total Expenditure		**-130 301 033**	**-164 098 465**
Operating Surplus		**332 720**	**2 039 997**
Profit/(Loss) on sale of assets	6	-8 395	-
Surplus before taxation		**324 324**	**2 039 997**
Taxation (exempt)		-	-
Surplus for the year		**324 324**	**2 039 997**

Statement of Changes in Net Assets

Figures in Rand	Notes	Contribution from Shareholder	Accumulated Surplus	Total Net Assets
Balance at 01 July 2019				
Current Assets		-	**21 310 929**	**21 310 929**
Surplus for the year - as previously reported		-	2 039 997	2 039 997
Balance at 01 July 2020				
		-	**21 310 929**	**21 310 929**
Surplus for the year - as previously reported		-	324 324	324 324
Balance at 30 June 2021		-	**23 675 250**	**23 675 250**

Statement of Cash Flow

Figures in Rand	Notes	2021	2020
Cash flows from operating activities			
Receipts		**174 110 157**	**240 854 497**
Transfers and Subsidies		163 004 825	214 486 449
Interest received		1 411 212	1 365 621
Other Revenue		9 694 119	25 002 428
Payments		**-151 253 072**	**-204 542 250**
Suppliers		-102 932 708	-158 185 036
Employee costs		-48 320 364	-46 357 215
Net cash from/(used) operating activities	20	**22 857 085**	**36 312 247**
Cash flows from investing activities			
Purchase of Property, plant and equipment	6	-490 240	-2 810 407
Proceeds from sale of property, plant and equipment	6	2 801	-
Purchase of intangible assets	5	-716 351	-265 045
Net cash flows from investing activities		**-1 203 789**	**-3 075 453**
Cash flows from financing activities			
Net cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		**21 653 296**	**33 236 794**
Cash and cash equivalents at the beginning of the year		43 834 280	10 597 486
Cash/cash equivalents at the year end	1	**65 487 576**	**43 834 280**

Statement of Comparison of Budget and Actual Amounts - MBDA

Budget on Accrual Basis

Figures in Rand	Approved Budget	Adjustments (inch Virements)	Final Budget	Actual amounts on a comparable basis	Difference between final budget and actual (R)	Actual vs Budget (%)	Reference
Financial Performance							
Service charges	200 000	-	200 000	1 134 274	-934 274	567%	Note 33 - A
Investment revenue	2 000 000	-	2 000 000	1 400 487	599 513	70%	Note 33 - B
Transfers and subsidies	95 396 636	85 735 328	181 131 964	89 239 207	91 892 757	49%	Note 33 - C
Other own revenue	400 000	-	400 000	1 478	398 522	0%	Note 33 - D
Total Revenue (excluding capital transfers and contributions)	**97 996 636**	**85 735 328**	**183 731 964**	**91 775 447**	**91 956 517**	**50%**	
Employee Related costs	40 953 642	2 349 209	43 302 850	36 545 884	6 756 966	84%	Note 33 - E
Remuneration of Board Members	1 356 376	-67 950	1 288 426	1 355 076	-66 650	105%	
Depreciation and debt impairment	957 895	-	957 895	1 580 303	-622 408	165%	Note 33 - F
Other expenditure	23 926 887	12 187 234	36 114 121	25 544 635	10 569 486	71%	Note 33 - C
Total Expenditure	**67 194 800**	**14 468 492**	**81 663 293**	**65 025 898**	**16 637 395**	**80%**	
Surplus before taxation	**30 801 835**	**71 266 836**	**102 068 671**	**26 749 548**	**75 319 123**	**26%**	
Taxation (exempt)	-	-	-	-	-	0%	
Actual Surplus/(Deficit) for the year on Comparable Basis	**30 801 835**	**71 266 836**	**102 068 671**	**26 749 548**	**75 319 123**	**26%**	
Capital expenditure & funds sources							
Capital Expenditure							
Transfers and subsidies	31 009 180	37 617 580	68 626 760	22 746 149	45 880 611	33%	Note 33 - C
Borrowing	-	-	-	-	-	0%	
Internally generated funds	1 896 616	33 339 131	35 235 747	3 670 680	31 565 067	10%	Note 33 - G
Total sources of capital funds	**32 905 796**	**70 956 711**	**103 862 507**	**30 087 509**	**73 774 998**	**29%**	
Financial Position							
Total current assets	13 471 092	19 921 872	33 392 964	152 392 772	-118 999 809	456%	Note 33 - H
Total non current assets	12 100 278	3 857 555	15 957 833	21 242 289	-5 284 456	133%	Note 33 - I
Total current liabilities	19 200 000	3 857 555	23 057 555	149 053 861	-125 996 306	646%	Note 33 - J
Total non current liabilities	-	-	-	905 950	-905 950	905950%	
Community wealth/Equity	6 371 370	19 921 872	26 293 242	23 675 250	2 617 991	90%	
Cash flows							
Net cash from (used) operating	31 759 731	58 370 639	90 130 370	22 857 085	67 273 285	25%	Note 33 - K
Net cash from (used) investing	-32 905 796	-70 465 891	-103 371 686	-1 203 789	-102 167 897	1%	Note 33 - L
Net cash from (used) financing	-	-	-	-	-	0%	
Net increase/(decrease) in cash and cash equivalents	**-1 146 065**	**-12 095 252**	**-13 241 316**	**21 653 296**	**-34 894 612**	**-164%**	
Cash and cash equivalents at the beginning of the year	12 017 157	10 871 092	10 871 092	43 834 280	-32 963 188	403%	
Cash/cash equivalents at year end	**10 871 092**	**-1 224 160**	**-2 370 225**	**65 487 576**	**-67 857 800**	**-2763%**	

Statement of Comparison of Budget and Actual Amounts - NMB Stadium

Budget on Accrual Basis

Figures in Rand	Approved Budget	Adjustments (inch Virements)	Final Budget	Actual amounts on a comparable basis	Difference between final budget and actual (R)	Actual vs Budget (%)	Reference
Financial Performance							
Service charges	-	-	-	-	-	0%	
Investment revenue	-	-	-	-	-	0%	
Transfers and subsidies	40 056 350	-	40 056 350	38 858 306	1,198,044	97%	
Other own revenue	10 352 250	-	10 352 250	583 974	9 768 276	6%	Note 33 - M
Total Revenue (excluding capital transfers and contributions)	**50 408 600**	-	**50 408 600**	**39 442 280**	**10 966 320**	**78%**	
Employee Related costs	14 034 990	-	14 034 990	14 459 593	-424 603	103%	Note 33 - N
Remuneration of Board Members	-	-	-	-	-	0%	
Depreciation and debt impairment	-	-	-	-	-	0%	
Other expenditure	36 373 610	-	36 373 610	23 772 350	12 601 260	65%	Note 33 - O
Total Expenditure	**50 408 600**	-	**50 408 600**	**38 231 943**	**12 176 657**	**76%**	
Surplus before taxation	**-**	-	**-**	**1 210 337**	**-1 210 337**	**0%**	
Taxation (exempt)	-	-	-	-	-	0%	
Actual Surplus/(Deficit) for the year on Comparable Basis	**-**	-	**-**	**1 210 337**	**-1 210 337**	**0%**	
Capital expenditure & funds sources							
Capital Expenditure							
Transfers and subsidies	-	-	-	-	-	0%	
Public contributions and donations	-	-	-	-	-	0%	
Borrowing	-	-	-	-	-	0%	
Internally generated funds	-	-	-	-	-	0%	
Total sources of capital funds	**-**	**-**	**-**	**-**	**-**	**0%**	

A threshold of 5% has been applied in the explanation of variances

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). In addition, these Annual Financial Statements include mandatory disclosures in accordance with the Municipal Finance Management Act (Act No 56 of 2003) and related regulations.

With respect to accounting standards for material transactions, events or conditions not covered by Directive 5, the MBDA has developed accounting policies in accordance with paragraphs 8, 10 and 11 of GRAP 3, as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where off setting is either required or permitted by a Standard of GRAP.
All figures have been rounded to the nearest Rand.

The accounting policies applied are consistent with those used to present the previous year's Annual Financial Statements, unless explicitly stated.

1.1 Reporting Entry

Mandela Bay Development Agency is a municipal entity (registered non-profit company) with the Nelson Mandela Bay Municipality (NMBM) as its parent municipality. The entity's registered address is The City Hall, Port Elizabeth. The entity is situated in the Nelson Mandela Bay Municipality of the Eastern Cape Province. The entity has been established by the NMBM with the assistance of the Industrial Development Corporation (IDC) to project manage urban regeneration of the inner metro precinct and emerging development nodes in Nelson Mandela Bay with a view to promoting economic and tourism development.

1.2 Basis for Presentation

1.2.1 Statement of Compliance

The annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) Financial Reporting Framework as set by the Accounting Standards Board (ASB) and prescribed by the Minister of Finance in Directive 5.

1.2.2 Basis of Measurement

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.

1.2.3 Use of Estimates and Judgements

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

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

a. Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of past events and 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 amount of the obligation.
The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

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

Workmen's compensation provision is calculated as a percentage of total earnings for the year.

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

b. Trade Receivables and/or Loans and Receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cashflows from a financial asset.

c. Impairment Testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets and intangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cashflows are largely independent of cashflows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cashflows for each group of assets. Expected future cashflows used to determine the value in use of tangible assets are inherently uncertain and could materially change overtime. They are significantly affected by a number of factors, together with economic factors.

d. Useful Lives of Property, Plant and Equipment and Intangible Assets

The entity's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and intangible assets. This estimate is based on an industry norm. Management will adjust the depreciation charge where useful lives are less than previously estimated useful lives.

e. Effective Interest Rate

The entity used the prime interest rate to discount future cashflows.

f. Allowance for Impairment

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cashflows discounted at the effective interest rate, computed at initial recognition..

1.3 Presentation Currency

These annual financial statements are presented in South African Rand.
The functional currency of the MBDA is South African Rand. Financial values are rounded to the nearest one Rand.

1.4 Going Concern Assumption

These annual financial statements have been prepared on a going concern basis. In June 2021 the Council adopted the 2021/22 to 2023/24 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the on-going delivery of municipal services to residents reflected that the Budget was funded over the three-year period.

1.5 Principle Agent Transactions

During the previous period there was a transfer of the management of the Nelson Mandela Bay Multi-Purpose Stadium operations to the agency by the NMBM, where a principal / agent relationship exists between the parties. It was established that MBDA will function as principal on NMB Stadium related expenditure and act as agent on the income earned as a result of NMB Stadium activities. An exception is liquor income as the licence is in the name of MBDA.

1.6 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure incurred for the financial period is accounted for as a normal expense in the Statement of Financial Performance but form part of disclosure of unauthorised, irregular and fruitless and wasteful expenditure in the notes to the Financial Statements.

1.7 Irregular Expenditure

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

Irregular expenditure incurred for the financial period is accounted for as a normal expense in the Statement of Financial Performance but form part of disclosure on unauthorised, irregular and fruitless and wasteful expenditure in the notes to the Financial Statements..

1.8 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure incurred for the financial period is accounted for as a normal expense in the Statement of Financial Performance but form part of disclosure of unauthorised, irregular and fruitless and wasteful expenditure in the note to the financial statements.

1.9 Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures and is recognised when the recovery thereof from the responsible officials is probable. The recovery of unauthorised, irregular, fruitless and wasteful expenditure is treated as other income..

1.10 Related Parties

The entity has processes and controls in place to aid in the identification of 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. Related party relationships where control exists are disclosed regardless of whether any transaction took place between the parties during the reporting period.

Where transactions occurred between the entity and one or more related parties, and these transactions were not 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 within the normal operating parameters established by the entity's legal mandate.

Further details about those transactions are disclosed in the notes to the financial statements.

1.11 Presentation of Budget Information in the Financial Statements

Presentation of a Comparison of Budget and Actual Amounts

The entity presents a comparison of the budget amounts for which it is held publicly accountable and actual amounts as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP24. The comparison of budget and actual amounts present separately for each level of legislative oversight:

(a) the approved and final budget amounts;

(b) the actual amounts on a comparable basis; and

(c) by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts.

Presentation and Disclosure

The entity presents a comparison of budget and actual amounts as additional budget columns in the primary financial statements because the financial statements and the budget are prepared on a comparable basis.

Changes from Approved to Final Budget

The entity presents an explanation of whether changes between the approved and final budget are a consequence of reallocations within the budget or of other factors:

(b) In a report issued before, at the same time as, or in conjunction with the financial statements, and shall include a cross reference to the report in the notes to the financial statements.

Comparable Basis

All comparisons of budget and actual amounts are presented on a comparable basis to the budget.
The entity is 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 the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The 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. Comparative information is not required.

1.12 Commitments

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

Disclosure is done to the extent that it has not already been recognised elsewhere in the Financial Statements.

Capital commitments are treated as follows:

- The aggregate amount of capital expenditure contracted for at the reporting date, to the extent that the amount has not been recorded in the financial statements; and
- If a commitment is for a period longer than a year.

Commitments are disclosed only to the extent that they relate to items other than the routine business of the entity.

Commitments are disclosed in the following circumstances:

- Unrecorded capital expenditure approved and contracted for before/at reporting date;
- Unrecorded capital expenditure approved but not yet contracted for at reporting date; and
- Unrecorded capital expenditure approved after reporting date.

Material contracts/awards entered into after the reporting date, but prior to the approval of the AFS are disclosed under subsequent events.

Commitment are disclosed when they become non-cancellable or only cancellable at significant cost.

In terms of the MBDA SCM Policy the entity is obliged to adhere to a compulsory 14 day non-objection period for intended appointments.

Thus commitments are considered non-cancellable only when the 14 day non-objection period has lapsed or when the objections received have been resolved (which ever is later).

1.13 Property, Plant and Equipment

Initial Recognition
Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, other than investment property, or for administrative purposes and are expected to be used during more than one year.

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

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

Measurement at Recognition

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. Where an asset is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. The cost also includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Where an item of property, plant and equipment is acquired in exchange for a similar asset, the acquired asset is initially measured at the carrying value of the asset given up.

Where an item of property, plant and equipment is acquired in exchange for a dissimilar asset, the acquired item is initially measured at the fair value (the cost). If the acquired item's fair value is not determinable, the allocated deemed cost is the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with a specific item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent Measurement

Subsequent to initial recognition, items of property, plant and equipment (other than land) are measured at cost less accumulated depreciation and impairment losses.

Subsequent to initial recognition, land is measured at cost and is not depreciated because it has an indefinite useful life. Where the entity replaces parts of an asset, it derecognises the part of the asset replaced and capitalises the new component. Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful life of the component assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The component assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and if expectations differ from previous estimates, the changes are accounted for as a change in estimate in accordance with the standard of GRAP on accounting policies, changes in accounting estimates and errors.

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

Assets	Useful Life in Years
Computer Equipment	3 - 16
Office Equipment	5 - 10
Furniture and Fittings	10 - 17
Motor Vehicles	4 - 15
Containers	15 - 17
Leasehold Asset	5
Land	Indefinite Life
Buildings	15 - 50

Impairment

Recognition and measurement of an impairment loss for an item of property, plant and equipment. An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

The carrying amount of an asset is reduced to its recoverable amount if, and only if, its recoverable amount is less than its carrying amount. The impairment loss is recognised immediately in surplus and deficit.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Residual values are assumed to be zero, unless otherwise stated.

1.14 Heritage Assets

Initial Recognition and Measurement

Heritage assets are assets that have cultural, historical, environmental, natural, scientific or technological significance that are held indefinitely for the benefit of present and future generations.

Heritage assets are recognised when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value of the item can be measured reliably.

When an asset, does not meet the initial recognition criteria of a heritage asset, the entity discloses the relevant and useful information about such assets in the notes to the financial statements.

Heritage assets are initially recognised at cost on acquisition date.

The cost is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity.

Where an asset is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired

Where an asset is acquired in exchange for a similar asset, the acquired asset is initially measured at the carrying value of the asset given up.

Where an asset is acquired in exchange for a dissimilar asset, the acquired item is initially measured at the fair value (the cost). If the acquired item's fair value is not determinable, the allocated deemed cost is the carrying amount of the asset given up.

Subsequent Measurement

Subsequent to initial recognition, the entity uses the cost model to measure its heritage assets. After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses. The table below reflects the class of heritage assets and the estimated useful life range in years:

Heritage Sites	Useful Life Range in Years
Memorial and Statues	Indefinite Life
Heritage Sites	Indefinite Life
Museums	Indefinite Life
Art Works	Indefinite Life
Collection of Rare Books and Manuscripts	Indefinite Life

Impairment

The entity does not depreciate its heritage assets, but at each financial year end, it assesses whether there is an indication that the assets may be impaired. If such an indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

Heritage assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15 Intangible Assets

Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs.

The entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Where an intangible asset is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), its initial cost at the date of acquisition is measured at its fair value as the date of acquisition.

Intangible Assets Acquired through Non-exchange Transactions

Internally generated intangible assets:

Research Phase
The entity does not recognise any intangible asset arising from a research phase of an internal project. Expenditure on research phase of an internal project is recognised as an expense when incurred.

Development Phase
An intangible asset arising from development phase is recognised if, and only if the entity can demonstrate all of the following:
a) The technical feasibility of completing the intangible asset so it will be available for use or resale;
b) Its intention to complete the intangible asset and use it or sell it;
c) Its ability to use or sell the intangible asset;
d) How the intangible asset will generate probable future economic benefits or service potential;
e) The availability of technical, financial and other resources to complete the development and to use or sell the intangible asset; and
f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Exchange of Assets

The cost of an intangible asset acquired in exchange for another is measured at fair value unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired asset is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent Measurement

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

The cost of an intangible asset is amortised over its useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Amortisation and Impairment

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use.

The annual amortisation rates are based on the following estimated average asset useful lives:

Assets	Useful Life in Years
Computer Software	3 - 5

The amortisation period, the amortisation method and residual value for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16 Construction Contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of the contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable to be recovered. Contract costs are recognised as expenses in the period in which they are incurred.

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

Where contract costs incurred to date exceed capital grants received, the deficit is shown as amounts due from funders for contract work. For contracts where capital grants received exceed contract costs incurred to date, the surplus is shown as the amounts due to funders for contract work. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as unspent conditional grants. Amounts billed for work performed but not yet paid by the funder are included in the statement of financial position under trade and other receivables.

1.17 Financial Instruments

Initial Recognition

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Distinguishing Liabilities and Residual Interests

A financial instrument or its component parts is classified on initial recognition as a financial liability, a financial asset or residual interest in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and a residual interest.

Compound Financial Instruments

The entity evaluates the terms of a financial instrument to determine whether it contains both a liability and residual interest component. Such components are classified separately as financial liabilities or residual interests.

Initial Measurement of Financial Assets and Financial Liabilities

When a financial asset or financial liability is recognised initially, the entity measures it at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example where interest free credit is granted or where credit is granted at a below market rate of interest.

Concessionary Loans

The entity first assesses whether the substance of a concessionary loan meets the definition of a financial instrument. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

a) A social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
b) Non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

The part of the concessionary loan that is a social benefit or non-exchange revenue is determined as the difference between the fair value of the loan and the loan proceeds, either paid or received.

After initial recognition, an entity measures concessionary loans in accordance with the subsequent measurement criteria set out for all financial instruments.

Subsequent Measurement of Financial Assets and Financial Liabilities

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:
a) Financial instruments at fair value
- Instruments held for trading.
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition.
- Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

b) Financial instruments at amortised cost
- Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at fair value at initial recognition or are held for trading.

c) Financial instruments at cost
- Investments in residual interests that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

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

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

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

Impairment of financial assets

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal may not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial Assets Measured at Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition of Financial Assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
a) The contractual right to the cash flow from the financial asset expire, are settled or waived;
b) The entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
c) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another party.

Derecognition of Financial Liabilities

The entity derecognises a financial liability from its statement of financial position when it is extinguished, that is, when the obligation specified in the contract is discharged, cancelled, expires or waived.

Presentation:
- Interest, losses and gains.
- Interest, losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Offsetting a Financial Asset and a Financial Liability

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right to set off exists and the parties intend to settle on a net basis or to realise the asset and settle the liability simultaneously.

Policies Relating to Specific Financial Instruments

1.17.1 Investments and Other Financial Assets

Financial assets within the scope of GRAP 104 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The entity had no financial assets at fair value through profit or loss, held to maturity investments or available-for-sale financial assets.

1.17.2 Trade and Other Receivables

Trade and other receivables are classified as loans and receivables and are measured at initial recognition at fair value plus direct transaction costs, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss to reflect irrecoverable amounts. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments.

Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance within operating expenses.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

1.17.3 Cash and Cash Equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.
For the purposes of the cash flow statement, cash and cash equivalents comprises of cash on hand and deposits held on call with banks.

1.17.4 Trade and Other Payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest method..

1.18 Inventories

Inventories comprise assets held for sale, consumption or distribution during the ordinary course of stadium business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes (other than VAT), transport costs and any other direct costs in bringing the inventories to their current location and condition.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is measured at its fair value as at the date of acquisition.

Subsequent Measurement

Inventories, consisting of consumable stores, raw materials and finished goods (FG), are measured at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis of determining cost is first-in, first-out (FIFO) method for all inventory categories.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

An impairment provision for the write down of inventory is maintained in lieu of obsolete inventory. The level of the impairment provision for obsolete inventory is the value equivalent to the value of inventory assessed as obsolete at financial year-end. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.19 Impairment of Financial Assets

The entity assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

1.20 Derecognition of Financial Assets and Liabilities

1.20.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- The rights to receive cash flows from the asset have expired; or the entity retains the right to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass through” arrangement; and either
  (a) The entity has transferred substantially all the risks and rewards of the asset, or
  (b) Has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

1.20.2 Financial Liabilities

Financial liabilities within the scope of GRAP 104 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The entity’s financial liabilities include trade and other payables as well as construction contract retention creditors.

1.20.3 Construction Contract Retention Creditors

The entity received grant funding from it’s parent municipality to undertake certain infrastructure development projects. It accounts for costs incurred on construction of these infrastructure development projects using the percentage of completion method which is certified by the consulting engineer. Retentions payable within 12 months after financial year end is treated as current and any retentions payable over 12 months after financial year end is treated as non-current.

1.20.4 Loans and Borrowings

After initial recognition, trade and other payables and construction contract retention creditors are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well through the amortisation schedule.

1.21 Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. Cash in the statement of financial position comprises of cash at bank and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are measured at fair value.

1.22 Provisions and Contingencies

A provision is recognised when the entity has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date (for example in the case of obligations for the rehabilitation of land). The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost.

If the effect of the time value of money is material, provisions are discounted using a rate that reflects the risk of the liability.

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

Future events that may affect the amount required to settle an obligation are reflected in the provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

With respect to litigation and claims against the entity, the entity's Legal Counsel assesses the list of claims against the entity on an annual basis. The entity recognises a provision for all claims/cases for which the outflow of economic resources is probable and the amount can be reliably estimated.

After their initial recognition contingent liabilities recognised 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 but disclosed in the annual financial statements.

1.23 Revenue

1.23.1 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.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, excluding indirect taxes, rebates and discounts.

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.

Rendering of Services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- 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;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion.

When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

Interest

Interest income is recognised in surplus or deficit on a time proportionate basis, using the effective interest method (i.e. based on the effective interest rate of the individual investments).

1.23.2 Revenue from Non-exchange Transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Recognition of Revenue

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Recognition of Assets

An inflow of resources from a non-exchange transaction that meets the definition of an asset is recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. The asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

Grants, transfers or donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is no corresponding liability in respect of related conditions. Where the grant, transfer or donation has been received but the entity has not met the related conditions that would entitle it to the revenue, a liability is recognised.

Measurement of Revenue from Non-exchange Transactions

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

Expenditure from Non-exchange Transactions

The accounting policy for expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue. Expenditure from non-exchange transactions is recognised when the resources have been transferred to the beneficiaries. A corresponding asset is raised to the extent that conditions attached to the expenditure have not been met. The asset is transferred to the Statement of Financial Performance once the conditions are met.

1.24 Value Added Tax

Revenue, expenses and assets are recognised net of the amount of Value Added Tax except:
- Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from taxation authority, in which case VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of Value Added Tax included.

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

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of trade and other receivables or trade and other payables in the statement of financial position.

1.25 Principle Agent Transactions

The MBDA was appointed by it's parent municipality NMBM to act as it's agent in the management of the NMB Stadium operations. As part of it's custodial responsibilities the agency is responsible for the total operations in terms of event, financial and risk management, and to ensure that this facility becomes more sustainable over the longer term.

The agency has contracted additional staff with the relevant experience to manage this operations with oversight and control of the agency's senior management.

1.26 Unspent Conditional Grants

Unutilised project funding is reflected on the Statement of Financial Position as a Current Liability - Unspent Conditional Grants. The cash received is invested until it is utilised.

1.27 Comparative Information

Current Year Comparatives

In accordance with GRAP 1 and 24, the Budget information has been presented separately of the Statement of Financial Performance in these Annual Financial Statements.

Prior Year Comparatives

When the presentation or classification of items in the Annual Financial Statements are amended, prior period comparative amounts are reclassified and restated. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year and the standards require retrospective adjustment, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The nature and reasons for the reclassifications and restatements are disclosed in the notes to the Annual Financial Statements as applicable.

1.28 Taxation

The entity has received a tax exemption certificate from South African Revenue Services.

1.29 Operating Leases

As Lessee

Recognition
Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. Lease payments under an operating lease are recognised as an expense in the statement of financial performance, on a straight line basis over the lease term. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be.

Measurement
The resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

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

Derecognition
The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

As Lessor

The entity presents assets subject to operating leases in its Statement of Financial Position according to the nature of the asset.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term. Initial direct costs incurred by the entity in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses over the lease term on the same basis as the lease revenue.

The depreciation policy for depreciable leased assets is consistent with the entity's normal depreciation policy for similar assets, and depreciation is calculated in accordance with the Standards of GRAP on Property, Plant and Equipment and Intangible Assets.

Recognition
For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, on a straight-line basis over the lease period.

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

Measurement
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Derecognition
Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

1.30 Employee Benefits

Recognition and Measurement

Short Term Employee Benefits
Remuneration to employees is recognised as an expense in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. The costs of all short-term employee benefits, such as leave pay, are recognised in the period the employee renders the related service.

Short-term employee benefits are measured on an undiscounted basis.

Short Term Compensated Absences
The expected cost of compensated absences is recognised as follows:

Accumulating compensated absence:
- When employees render services that increase their entitlement to future compensated absences; and

Non-accumulating absences:
- When absences occur.

Leave Pay Accrual/Provision
The liability for accumulating compensated absences is based on the total amount of leave days accumulated by employees at reporting date and on the total remuneration package of the employees.

Bonus Incentive and Performance Related Payments
The entity recognises the expected cost of performance bonus when, and only when, it has a present legal or constructive obligation to make such payments, as a result of past events and a reliable estimate of the obligation can be made.

A provision in respect of the liability relating to the anticipated costs of performance bonuses payable to management is raised once the timing and amount of such provision can be reliably determined. The provision is based on the performance of each member of management against the performance scorecard set and agreed upon for each financial year. If on assessment of the respective member of management it is decided that a bonus will be paid out, the manager is entitled to receive this bonus irrespective of whether they are still in the service of the entity, or not.

The policy of the company is to provide retirement benefits for all its employees. The company has a defined contribution plan. Current contributions to the retirement benefit plan operated for employees are charged against the income in the period to which they relate.

Long Service Awards
Employees receive the monetary award in recognition for continuous service at the completion of certain milestone periods of service. In addition employees also receive a once off gift certificate who's value is dependant of the number of years of service.

The award is included in the employee's salary in the month of the service anniversary.

1.31 Impairment of Non-Cash-Generating Assets

Recognition

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where any such indication exists, the entity estimates the recoverable service amount of the asset. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash-generating assets), the asset is considered impaired and is written down to its recoverable amount (or recoverable service amount). An asset's recoverable amount (or recoverable service amount) is the higher of the fair value less costs to sell, and the value-in-use of the asset.

The entity classifies the asset/identifiable group of assets as cash-generating if the key purpose of such asset/group of assets is to derive a commercial return from continuing use, and are independent of the cash inflows from other assets or groups of assets. The entity will classify all other assets that do not meet the definition of cash-generating assets/group of assets as non-cash generating assets

Measurement

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash-generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash-generating unit.

An asset is part of a cash-generating unit where that asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In determining the recoverable amount (or recoverable service amount) of an asset the entity evaluates the assets to determine whether the assets are cash generating assets or non-cash generating assets.

For cash generating assets, the value in use is determined as a function of the discounted future cash flows from the asset.

Where the asset is a non-cash generating asset, the value in use is determined through one of the following approaches:
- Depreciated replacement cost approach: The current replacement cost of the asset is used as the basis for this value. This current replacement cost is depreciated for a period equal to the period that the asset has been in use so that the final depreciated replacement cost is representative of the age of the asset.
- Restoration cost approach: The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment.

- Service units approach: The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state.

The decision as to which approach to use is dependent on the nature of the identified impairment.

In assessing value-in-use for cash-generating assets, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the entity makes an estimate of the assets or cash generating unit's recoverable amount.

Reversal of Impairment Losses

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

The reversal of an impairment loss for an asset is recognised immediately in the Statement of Financial Performance.

1.32 Reporting Foreign Currency Transactions in the Functional Currency

Initial Recognition

A foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Reporting at Subsequent Reporting Dates

At each reporting date:
(a) Foreign currency monetary items shall be translated using the closing rate;
(b) Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and
(c) Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

Recognition of Exchange Differences

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in surplus or deficit in the period in which they arise.

1.33 Events after the Reporting Date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the Annual Financial Statements are authorised for issue. Two types of events can be identified:
- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Adjusting Events after Reporting Date

The entity adjusts the amounts recognised in the Annual Financial Statements to reflect adjusting events after the reporting date.

Non-adjusting Events after the Reporting Date

The entity does not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date. The entity discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the Annual Financial Statements.

1.34 Impairment

Impairment of Cash Generating Units

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External Sources of Information

(a) During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
(b) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.
(c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal Sources of Information

(a) Evidence is available of obsolescence or physical damage of an asset.
(b) Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
(c) A decision to halt the construction of the asset before it is complete or in a usable condition.
(d) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Impairment of Non-cash Generating Units

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External Sources of Information

(a) Cessation, or near cessation, of the demand or need for services provided by the asset.
(b) Significant long-term changes with an adverse effect on the entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the entity operates.

Internal Sources of information

(a) Evidence is available of physical damage of an asset.
(b) Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
(c) A decision to halt the construction of the asset before it is complete or in a usable condition.
(d) Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

1.35 Statements in Issue but not yet Adopted

The following revised and newly approved Standards of GRAP have been approved and issued by the Accounting Standards Board but only become effective in the future or have not been given an effective date by the Minister of Finance. The MBDA has not early-adopted any new Standards or revised Standards of GRAP but has in some cases referred to them for guidance in developing appropriate accounting policies in accordance with the requirements of Directive 5: Determining the GRAP Reporting Framework.

Standard of GRAP	Effective Date
GRAP 18 Standard of GRAP on Segment Reporting	1 April 2020
GRAP 34 Standard of GRAP on Separate Financial Statements	1 April 2020
GRAP 35 Standard of GRAP on Consolidated Financial Statements	1 April 2020
GRAP 36 Standard of GRAP on Investments in Associates and Joint Ventures	1 April 2020
GRAP 37 Standard of GRAP on Joint Arrangements	1 April 2020
GRAP 38 Standard of GRAP on Disclosure of Interest in other Entities	1 April 2020
GRAP 25 Standard of GRAP on Employee Benefits	1 April 2020
GRAP 104 Standard of GRAP on Financial Instruments	1 April 2020

GRAP 18 – Segment Reporting

The objective of this standard is to establish principles for reporting financial information by segments. It is expected that adoption of this standard will result in additional disclosures.

GRAP 34 – Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. It is expected that adoption of this standard will not be significant.

GRAP 35 – Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. It is expected that adoption of this standard will not be significant.

GRAP 36 – Investments in Associates and Joint Ventures

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity has an investment in one or more other entities. It is expected that adoption of this standard will not be significant.

GRAP 37 – Joint Arrangements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity has an investment in one or more other entities. It is expected that adoption of this standard will not be significant.

GRAP 38 – Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:
(a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
(b) the effects of those interests on its financial position, financial performance and cash flows.

GRAP 25 Standard of GRAP on Employee Benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard requires an entity to recognise:
(a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
(b) an expense when the entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP 104 Standard of GRAP on Financial Instruments

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.

INTERPRETATIONS

The following interpretations have been approved and issued by the Accounting Standards Board.. These interpretations are expected to have an insignificant impact on the financial statements since they generally reflect the interpretation and principles already established under GRAP.

Standard Number	Standard Name	Effective Date (if applicable)
IGRAP 20	Accounting for Adjustments to Revenue	01 April 2020

IGRAP 20 - Accounting for Adjustments to Revenue

The Interpretation clarifies the accounting for adjustments to:
(a) exchange and non-exchange revenue charged in terms of legislation or similar means; and
(b) interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process.

4.3 Annual Financial Statements

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
1. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2 793	57 332
Bank Balances	2 913 351	5 194 288
Short-term Deposits	30 163 087	37 610 045
Main Bank Account	32 408 344	972 614
	65 487 576	**43 834 280**
Current assets	65 487 576	43 834 280
Current liabilities	-	-
	65 487 576	**43 834 280**

Cash on hand consists of petty cash.

The entity had the following bank accounts

Account Number/Description	Cashbook			Bank Account		
	30 June 2021	**30 June 2020**	**30 June 2019**	**30 June 2021**	**30 June 2020**	**30 June 2019**
Account Number - 1084853833 (Nedbank, PE) - Primary Account	32 408 344	972 614	970 290	32 408 344	972 614	970 290
Account Number - 1084866064 (Nedbank, PE) - Current Account	692 708	37 892	1 447	692 708	37 892	1 447
Account Number - 1084866110 (Nedbank, PE) - Current Account	-	-	-	-	-	-
Account Number - 1106700856 (Nedbank, PE) - Current Account	1 862 574	4 954 557	2 926 671	1 862 574	4 954 557	2 926 671
Account Number - 037881142189 (Nedbank, PE) - Call Account	12 403	12 033	5 449 890	12 403	12 033	5 449 890
Account Number - 1140185322 (Nedbank, PE) - Current Account	358 069	201 839	621 457	358 069	201 839	621 457
Account Number - 037881116285 (Nedbank, PE) - Call Account	30 150 684	37 598 012	582 558	30 150 684	37 598 012	582 558
Account Number - X021906134 (RMB, PE) - Call Account	-	-	-	-	-	-
	65 484 782	**43 776 947**	**10 552 313**	**65 484 782**	**43 776 947**	**10 552 313**

	2021	2020
Which are disclosed in the Statement of Financial Position as follows:		
Cash and Cash Equivalents	**65 487 576**	**43 834 280**
Current Accounts and cash on hand	**35 324 488**	**6 224 235**
Call Account Balances	**30 163 087**	**37 610 045**

All amounts of Cash and Cash Equivalents are available for use by the entity.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
2. Receivables from exchange transactions		
Trade Debtors - MBDA	35 094 151	38 529 599
Trade Debtors - NMB Stadium	51 434 221	30 256 176
Provision for Bad debts	-1 868 367	-1 167 930
Sub Lease Rental	-	55 984
Nelson Mandela Bay Stadium Loan Account	-21 535 958	-5 941 494
	63 124 048	**61 732 335**
Transfer to Creditors	21 535 958	5 941 494
	84 660 005	**67 673 829**

	2021	2020
Trade debtors: Ageing - MBDA		
Current (0 - 30 days)	33 943 087	68 463
31 - 60 days	75 175	3 904
61 - 90 days	40 992	37 290 200
Over 90 days	1 034 897	1 167 03
	35 094 151	**38 529 599**

Credit quality of receivables from exchange transactions
The credit quality of receivables from exchange transactions that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The Stadium loan account relates to monies owed to the MBDA and serves to consolidate the records of the Stadium to the MBDA books. Based on the agreement with the NMBM the MBDA advances funds to the Stadium for their expenditure, hence this relates to a receivable to the MBDA in the normal course of business. However in certain instances the credit transactions within the loan account might exceed the debit transactions as is the case in the current year. This is due to funds collected by the MBDA on behalf of the Stadium in terms of the agreement with NMBM, that are yet to be paid over.

3. Receivables from non-exchange transactions	**Note**		
Deposits		2 100	2 100
Total		**2 100**	**2 100**

4. Inventory		
Food and Beverage	82 751	146 398
Diesel	10 434	2 200
Memorabilia	85 580	-
	178 765	**148 598**
Less: Provision for Obsolete Stock	-	-
Total	**178 765**	**148 598**

4.1 Inventory items on hand at year end (in quantities)		
Food and Beverage (units)	46 674	58 694
Diesel (litres)	637	137
Memorabilia	100	

None of the inventory has been pledged as security.

Notes to the Annual Financial Statements

Figures in Rand

5. Intangible Assets

	2021			2020		
	Cost	Accumulated Amortisation	Carrying Value	Cost	Accumulated Amortisation	Carrying Value
Computer Software	1 398 414	-395 829	1 002 585	682 063	-370 011	312 051

Reconciliation of Intangible Assets - 2021

	Cost				Accumulated Amortisation			
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortisation	Closing Balance	Carrying Value
Computer Software	682 063	716 351	-	1 398 414	-370 012	-25 817	-395 829	1 002 585

Reconciliation of Intangible Assets - 2020

	Cost				Accumulated Amortisation			
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortisation	Closing Balance	Carrying Value
Computer Software	417 018	265 045	-	682 063	-345 304	-24 708	-370 012	312 051

Pledged as security
None of the intangible assets have been pledged as security.
There were no internally generated intangible assets.
There are no capital commitments against intangible assets.

Notes to the Annual Financial Statements

Figures in Rand

6. Property, Plant & Equipment

	2021			2020		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Computer Equipment	2 136 149	-1 272 272	**863 877**	1 814 776	-994 820	**819 956**
Office Equipment	1 545 068	-873 123	**671 945**	1 545 068	-792 567	**752 501**
Furniture & Fittings	762 553	-345 283	**417 270**	743 094	-269 322	**473 772**
Motor Vehicles	1 800 629	-1 028 333	**772 296**	1 800 629	-843 783	**956 846**
Containers	111 220	-58 122	**53 098**	111 220	-37 657	**73 563**
Land*	12 947 149	-	**12 947 149**	12 947 149	-	**12 947 149**
Building	4 569 676	-306 107	**4 263 569**	4 436 262	-95 839	**4 340 424**
Leasehold Improvements	0	-	**0**	0	-	**-0**
	23 872 444	**-3 883 239**	**19 989 204**	**23 398 199**	**-3 033 988**	**20 364 211**

Reconciliation of property, plant and equipment - 2021

	Cost				Accumulated Amortisation				
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	Carrying Value
Computer Equipment	1 814 776	337 367	-15 995	2 136 149	-994 820	-282 250	4 799	-1 272 271	863 877
Office Equipment	1 545 068	-	-	1 545 068	-792 568	-80 555	0	-873 123	671 945
Furniture & Fittings	743 094	19 459	-	762 553	-269 322	-75 961	0	-345 283	417 270
Motor Vehicles	1 800 629	-	-	1 800 629	-843 783	-184 550	0	-1 028 333	772 296
Containers	111 220	-	-	111 220	-37 658	-20 465	0	-58 122	53 098
Land*	12 947 149	-	-	12 947 149	-	-	-	-	12 947 149
Building	4 436 262	133 414	-	4 569 676	-95 839	-210 268	1	-306 107	4 263 569
Leasehold Improvements	0	-	-0	0	-	-	-	-	0
	23 398 199	**490 240**	**-15 995**	**23 872 444**	**-3 033 990**	**-854 050**	**4 801**	**-3 883 239**	**19 989 204**

Reconciliation of property, plant and equipment - 2020

	Cost				Accumulated Amortisation				
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	Carrying Value
Computer Equipment	1 351 335	463 441	-	1 814 776	-771 435	-223 385	-	-994 820	819 956
Office Equipment	1 350 764	194 304	-	1 545 068	-590 412	-202 375	219	-792 568	752 500
Furniture & Fittings	662 262	80 832	-	743 094	-213 276	-56 046	0	-269 322	473 772
Motor Vehicles	846 867	953 762	-	1 800 629	-572 206	-271 577	0	-843 783	956 845
Containers	111 220	-	-	111 220	-30 922	-6 737	1	-37 658	73 562
Land*	12 947 149	-	-	12 947 149	-	-	-	-0	12 947 148
Building	3 318 194	1 118 069	-	4 436 262	-3 847	-91 992	0	-95 839	4 340 423
Leasehold Improvements	1 180 753	-	-1 180 752	0	-786 455	-235 923	1 022 378	-	0
	21 768 544	**2 810 407**	**-1 180 752**	**23 398 198**	**-2 968 552**	**-1 088 036**	**1 022 599**	**-3 033 989**	**20 364 211**

Pledged as security
None of the property, plant and equipment has been pledged as security.
There are no capital commitments against property, plant and equipment.
*Located within the land is the ruins of the historic St Peters Church, these are valued at a carrying amount of zero
There was no indication of impairment of heritage assets
The depreciation charge has been affected by a change in estimate, the impact of which is further explained in Note 34

Notes to the Annual Financial Statements

Figures in Rand

7. Heritage Assets

	2021 Cost	2021 Accumulated Amortisation	2021 Carrying Value	2020 Cost	2020 Accumulated Amortisation	2020 Carrying Value
Heritage Assets	250 500	-	**250 500**	250 500	-	**250 500**
	250 500	**-**	**250 500**	**250 500**	**-**	**250 500**

Reconciliation of heritage assets - 2020

	Cost				Accumulated Depreciation			
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortisation	Closing Balance	Carrying Value
Heritage assets	250 500	-	-	250 500	-	-	-	250 500
	250 500	**-**	**-**	**250 500**	**-**	**-**	**-**	**250 500**

Reconciliation of heritage assets - 2019

	Cost				Accumulated Depreciation			
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortisation	Closing Balance	Carrying Value
Heritage assets	250 500	-	-	250 500	-	-	-	250 500
	250 500	**-**	**-**	**250 500**	**-**	**-**	**-**	**250 500**

Pledged as security

None of the heritage assets have been pledged as security.
There are no capital commitments against heritage assets.
Heritage assets relate to historical paintings held by the entity

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
8. Payable from exchange transactions		
Trade Creditors - MBDA	9 942 575	8 539 848
Trade Creditors - NMB Stadium	4 553 511	4 961 407
Employee costs - 13th Cheque accrual	356 456	400 927
Accrued expenses	2 781 666	2 782 195
Contractor Retentions	1 136 964	1 136 964
NMBM Revenue due for surrender	14 042 397	13 458 423
	33 436 522	**31 279 765**
Transfer to Debtors	21 535 958	5 941 494
	54 972 480	**37 221 259**
Current liabilities	54 066 531	37 136 552
Non-current liabilities	905 950	84 707
Total	**54 972 480**	**37 221 259**

Accrued expenses relates to expenditure that has been incurred, but for which no invoices have been received as yet. Trade payables relate to suppliers payable for work done in the normal course of business. The MBDA continues to strive to pay its trade payables within 30 days. Based on the nature of the implementation of capital projects, the bulk of the expenditure is incurred during the last quarter of the financial year with recognition of these trade payables at year end. This results in a higher than normal trade payables balance at year end and is not necessarily a consistent balance throughout the year.

9. Payable from non-exchange transactions		
Deposits	209 798	197 428
	209 798	**197 428**
Current liabilities	209 798	197 428
Non-current liabilities	-	-
Total	**209 798**	**197 428**

Deposits relates to amounts paid over to the MBDA for Venue Hire.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

10. Provisions

Reconciliation of provision - 2020	Opening Balance	Additions	Utilised during the year	Total
Workmen's Compensation	16 667	52 378	-16 667	**52 378**
Performance Bonuses	1 421 321	2 019 935	-1 421 321	**2 019 935**
Leave Pay	3 871 535	3 280 703	-2 894 116	**4 258 122**
	5 309 524	**5353 016**	**-4 332 104**	**6 330 435**

Reconciliation of provision - 2019	Opening Balance	Additions	Utilised during the year	Total
Workmen's Compensation	39 354	157 000	-179 687	**16 667**
Performance Bonuses	1 112 723	1 421 321	-1 112 723	**1 421 321**
Leave Pay	1 759 733	3 859 213	-1 747 411	**3 871 535**
	2 911 811	**5 437 534**	**-3 039 821**	**5 309 524**

Performance Bonuses - These are payable contingent upon the achievement of KPIs per the performance contract for the management.
Leave Pay - Accrued leave pay relates leave days owed to staff members at the reporting date calculated based on the daily pay rate.
This is payable should employees terminate their employment.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

11. Unspent grants

2020	Opening Balance	Additions	Recognised as Revenue the year	Total
Eastern Cape Development Corporation (ECDC)	32 054	-	-	**32 054**
HURP/SPUU (KfW Funded)	2 691 480	6 773 670	-5 383 597	**4 081 552**
SAASTA	393 591	33 611	-2 277	**424 925**
Industrial Development Corporation	1 959 049	-	-	**1 959 049**
Nelson Mandela Bay Municipality (NMBM)	63 305 107	102 500 020	-83 855 609	**81 949 518**
	68 381 280	**109 307 301**	**-89 241 484**	**88 447 097**

2020	Opening Balance	Additions	Recognised as Revenue the year	Total
Eastern Cape Development Corporation (ECDC)	32 054	-	-	**32 054**
HURP/SPUU (KfW Funded)	328 306	29 350 348	-26 987 174	**2 691 480**
SAASTA	-157 058	573 943	-23 295	**393 591**
Industrial Development Corporation	1 959 049	-	-	**1 959 049**
Nelson Mandela Bay Municipality (NMBM)	42 286 012	107 007 784	-85 988 689	**63 305 108**
Total	**44 448 363**	**136 932 075**	**-112 999 158**	**68 381 280**

12. VAT Receivable

	2021	2020
VAT Receivable	2 064 326	1 874 849
Total	**2 064 326**	**1 874 849**

VAT Receivable/Payable relates to the amount outstanding by/to SARS for Value Added Tax.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
13. Revenue		
Transfers & subsidies - NMBM Operating Grants	60 468 715	71 547 047
Transfers & subsidies - NMBM Capital Grants	23 386 895	14 441 641
Transfers & subsidies - NMBM Stadium Operating Grant	38 858 306	48 640 065
Transfers & subsidies - SAASTA Grants	-	23 295
Transfers & subsidies - KfW Capital grant	3 670 680	23 374 001
Transfers & subsidies - KfW Operational	1 712 918	3 613 173
Other Revenue - Stadium Liquor Income	1 478	945 563
	128 098 991	**162 584 785**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Transfers & subsidies - NMBM Capital Grants	23 386 895	14 441 641
Other Revenue - Stadium Liquor Income	1 478	945 563
	23 388 373	**15 387 204**

Transfers & subsidies
This relates to funding received mainly from the parent municipality for the implementation of Capital Projects. The NMBM receives capital assets from funds received by the MBDA for the implementation of projects, hence these are classified as exchange transactions.

Other Revenue
This relates to income generated from the sale of liquor at the stadium. The MBDA is the liquor licence holder for liquor trade at the stadium.

The amount included in revenue arising from non-exchange transactions are as follows:		
Transfers & subsidies - NMBM Operating Grants	60 468 715	71 547 047
Transfers & subsidies - NMBM Stadium Operating Grant	38 858 306	48 640 065
Transfers & subsidies - SAASTA	-	23 295
Transfers & subsidies - KfW Capital grant	3 670 680	23 374 001
Transfers & subsidies - KfW Operational	1 712 918	3 613 173
	104 710 618	**147 197 581**

Transfers & subsidies - NMBM
This relates to funding received mainly from the parent municipality for the operational costs of the MBDA. These are classified as nonexchange transactions.

Transfers & subsidies - KfW
This relates to funding received for the SPUU program funded by the German KfW bank in Helenvale. This relates to infrastructure and social projects that have been implemented in the community. These are classified as non-exchange transactions.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
14. Other Income		
Finance Income		
Interest Received	**1 400 487**	**2,015,740**
Sundry Income		
Lease Rental Income	-	352 736
Tender fee income	36 090	53 421
Kiosk Rentals	52 811	49 890
Helenvale Resource Centre Income	16 217	24 063
Public Toilet Fees	19 548	56 066
Tramways Event Space Rental	186 512	732 391
Science Centre Entrance Fees	20 309	68 432
Other	802 788	200 937
	1 134 274	**1 537 936**
Total	**2 534 762**	**3 553 676**

15. Employee Related Costs

	2021	2020
Salaries and Wages	27 185 691	25 497 178
Social Contributions	6 721 876	6 336 672
Car allowances	48 000	48 000
Long Service Bonus	10 345	56 804
Performance bonus	2 019 935	1 421 321
Leave Pay	39 407	1 488 305
Annual Bonus	520 630	605 263
	36 545 884	**35 453 543**

Included in the employee costs are the following key management positions:

2021	Annual Remuneration including social contributions	Car Allowance	Performance Bonus	Acting Allowance/ Gratuity Payment	Total
Chief Executive Officer - Mr Ashraf Adam	2 225 507	-	198 676	88 300	**2 225 507**
Chief Financial Officer - Ms Koliswa Mgijima	1 620 333	-	50 634	-	**1 670 967**
Operations Executive - Ms Debbie Hendricks	1 765 084	-	84 794	-	**1 761 474**
Stadium Manager - Mr Mpho Mokonyama	1 296 295	24 000	-	-	**1 320 295**
Company Secretary - Mr Mbulelo Matiwane	1 111 938	-	94 979	-	**1 206 917**
Total	**8 019 157**	**24 000**	**429 083**	**88 300**	**8 560 540**

The unpaid amount relates to the accrual of the increment for the CEO which is pending NMBM approval.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

15. Employee Related Costs (continued)

2020	Annual Remuneration including social contributions	Car Allowance	Performance Bonus	Acting Allowance	Total
Chief Executive Officer - Mr Ashraf Adam	2 225 507	-	-	-	**2 225 507**
Chief Financial Officer - Ms Koliswa Mgijima	1 702 199	-	-	-	**1 702 199**
Operations Executive - Ms Debbie Hendricks	1 710 275	-	51 199	-	**1 761 474**
Stadium Manager - Mr Mpho Mokonyama	**1 247 129**	24 000	62 042	-	**1 333 171**
Company Secretary - Mr Mbulelo Matiwane	1 069 726	-	-	-	**1 069 726**
	7 954 836	**24 000**	**113 241**	**-**	**8 092 077**

16. Remuneration of Directors	2021	2020
Mandlakazi Ruth Skefile (Chairperson)	289 575	142 000
Mputumi William Goduka	150 500	366 000
Kasaven Govender * (resigned 01 July 2020)	-	-
Adrian John Faulkner Gardiner (resigned 30 Sept 2019)	-	15 000
Renganayagee Kisten (resigned 30 Sept 2019)	-	28 500
Nomnikelo Kondlo	163 000	114 000
Moabelo Michael Koenaite (resigned 02 March 2020)	-	49 500
Glenda Perumal	121 500	84 000
Vuyani Galen Dyantyi	121 500	91 500
Mxolisi Moolman	121 500	65 000
Khwezi Gideon Ntshanyana	125 500	80 500
Bongani Gxilishe * (released 06 July 2020)	-	-
Rajesh Dana * (resigned 17 June 2021)	-	-
Sithole Mabi Mbanga	131 500	121 500
Masalamani Odayar	125 500	154 500
Total	**1 355 076**	**1 312 000**

* The mentioned Directors opted not to claim for Directors Fees since the period of membership commenced.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
17. Contracted Services		
IT Support & Computer Costs	787 812	1 404 196
Equipment Lease & Rentals	96 326	92 214
Security costs	3 585 48	3 591 023
Office Decor & Fittings	-	28 074
Cleansing Costs	4 590 631	5 044 743
Facilities Maintenance Costs	2 009 483	3 494 839
	11 069 734	**13 655 089**
18. Capital Projects Costs		
MBDA Projects	26 416 829	34 769 534
	26 416 829	**34 769 534**
18.1 Capital Programme		
Baakens River Valley Programme	825 749	5 349 525
CBD Port Elizabeth Programme	141 080	-
Helenvale SPUU FDFP Programme	6 708 760	23 574 993
Korsten / Schauderville Programme	96 710	1 643 767
New Brighton / Red Location Precinct Programme	3 446 441	3 137 393
Nelson Mandela Bay Stadium Precinct Programme	7 486 155	-
Uitenhage Programme	6 835 396	1 063 855
Happy Valley Programme/Special Projects Activations	876 539	-
	26 416 829	**34 769 534**

Notes to the Annual Financial Statements

Figures in Rand		2021	2020
19. Other Operating Costs			
Advertising and Media Placement		244 676	155 215
Arts, Culture & Heritage activation		2 001 378	1 501 740
Athenaeum Club Operating Costs		7 360	17 135
Audit fees	21	872 190	1 144 658
Bank Charges		19 690	23 110
Bayworld Redevelopment		-	2 144 717
Covid-19 Relief Intervention Fund	**19.2**	**355 386**	**4 383 223**
Corporate Social Investment		304	314 320
Directors Expenses		2 383	99 782
Education & Training		596 312	443 333
Electricity, Water & Rates		1 130 555	1 733 126
Entertainment		12 934	133 295
Helenvale Resource Centre Operating Costs		786 543	1 305 481
Insurance		221 727	205 942
Innovation / 4th Industrial Revolution projects		22 800	528 790
Iconic Landmarks Project		-	559 000
Legal Fees		521 396	454 300
Marketing & Communications		2 441 727	1 691 353
Motor Vehicle Expenses		66 533	153 719
NMBM Counter Funding for KfW SPUU Programme		394 487	1 096 998
NMBM Stadium Expenditure	**19.1**	**38 858 306**	**48 640 065**
NMBM Stadium Liquor Expenditure		3 878	862 226
Office Cleaning & Safety		69 362	143 239
Postage & Courier		8 471	52 707
Printing & Stationery		89 462	156 140
Professional & Consultant Fees		216 370	685 586
Psycho Social Projects		349 937	261 055
Recruitment Costs		9 800	14 403
Refreshments		16 910	53 236
Rental		-	6 096
Repairs & Maintenance		48 499	554 697
SMME Development Programme		4 900	-
Special Projects & Township Operating Costs		300 000	755 799
Seminars, Think Tanks and Conferences		-	20 723
SPUU Helenvale Projects Expenses		1 890 894	3 797 647
Staff Welfare		81 912	172 633
Strategic Spatial and Feasibility Studies		1 384 677	2 145 808
Subscriptions & Membership fees		17 324	26 740
Sundry Expenses		145 944	76 206
Telephone & Fax		122 488	183 051
Travel & Accommodation		15 691	603 245
Total		**53 333 207**	**77 300 539**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

19.1 NMBM Stadium Expenditure by nature (continued)

Employee Related costs	14 459 593	15 149 234
Contracted Services	10 682 103	17 685 612
Capital Expenditure	-	2 374 117
COVID 19 related expenditure	1 210 337	1 707 786
Other Operating costs	13 090 247	17 042 678
	39 442 280	**53 959 426**
Less: NMBM Revenue funded expenditure	-583 974	-5 319 361
Total	**38 858 306**	**48 640 065**

19.2 Covid-19 Relief Intervention Fund

Transfers and subsidies	-	3 750 000
Goods and services	355 386	633 223
Total	**355 386**	**4,383,223**

The Covid intervention fund was established in terms of the national state of disaster regulations. Under this fund the MBDA provided support for covid prevention measures, medical equipment, social relief to vulnerable groups, Stadium field hospital establishment and economic support for local arts. This was done through a combination of transfers to partner non-profit organisations, in-kind support, and direct procurement.

Notes to the Annual Financial Statements

Figures in Rand		2021	2020
20. Net cash flows from operating activities			
Surplus/ (deficit)		324 324	2 039 997
Adjustments for:			
Loss on disposal of property, plant and equipment		8 395	-
Write-off of lease asset and deferred income		-	158 155
Depreciation		879 866	1 112 744
Changes in working capital			
Increase/(Decrease) in provisions		1 020 909	2 397 713
Increase/(Decrease) in Payables from exchange transactions		17 751 222	5 308 323
Increase/(Decrease) in Unspent Conditional Grants		20 065 817	23 775 860
Increase/(Decrease) in Payables from non-exchange transactions		12 370	11 207
Decrease /(Increase) in Receivables from exchange transactions		-16 986 176	-4 156 871
Decrease /(Increase) in Receivables from non-exchange transactions		-	157 058
Increase/(Decrease) in VAT		-189 477	5 494 627
Decrease /(Increase) in Inventory		-30 167	13 433
Total		**22 857 085**	**36 312 247**
21. Auditor’s Fees			
External audit fees	19	872 190	1 144 658
Total		**872 190**	**1 144 658**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

22. Commitments

Approved and contracted for:		
Capital expenditure	44 394 177	52 725 326
	44 394 177	**52 725 326**
Approved and not yet contracted for:		
Capital expenditure	5 196 934	-
	5 196 934	**-**
Total commitments	**49 591 111**	**52 725 326**

Operating leases - as lessee (expense)		
- within one year	132 329	86, 04
- within two to five years	29 287	134 892
- above five years	1 000	-
	162 615	**220 995**
Operating leases - as lessor (income)		
- within one year	111 040	55 056
- within two to five years	-	-
- above five years	-	-
	111 040	**55 056**

Lease income relates to sub-letting of the Tramways building
Lease expense relates to lease of public toilets, office equipment, and the rental of office accommodation from the Metro
Commitment relates to capital projects implemented by the MBDA.
Please refer to Note 26 for additional disclosures.

23. Contingent Liabilities

Contingent liabilities		

Please refer to Note 26 for additional disclosures

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

24. Risk Management

Financial risk management
The MBDA's activities expose it to a variety of financial risks: credit risk and liquidity risk and market risk (e.g. currency risk, fair value interest rate risk, cash flow interest rate risk and price risk).

Liquidity risk
The MBDA's risk to liquidity is a result of the funds available to cover future commitments. The MBDA manages liquidity risk through an ongoing review of future commitments.
The table below analyses the MBDA's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	54 066 531	84 707	-	-
Payables from non-exchange transactions	209 798	-	-	-

At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	37 136 552	84 707	-	-
Payables from non-exchange transactions	197 428	-	-	-

Credit Risk
Credit risk consists mainly of cash deposits, cash equivalents and receivables. The MBDA only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.
Receivables comprise mainly of Grant Receivables from the parent municipality. Management evaluated credit risk relating to receivables on an ongoing basis. If receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the receivable, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management.

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

Financial instrument	30 June 2021	30 June 2020
Cash and cash equivalents	65 487 576	43 834 280
Receivables from exchange transactions	84 660 005	67 673 829

(All figures have been rounded to the nearest thousand Rand).

Market Risk

Interest Rate Risk
As the MBDA has no significant interest-bearing assets, the MBDA's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign Exchange Risk
The MBDA does not hedge foreign exchange fluctuations and has limited exposure to foreign exchange risk.

25. Going Concern

The Annual Financial Statements have been prepared on basis of the accounting policies applicable to a going concern. The basis presumes that funds will be available to finance the future operations of the MBDA and that the realization of assets, settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the business. In June 2021 the Council adopted the 2021/22 to 2023/24 Budget.
This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the on-going delivery of municipal services to residents reflected that the Budget was funded over the three-year period.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

26. Events after the reporting date

The entity issued awards of tenders amounting to R42,657,370 during the period after the reporting date, the procurement process for these awards had started during the current financial year, of this an amount R37,166,379 relates to post balance sheet capital commitments.
Additionally the entity was involved in litigation for the award of a tender (appointment value of R37,1m), however the claim is not expected to result in an outflow, consequently no contingent liability is expected to arise and the impact is R0.

27. Fruitless and wasteful expenditure

	2021	2020
Opening Balance	106 331	25 743
Incurred during the year	-	80 588
Condoned by the Board	-	-
Closing Balance	**106 331**	**106 331**

Analysis of Current Year's Fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	Amount
Advert for expired bid	Under investigation	6 996
Payment of fraudulent invoice	Investigation by Internal Audit finalised.	16 743
Late payment of PAYE	Under investigation	73 592
SHEQ services for subsequently cancelled project	Investigation by Internal Audit finalised.	9 000
		106 331

28. Irregular Expenditure

	2021	2020
Opening Balance	463 463	382 482
Incurred during the year	283 271	80 981
Condoned by the Board	4 383 223	-
Closing Balance - as previously stated	**5 129 957**	**463 463**

Analysis of Current Year's Fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	Amount
Failure to follow a procurement process	Under investigation	52 539
Non-tax compliant supplier and no deviation obtained	Under investigation	10 350
Payments made after expiry of contract	Investigation by Internal Audit finalised.	97 964
Appointment of supplier who is in service of the state	Investigation by Internal Audit finalised.	199 500
Appointment of suppliers who did not make declarations	Under investigation	32 745
Procurement without an SCM Process	Investigation by Internal Audit finalised.	66 955
Award to suppliers based on unfair functionality criteria (locality)	Under investigation	169 904
Irregular Expenditure * (Budget not properly authorised)	Under investigation	4 500 000
Total		**5 129 957**

* - The irregular expenditure adjustment relates to expenditure of the MBDA incurred during the National State of Disaster. The MBDA in response to the Presidential call for municipal entities to dedicate resources to support the Covid Relief efforts allocated an amount of R4,5m to support various initiatives that undertook Covid relief activities. During the current year's audit a finding was raised on the approval of the budget not being in compliance with a section 87 (6) of the MFMA. A question remains on the interpretation of that section and management will seek clarity on the legislation outside of the audit process. Management reiterates that the funds were transferred to the intended beneficiaries and that no other finding has been raised on the spending of the funds.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

29. Related Parties

Relationships		
Controlling entity	Nelson Mandela Bay Metropolitan Municipality	
Other members of the group	None	
Members of Key Management	Chief Executive Officer	**Mr Ashraf Adam**
	Chief Financial Officer	**Ms Koliswa Mgijima**
	Operations Executive	**Ms Debbie Hendricks**
	Stadium Manager	**Mr Mpho Mokonyama**
	Company Secretary	**Mr Mbulelo Matiwane**
Directors		
	Mputumi William Goduka (Chairperson)	Non-Executive Director
	Kasaven Govender	Non-Executive Director
	Adrian John Faulkner Gardiner (resigned 30 Sept 2019)	Non-Executive Director
	Renganayagee Kisten (resigned 30 Sept 2019)	Non-Executive Director
	Bongani Gxilishe	Non-Executive Director
	Rajesh Dana	Non-Executive Director
	Sithole Mabi Mbanga	Non-Executive Director
	Masalamani Odayar	Non-Executive Director
	Nomnikelo Kondlo	Non-Executive Director
	Moabelo Michael Koenaite (resigned 02 March 2020)	Non-Executive Director
	Glenda Perumal	Non-Executive Director
	Mandlakazi Ruth Skefile	Non-Executive Director
	Vuyani Galen Dyantyi	Non-Executive Director
	Mxolisi Moolman	Non-Executive Director
	Khwezi Gideon Ntshanyana	Non-Executive Director

Related party balances	**Note**	**2021**	**2020**
Receivables from related parties			
Nelson Mandela Bay Metropolitan Municipality	2	84 911 115	66 894 620
Payables to related parties			
Nelson Mandela Bay Metropolitan Municipality	8	15 095 372	14 108 593
Unspent grants from related parties			
Nelson Mandela Bay Metropolitan Municipality	11	81 949 518	63 305 107
Income from related parties			
Nelson Mandela Bay Metropolitan Municipality	13	122 713 916	134 628 753
Payments made to related parties			
Nelson Mandela Bay Metropolitan Municipality		939 575	2 322 422

None of the related party balances have been impaired for doubtful debts

Notes to the Annual Financial Statements

Figures in Rand		2021	2020
30. Additional Disclosures in terms of the MFMA			
Audit Fees			
Current year fee	19	872 190	1 144 658
Amount paid - current year		-872 190	-1 144 658
		-0	**-**
PAYE, SDL and UIF			
Current year fee		10 442 085	9 882 450
Amount paid - current year		-11 166 216	-9 158 320
		-724 130	**724 130**

A penalty and interest was levied for a late payment for 1 month

Pension Deductions		
Current year fee	5 409 225	5 261 606
Amount paid - current year	-4 969 967	-5 261 606
	439 258	**-**
Medical Aid		
Current year fee	3 220 655	2 548 182
Amount paid - current year	-3 362 426	-2 799 504
	-141 771	**-251 322**
VAT		
VAT receivable	189 470	997 054
VAT payable	-	-
	189 470	**1 942 671**

All VAT returns were submitted by the due date throughout the year.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

31. Deviations from Supply Chain Management Processes

Categories of deviation as per Regulation 36 of the MFMA	No. of instances	Amount	No. of instances	Amount
Regulation 36 (1)(a)(i) : In the case of an emergency	-	-	3	624 427
Regulation 36 (1)(a)(ii) : Goods or services are produced or available from a single provider	2	114 387	5	262 790
Regulation 36 (1)(a)(iii) : Acquisition of special works of art or historical objects where specifications are difficult to compile	-	-	-	-
Regulation 36 (1)(a)(v) : Exceptional case where it is impractical or impossible to follow the official procurement	24	4 546 420	22	7 993 183
Regulation 36 (1)(b) : Ratification any minor breach of the procurement processes	-	-	-	-
	26	**4 660 808**	**30**	**8 880 399**

32. Awards made to a person whose close family members are in the service of the State

A municipal entity must disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including:

(a) the name of that bidder
(b) the capacity in which that person is in the service of the state
(c) the amount of the award

Name of bidder	Capacity in which that person is in the service of the state	Amount of the award
N/A	N/A	N/A

33. Budget Differences

Material differences between budget and actual amounts - MBDA

A - The MBDA assisted with special events for which it billed the NMBM.
B - Cashflow issues were experienced during the year which negatively affected investment planning, as well as decrease in interest rates.
C - This was low due to spending on the CAPEX budget being lower than anticipated, mainly as a result of intermittent lockdowns.
D - This was due to lockdowns resulting in low foot traffic within revenue generating spaces.
E - This was due to lower than anticipated increments being implemented and payroll costs related relief from the national government.
F - This was due to increased provision for doubtful debtors above 90 days outstanding.
G - This relates to KfW funded projects. The budget rolled over related to the remaining balance on the programme, however this was much higher the projects that were practically implementable during the year.
H - Receivable amounts that were anticipated to be received by year end from the NMBM have not been received by year end.
I - The purchases under PPE caused better than anticipated asset base.
J - Larger unspent grants due to low capex expenditure and other savings.
K - Lower collection of the NMBM grant and lower expenditure overall accounts the variance.
L - The entity had low CAPEX spend.

Material differences between budget and actual amounts - MBDA (Nelson Mandela Bay Stadium)

M - This is due to the restrictions place on the attendance of sporting events due to lockdown regulations.
N - This is due to accrual of termination benefits for employees who's contract were termination in June 2021.
O - This is due to the restrictions place on the attendance of sporting events due to lockdown regulations.

Notes to the Annual Financial Statements

34. Change in Estimate

The useful lives of certain asset classes were adjusted during 2020/2021 to more accurately reflect the period of economic benefits or service potential derived from these assets. This was mainly due to the revision of the residual values to align to the current economic climate and to account for assets that have are still being used beyond their initial estimated useful lives. Refer to note 5. The effect of changing the remaining useful life of assets for the MBDA during 2020/2021 has decreased the depreciation charge for the current year by R 33,265 and future periods. It is impracticable to estimate the effect of these changes on future periods at this stage.

4.4 Audit Action Plan 2021-2022

1. Purpose

To request the Board to approve the MBDA Audit Action Plan.

2. Legislation Background

In terms of section 95(1)(c) of the Municipal Finance Management Act (MFMA):

“The accounting officer of a municipal entity is responsible for managing the financial administration of the entity, and must for this purpose take all reasonable steps to ensure that the entity has and maintains effective, efficient and transparent systems

a) of financial and risk management and internal control; and
b) of internal audit complying with and operating in accordance with any prescribed norms and standards;”

Section 121 of MFMA requires every municipal entity to prepare and adopt an annual report, subsection 4 of 121 requiring amongst other the following to be included:

e) particulars of any corrective action taken or to be taken in response to issues raised in the audit report.
g) any recommendations of the audit committee of the entity or parent municipality;

The entity underwent a statutory audit for the period 2020/21 financial year in terms of section 92 of the MFMA, which was concluded in February of 2022 with an unqualified audit opinion with material findings. In line with section 95 the MBDA is required to develop an action plan to address the root causes of the audit findings to avoid these from being repeated in the future.

3. Discussions

The Annual Financial Statements that were submitted for audit were found to be non-compliant with section 122 of the MFMA, as material findings were discovered during the audit. Further significant internal control deficiencies were raised during the audit as follows:

- Consequence management in relation to non-compliance with regulation 75(1) of the Municipal and Budget Regulations of the MFMA as a result of prior year Irregular Expenditure and Fruitless and Wasteful expenditure not investigated; and
- Material adjustment relating to irregular expenditure (incurred in the prior year), as a result of the AGSA finding non-compliance with section 87 (6) of the MFMA.
- Internal control deficiencies that led to immaterial misstatements.

Section	Findings	Resolved	Ongoing	Not Resolved	Not Due
AFS	4	-	4	-	-
Compliance with Laws	2	-	2	-	-
	6	0	6	0	0

The Management Report is attached as Annexure A to this item.
Based on the above the Committee is required to make recommendations in terms of section 122 (4)(g) of the MFMA.
The agenda item was tabled at the RCF, and Audit Committee meetings held on 16 and 17 March 2022, respectively.

4. Recommendation

It is recommended that:

1. That the Committee recommends the MBDA Audit Plan as tabled.
2. That the Committee make any further recommendations on annual report as required by section 122 (4)(g) of the MFMA.

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mandela bay
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